SECURITYHOLDER BOOKLET

In relation to a proposal which, if approved and implemented, will result in Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business.

THE INDEPENDENT BOARD COMMITTEE UNANIMOUSLY RECOMMENDS THAT YOU VOTE IN FAVOUR OF THE PROPOSAL, IN THE ABSENCE OF A SUPERIOR PROPOSAL.

The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.

EXPLANATORY STATEMENT AND NOTICES OF MEETING

WESTFIELD RETAIL TRUST

RE1 Limited (ABN 80 145 743 862, AFSL No. 380202)
as responsible entity of Westfield Retail Trust 1
(ABN, 66 744 282 872, ARSN 146 934 536)

RE2 Limited (ABN 41 145 744 065, AFSL No. 380203)
as responsible entity of Westfield Retail Trust 2
(ABN 11 517 229 138, ARSN 146 934 652)

PROSPECTUS for the issue of shares in Westfield Holdings Limited
(ABN 66 001 671 496)

PRODUCT DISCLOSURE STATEMENT for the issue of units in Westfield Trust
(ARSN 090 849 746) (responsible entity of which is Westfield Management Limited
(ABN 41 001 670 579, AFSL No. 230329))

MEETING DETAILS

Time: 2:00pm (AEST)
Date: Thursday, 29 May 2014
Place: Grand Ballroom, Sofitel Sydney Wentworth
61-101 Phillip Street, Sydney NSW 2000

This is an important document and requires your immediate attention. You should read this document in its entirety before deciding how to vote.

If you are in doubt as to what you should do, you should consult your investment, financial, accounting, legal, tax, and/or other professional adviser(s) without delay.

IMPORTANT NOTICES

WHAT IS THIS DOCUMENT?

The purpose of this Securityholder Booklet is to provide Securityholders with information about the Proposal which, if approved and implemented, will result in Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business.

This Securityholder Booklet comprises:

- an explanatory statement and notices of meeting for Securityholders in relation to the Resolutions and provides such information as is prescribed or otherwise material to the decision of Securityholders on how to vote on the Resolutions at the Meeting;
- a prospectus for the purposes of Chapter 6D of the Corporations Act issued by Westfield Holdings Limited (ABN 66 001 671 496) (**Westfield Holdings**) for the issue of shares in Westfield Holdings; and
- a product disclosure statement for the purposes of Chapter 7 of the Corporations Act issued by Westfield Management Limited (ABN 41 001 670 579, AFSL No. 230329) (**Westfield Management**) as responsible entity of Westfield Trust (ARSN 090 849 746) (**Westfield Trust**) for the issue of units in Westfield Trust.

The Proposal is subject to a number of conditions precedent, including Securityholders approving the Proposal Resolutions (see Section 3.5).

DATE

This Securityholder Booklet is dated 14 April 2014.

DEFINED TERMS

Capitalised terms used in this Securityholder Booklet are defined in Section 12 of this Securityholder Booklet. Section 12 also sets out some rules of interpretation which apply to this Securityholder Booklet.

GENERAL

This Securityholder Booklet is important and requires your immediate attention.

You should read this Securityholder Booklet in its entirety before making a decision as to how to vote on the Resolutions. In particular, it is important that you consider the disadvantages and key risks of the Proposal and the key risks of an investment in Scentre Group as set out in Sections 4.3, 4.4 and 7 respectively of this Securityholder Booklet and the views of the Independent Expert set out in the Independent Expert's Report, a copy of which is contained in Annexure B of this Securityholder Booklet.

If you have any questions about the Proposal, please contact the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

If you are in doubt as to what you should do, you should consult your investment, financial, accounting, legal, tax and/or other professional adviser(s) without delay.

NOT INVESTMENT ADVICE

This Securityholder Booklet has been prepared without reference to the investment objectives, financial and taxation situation or particular needs of any Securityholder or any other person. For information about your individual financial or taxation circumstances please consult your investment, financial, taxation or other professional adviser.

The information and recommendations contained in this Securityholder Booklet do not constitute, and should not be taken as, financial product advice. This Securityholder Booklet should not be relied on as the sole basis for any investment decision.

You should seek independent investment, financial and taxation advice before making any investment decision and any decision as to whether or not to vote in favour of the Resolutions.

RESPONSIBILITY FOR INFORMATION

Except as outlined below, the information in this Securityholder Booklet has been prepared by RE1 Limited (ABN 80 145 743 862, AFSL No. 380202) as responsible entity of Westfield Retail Trust 1 (ABN 66 744 282 872, ARSN 146 934 536) (**RE1**) and RE2 Limited (ABN 41 145 744 065, AFSL No. 380203) as responsible entity of Westfield Retail Trust 2 (ABN 11 517 229 138, ARSN 146 934 652) (**RE2**) and is the responsibility of RE1 and RE2.

Westfield Holdings, Westfield Management and Westfield America Management Limited (ABN 66 072 780 619, AFSL No. 230324) (**Westfield America Management**) as the responsible entity of Westfield America Trust (ARSN 092 058 449) (**Westfield America Trust**) have prepared and are responsible for the Westfield Group Information. None of RE1, RE2 or any of their respective directors, officers and advisers assumes any responsibility for the accuracy or completeness of the Westfield Group Information.

Ernst & Young Transaction Advisory Services Limited (ABN 87 003 599 844, AFSL No. 240585) has prepared and is responsible for the Independent Limited Assurance Report set out at Annexure C of this Securityholder Booklet. None of RE1, RE2 or any of their respective directors, officers and advisers (other than Ernst & Young Transaction Advisory Services Limited) assumes any responsibility for the accuracy or completeness of any information contained in the Independent Limited Assurance Report.

KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL No. 246901) has prepared and is responsible for the Independent Expert's Report, a copy of which is set out at Annexure B of this Securityholder Booklet. None of RE1, RE2 or any of their respective directors, officers and advisers assumes any responsibility for the accuracy or completeness of any information contained in the Independent Expert's Report.

Greenwoods & Freehills Pty Ltd ABN 60 003 146 852 has prepared and is responsible for Section 8 ("Australian taxation considerations") of this Securityholder Booklet. None of RE1, RE2 or any of their respective directors, officers and advisers assumes any responsibility for the accuracy or completeness of any information contained in Section 8.

LODGEMENT AND APPLICATION FOR QUOTATION

A copy of this Securityholder Booklet was lodged with ASIC on 14 April 2014. A copy of this Securityholder Booklet was lodged with ASX on 14 April 2014.

Westfield Holdings, Westfield Management as responsible entity of Westfield Trust, RE1 and RE2 will apply for quotation of the new Westfield Holdings Shares, new Westfield Trust Units, new Westfield Retail Trust 1 Units and new Westfield Retail Trust 2 Units issued under the Proposal on the ASX (as components of the Scentre Group Securities), such applications being conditional on the Westfield Holdings Scheme becoming Effective.

None of ASIC, ASX or any of their respective officers takes any responsibility for the contents of this Securityholder Booklet.

IMPORTANT NOTICE ASSOCIATED WITH JUDICIAL ADVICE OF THE COURT

The fact that the Court has given judicial advice that RE1 and RE2 would be justified in convening the Meeting does not mean that the Court:

- has formed any view as to the merits of the Proposal or as to how Securityholders should vote (on this matter, Securityholders must reach their own decision); or
- has prepared, or is responsible for the content of, this Securityholder Booklet.

Any Securityholder who wishes to oppose the judicial advice at the Second Court Hearing may do so by filing with the Court and serving on RE1 and RE2 a notice of appearance in the prescribed form together with any affidavit on which the Securityholder proposes to rely.

DISCLOSURE REGARDING FORWARD LOOKING STATEMENTS

Some of the statements appearing in this Securityholder Booklet may be in the nature of forward looking statements.

Forward looking statements or statements of intent in relation to future events in this Securityholder Booklet (including in the Independent Expert's Report) should not be taken to be a forecast or prediction that those events will occur. Forward looking statements generally may be identified by the use of forward looking words such as "believe", "aim", "expect", "anticipate", "intending", "foreseeing", "likely", "should", "planned", "may", "estimate", "potential", or other similar words. Similarly, statements that describe the objectives, plans, goals or expectations of Westfield Retail Trust, Westfield Group or Scentre Group are or may be forward looking statements. You should be aware that such statements are only predictions and are subject to inherent risks and uncertainties. Those risks and uncertainties include factors and risks specific to the industry in which Westfield Retail Trust and Westfield Group operate and in which Scentre Group will operate, as well as general economic conditions, prevailing exchange rates and interest rates and conditions in the financial markets. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. None of Westfield Retail Trust, Westfield Group and Scentre Group, their respective responsible entities, directors, officers, or any person named in this Securityholder Booklet or involved in the preparation of this Securityholder Booklet makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement. Accordingly, you are cautioned not to place undue reliance on those statements.

The forward looking statements in this Securityholder Booklet reflect views held only at the date of this Securityholder Booklet. Subject to any continuing obligations under the Listing Rules or the Corporations Act, Westfield Retail Trust, Westfield Group and Scentre Group, their responsible entities, their directors and their respective officers disclaim any obligation or undertaking to distribute after the date of this Securityholder Booklet, any updates or revisions to any forward looking statements to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

PAST PERFORMANCE INFORMATION

This Securityholder Booklet contains information relating to the past performance of Westfield Retail Trust and Westfield Group. Past performance information may not be a reliable indicator of the performance of Westfield Retail Trust, Westfield Group or Scentre Group going forward.

FOREIGN JURISDICTIONS

This Securityholder Booklet does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Scentre Group Securities, Westfield Retail Trust 1 Units, Westfield Retail Trust 2 Units, Westfield Holdings

IMPORTANT NOTICES

Shares or Westfield Trust Units in any jurisdiction outside of Australia, or otherwise permit an offering of Scentre Group Securities, Westfield Retail Trust 1 Units, Westfield Retail Trust 2 Units, Westfield Holdings Shares or Westfield Trust Units in any jurisdiction outside of Australia in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Securityholder Booklet (electronically or otherwise) outside of Australia may be restricted by law. If you come into possession of this Securityholder Booklet (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. Refer to Section 11.16 of this Securityholder Booklet for further details of the foreign securities restrictions that apply in connection with the Proposal.

This Securityholder Booklet does not constitute an offer to any person in the United States, any US person (as such term is defined in Regulation S under the U.S. Securities Act of 1933 (**US Securities Act**)) (**U.S. Person**), or any person acting for the account or benefit of a U.S. Person. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered under the US Securities Act or exempt from registration.

WARNING FOR NEW ZEALAND INVESTORS

The warning statement below is required under the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008* (New Zealand) and relates to the issue of Westfield Holdings Shares and Westfield Trust Units to Securityholders which are made pursuant to those Regulations in New Zealand.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978* and the *Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.*

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

DISCLAIMER

No person is authorised to give any information or make any representation in connection with the Proposal, which is not contained in this Securityholder Booklet. Any information or representation not contained in this Securityholder Booklet may not be relied on as having been authorised by RE1, RE2 or Westfield Group in connection with the Proposal.

FINANCIAL AMOUNTS AND CURRENCY

All financial amounts in this Securityholder Booklet are expressed in Australian currency unless otherwise stated. Unless otherwise specified, the exchange rates:

- for the FY14 pro forma forecast and the forecast information in this Securityholder Booklet are A$/ US$0.91, A$/£0.57 and A$/ NZ$1.15 (as relevant); and
- for items in the Pro Forma Historical Statements of Net Assets are the exchange rates as at 31 December 2013 of A$/US$0.8932, A$/£0.5401 and A$/NZ$1.0869 (as relevant).

Any discrepancies between totals in tables or financial statements, or in calculations, graphs or charts are due to rounding.

All financial and operational information set out in this Securityholder Booklet is current as at the date of this Securityholder Booklet, unless otherwise stated.

TIMES AND DATES

Unless otherwise indicated, all times and dates referred to in this Securityholder Booklet are to Australian Eastern Standard Time (**AEST**), being the time in Sydney, Australia. All times and dates relating to the implementation of the Proposal referred to in this Securityholder Booklet may change and, among other things, are subject to all necessary approvals from regulatory authorities.

DIAGRAMS, CHARTS, MAPS, GRAPHS AND TABLES

Any diagrams, charts, maps, graphs and tables appearing in this Securityholder Booklet are illustrative only and may not be drawn to scale. Unless stated otherwise, all data contained in diagrams, charts, maps, graphs and tables is based on information available as at the date of this Securityholder Booklet.

EFFECT OF ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Securityholder Booklet are subject to the effect of rounding. Accordingly, the actual calculation of these figures, amounts, percentages, prices, estimates, calculations of value and fractions may differ from the figures, amounts, percentages, prices, estimates, calculations of value and fractions set out in this Securityholder Booklet.

PRIVACY AND PERSONAL INFORMATION

Westfield Retail Trust, Westfield Group and their respective security registries may collect personal information in the process of implementing the Proposal and administering the Scentre Group securityholdings arising from the Proposal. The personal information may include the names, addresses, payment instructions, other contact details and details of the securityholdings of Securityholders, and the names of individuals appointed by Securityholders as proxies, corporate representatives or attorneys at the Meeting.

Securityholders who are individuals and the other individuals in respect of whom personal information is collected as outlined above have certain rights to access the personal information collected in relation to them. Such individuals should contact the Registry on 1300 730 458 (free call) (within Australia) or on +61 3 9946 4471 (from outside Australia) on Business Days from 8:30am to 5:00pm (AEST) in the first instance if they wish to request access to that personal information.

The personal information is collected for the primary purpose of implementing the Proposal and administering the Scentre Group securityholdings arising from the Proposal. The personal information may be disclosed to the Registry, to Westfield Group's and Scentre Group's security registries, to securities brokers, to print and mail service providers and to any other service providers and advisers engaged by Westfield Retail Trust, Westfield Group, Scentre Group, or their respective security registries for this purpose.

The main consequence of not collecting the personal information outlined above would be that Westfield Retail Trust may be hindered in, or prevented from, conducting the Meeting and implementing the Proposal. Securityholders who appoint an individual as their proxy, corporate representative or attorney to vote at the Meeting should inform that individual of the matters outlined above.

WESTFIELD GROUP SECURITYHOLDER BOOKLET

A separate securityholder booklet has been prepared for Westfield Group Securityholders comprising an explanatory statement and notices of meeting for Westfield Group Securityholders in relation to the Westfield Group Resolutions required to implement the Proposal (including in relation to the Westfield Holdings Scheme), a PDS issued by Westfield Management in relation to the transfer of WFD Trust Units and a PDS issued by RE1 as responsible entity of Westfield Retail Trust 1 and RE2 as responsible entity of Westfield Retail Trust 2 for the issue of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units respectively. The Westfield Group Securityholder Booklet is available on Westfield Group's website at www.westfieldgroup.com.

OTHER IMPORTANT INFORMATION

Other important information is found in Section 11 of this Securityholder Booklet. You should have regard to this other important information when considering the contents of this Securityholder Booklet.

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KEY DATES FOR THE PROPOSAL

EVENT	DATE AND TIME[1]
Last date and time by which Meeting Proxy Form for the Meeting must be received by the Registry	**2:00pm on Tuesday, 27 May 2014**
Date and time for determining eligibility to vote at the Meeting	**7:00pm on Tuesday, 27 May 2014**
Meeting of Securityholders	**2:00pm on Thursday, 29 May 2014**

If the Proposal is approved by Securityholders and Westfield Group Securityholders, the following key dates apply:

EVENT	DATE AND TIME[1]
Announcement of estimated Westfield Retail Trust Distribution for the period from 1 January 2014 to the Implementation Date	**Thursday, 12 June 2014**
Date of the Second Court Hearing for the grant of judicial advice to confirm that Westfield Retail Trust is justified in implementing the Proposal	**Friday, 13 June 2014**
Effective Date Last day of trading in Westfield Retail Trust Securities	**Monday, 16 June 2014**
Scentre Group Securities commence trading on a deferred settlement basis	**Tuesday, 17 June 2014**
Record Date The time and date which determines the entitlements of Securityholders under the Proposal and whether you are an Ineligible Foreign Securityholder All Securityholders on the Register at this time and date will be entitled to receive the Westfield Retail Trust Distribution for the period from 1 January 2014 to the Implementation Date	**7:00pm on Thursday, 19 June 2014**
Implementation Date Date of implementation of the Proposal Despatch of Capital Return to Securityholders Eligible Securityholders receive Scentre Group Securities	**Monday, 30 June 2014**
Despatch of holding statements for Scentre Group Securities	**Monday, 30 June 2014**
Scentre Group Securities commence trading on the ASX on a normal T+3 settlement basis	**Tuesday, 1 July 2014**
Settlement of on-market trades conducted on a deferred settlement basis and first settlement of trades of Scentre Group Securities conducted on a T+3 basis	**Friday, 4 July 2014**
Despatch of payment of the Westfield Retail Trust Distribution for the period from 1 January 2014 to the Implementation Date	**By Friday, 29 August 2014**

(1) All dates and times are indicative only and are subject to change. Any changes to the above timetable will be announced to the ASX and notified on Westfield Retail Trust's website at www.westfieldretailtrust.com.

Unless otherwise indicated, all times and dates referred to in this Securityholder Booklet are references to Australian Eastern Standard Time (**AEST**), being the time in Sydney, Australia.

LETTER FROM THE CHAIRMAN OF THE INDEPENDENT BOARD COMMITTEE

Dear Securityholder

On 4 December 2013, Westfield Retail Trust announced a proposed merger with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group.

Scentre Group will manage, develop and have an ownership interest in Westfield branded shopping centres in Australia and New Zealand. It will combine the current property interests of each of Westfield Retail Trust and Westfield Group in Australia and New Zealand and include the industry leading operating platform with retail real estate assets under management valued at over $38 billion and shopping centre ownership interests valued at over $28 billion. It is expected that Scentre Group will be one of the 20 largest entities on the ASX.

BACKGROUND TO THE PROPOSAL AND THE INDEPENDENT BOARD COMMITTEE

In 2010, Westfield Group established Westfield Retail Trust as a separately listed entity to co-own Westfield Group's Australian and New Zealand shopping centre portfolio.

Westfield Retail Trust's mandate is to invest in high quality retail properties in Australia and New Zealand and to maximise the long term income and capital return from its investments for Securityholders. Westfield Retail Trust achieves this by maximising the operating performance of its shopping centres, investing in the portfolio through redevelopments and pursuing capital management initiatives.

The high quality of Westfield Retail Trust's portfolio, combined with a strong and conservative balance sheet has offered Securityholders a sound investment proposition. Westfield Retail Trust has consistently delivered on its forecast financial results since its creation in 2010.

The Westfield Retail Trust Directors had already been considering how best to position Westfield Retail Trust for future growth when Westfield Retail Trust was approached by Westfield Group with a proposal to merge Westfield Group's Australian and New Zealand business with Westfield Retail Trust.

After receipt of the Proposal from Westfield Group, the Westfield Retail Trust Board established an Independent Board Committee with strict corporate governance protocols to consider the Proposal and any alternative proposals.

In addition to me, the Independent Board Committee comprises Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM, being all of the non executive directors of Westfield Retail Trust who are independent of Westfield Group.

Following negotiations with Westfield Group and careful consideration of the Proposal, which included undertaking due diligence with the assistance of external advisers and an assessment of the other potential alternatives available, including maintaining Westfield Retail Trust in its current form, the Independent Board Committee concluded that the Proposal presented an important opportunity for, and was in the best interests of, Securityholders.

The Independent Board Committee believes that the Proposal is the preferred option to maximise long term value for Securityholders and to provide Securityholders with the benefits of an internal management and development platform without diluting the quality of Westfield Retail Trust's existing property portfolio.

Securityholders currently hold Westfield Retail Trust Securities comprising Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units. If the Proposal is implemented, Eligible Securityholders will hold Scentre Group Securities comprising Westfield Retail Trust 1 Units, Westfield Retail Trust 2 Units, Westfield Holdings Shares and Westfield Trust Units.

RATIONALE OF THE PROPOSAL AND STRATEGY OF SCENTRE GROUP

The Independent Board Committee assessed the Proposal and other potential alternatives against a number of criteria, including:

- maximising value for Securityholders;
- addressing structural inefficiencies that result from an external retail property operating platform; and
- maintaining the high quality of Westfield Retail Trust's portfolio.

The Independent Board Committee carefully considered a range of strategic alternatives before it decided to recommend the Proposal to Securityholders. The alternatives considered included:

- maintaining the existing Westfield Retail Trust structure;
- developing or acquiring an operating platform;
- undertaking a significant buy-back of existing Westfield Retail Trust Securities;
- seeking new growth opportunities through investing in alternative retail asset classes; or
- undertaking a significant disposal of Westfield Retail Trust assets and returning proceeds to Securityholders.

After careful consideration and negotiations with Westfield Group, the Independent Board Committee believe that the Proposal is the preferred option to maximise long term value for Securityholders and provide Securityholders with the benefits of an internal management and development platform without diluting the high quality of Westfield Retail Trust's existing portfolio. Further detail on the alternatives considered by the Independent Board Committee is set out in Section 4.5 of this Securityholder Booklet.

It was concluded that the Proposal represented an important opportunity for Westfield Retail Trust to undertake a transformation of its business through:

- establishing an improved platform for growth and gaining greater control over the future strategy and direction of the management and development of its own portfolio;
- reducing the payment of third party fees;
- diversifying income streams through a vertically integrated[1] retail property operating platform;

1 This term is defined in Definitions and Interpretation in Section 12.

LETTER FROM THE CHAIRMAN OF THE INDEPENDENT BOARD COMMITTEE

- removing certain structural impediments including contractual commitments to Westfield Group in relation to property ownership, management and development of shopping centres in Westfield Retail Trust's portfolio;
- strengthening its market position through the creation of a vertically integrated retail property group, with over $38 billion of retail real estate assets under management; and
- arrangements for the continued use of the Westfield brand for the shopping centres currently in the Westfield Retail Trust portfolio and future shopping centres that meet certain agreed criteria.

Given the advantages flowing from the Proposal, the Independent Board Committee believes that the Proposal is a superior alternative when compared to all other options available, including maintaining Westfield Retail Trust's current structure.

As outlined in Section 5, Scentre Group will:

- be the industry leader in shopping centre ownership, management and development in Australia and New Zealand, with more than twice the sales, gross lettable area and number of retailers as compared with its nearest listed peer;
- operate with the highest standards of efficiency, and intensively manage its shopping centres, with a particular emphasis on delivering an optimal mix of retailers and maximising their sales productivity at each centre thereby endeavouring to provide superior experiences to consumers;
- continue the focus on generating new income opportunities across its portfolio, including expanding media and advertising revenues, digital, storage, car parking and infrastructure services as well as the provision of customer services such as valet parking and other concierge services;
- have an exclusive, continuing, royalty free licence to use the Westfield brand for its existing shopping centres and any future qualifying shopping centres in Australia and New Zealand on the terms of the Trade Mark Licence Agreement; and
- be able to seek strategic partnerships across its portfolio, creating the opportunity to derive higher returns on invested capital through providing property management, asset management and development services for strategic partners.

Scentre Group's strategic priorities will include:

- intensive management of its existing sales portfolio to maximise the sales productivity of retailers and to provide superior experiences to consumers;
- improving the quality of the portfolio to adapt to the next generation of retail;
- generating new income opportunities by leveraging the scale of the Scentre Group portfolio;
- executing its current and future development pipeline to enhance the value, scale and quality of the portfolio;
- active management of its capital position to enhance long term earnings growth potential and return on equity; and
- using digital technology to better connect retailers with consumers.

MERGER RATIO AND PRICING

The Merger Ratio determines what proportion of Scentre Group will be owned by Westfield Retail Trust and Westfield Group Securityholders following implementation of the Proposal. Under the Merger Ratio, Securityholders will own 51.4% of Scentre Group and Westfield Group Securityholders will own 48.6%.

As a consequence of the Merger Ratio, for every Westfield Retail Trust Security held as at the Record Date, each Securityholder will receive 0.918 Scentre Group Securities and a cash payment of $0.2853.

The Merger Ratio reflects the relative pro forma forecast FY14 Funds From Operations (FFO) contribution of Westfield Retail Trust and Westfield Group's Australian and New Zealand business to the pro forma forecast FY14 FFO of Scentre Group. Further detail on the background, and determination of the Merger Ratio is provided in Section 3.6.

Securityholders currently hold 100% of Westfield Retail Trust which had net assets as at 31 December 2013 of $10.5 billion. Following implementation of the Proposal, Securityholders will hold 51.4% of Scentre Group which will have pro forma net assets of $15.2 billion as at 31 December 2013[2]. The change in pro forma net assets is the result of Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business, which includes Westfield Group's Australian and New Zealand retail property operating platform. The income from the operating platform is not reflected in property values and therefore not valued on Scentre Group's pro forma balance sheet for accounting purposes.

The Merger Ratio represents the outcome of detailed negotiations with Westfield Group. The Independent Board Committee believes the Proposal is in the best interests of Securityholders from a strategic, financial and governance perspective.

BENEFITS OF THE PROPOSAL

The Proposal is expected to provide a number of strategic, financial and governance benefits to Securityholders.

Strategic benefits:

- better positions Westfield Retail Trust for growth by establishing a vertically integrated retail property operating platform;
- Scentre Group will have a greater ownership interest in a larger investment portfolio in Australia and New Zealand than Westfield Retail Trust;
- Securityholders will gain exposure to Westfield Carindale, one of the ten largest shopping centres in Australia;
- creates a stronger platform to enhance return on equity through the potential to introduce new joint venture partners at the property level; and

2 As shown in the Scentre Group pro forma historical statement of net assets as at 31 December 2013 in Section 6.10.

LETTER FROM THE CHAIRMAN OF THE INDEPENDENT BOARD COMMITTEE

- Scentre Group will not have any restrictions on the jurisdictions in which it can invest, however the strategic focus of Scentre Group will be on Australia and New Zealand.

Financial benefits:

- an expected 5.2% accretion to 2014 pro forma FFO per security and 8.0% economic accretion before the elimination of development profits on consolidation; and
- the Capital Return to Securityholders of $850 million equivalent to $0.2853 per Westfield Retail Trust Security held as at the Record Date.

Governance benefits:

- removes potential and perceived conflicts of interest that currently exist between Westfield Retail Trust and Westfield Group; and
- the members of the Scentre Group Board will be appointed and removed by Scentre Group Securityholders.

Further explanation of the benefits of the Proposal for Securityholders are explained in Section 4.2 of this Securityholder Booklet.

DISADVANTAGES OF THE PROPOSAL
The main disadvantages of the Proposal include:

- exposure to risks relating to the ownership and operation of the retail property operating platform operated by Westfield Group in Australia and New Zealand;
- change to Westfield Retail Trust's net tangible assets from $3.52 per Westfield Retail Trust Security as at 31 December 2013 to the equivalent of $2.87 per Westfield Retail Trust Security on a pro forma basis[3]. The change to Scentre Group net tangible assets is the result of Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business, which includes the Operating Platform, the value of which is not reflected on Scentre Group's pro forma balance sheet for accounting purposes;
- exposure to risks relating to increased gearing, given that under the Proposal gearing is expected to increase from 22.4% for Westfield Retail Trust as at 31 December 2013 to 38.4% for Scentre Group;
- transaction and implementation costs of approximately $75 million are expected to be incurred by Scentre Group; and
- Westfield Retail Trust will cease to be permitted to use Westfield in its corporate name, but will retain the Westfield brand for its shopping centres and activities in Australia and New Zealand.

Further explanation of the disadvantages of the Proposal for Securityholders are explained in Section 4.3.

Detail about the risks associated with an investment in Scentre Group is explained in Section 7 of this Securityholder Booklet.

CONDITIONS PRECEDENT TO THE PROPOSAL
The conditions precedent to implementation of the Proposal include, but are not limited to:

- the Proposal Resolutions being approved at the Meeting by Securityholders and the Westfield Group Resolutions being approved at the Westfield Group Meetings by Westfield Group Securityholders;
- the judicial advice being obtained by RE1 and RE2;
- approval by the Court of the Westfield Holdings Scheme; and
- other regulatory approvals being obtained.

A more detailed explanation of the Conditions Precedent is set out in Section 3.5 of this Securityholder Booklet.

CONTINUITY OF BOARD AND MANAGEMENT
Mr Frank Lowy AC will be Chairman of Scentre Group and Mr Brian Schwartz AM will be Deputy Chairman of Scentre Group. All of the existing directors of the Westfield Retail Trust, other than Mr Domenic Panaccio, will be directors of Scentre Group.

Scentre Group will be led by the current experienced Australian and New Zealand management team at Westfield Group, including Peter Allen who will become the Chief Executive Officer of Scentre Group (Mr Allen is currently Group Chief Financial Officer and an Executive Director of Westfield Group) and Mark Bloom who will become the Chief Financial Officer of Scentre Group (Mr Bloom is currently Deputy Group Chief Financial Officer of Westfield Group).

In addition, Scentre Group will have over 2,000 employees, with its corporate head office in Sydney and offices across Australia and New Zealand. Scentre Group will therefore have both the scale and depth of experience to efficiently and effectively continue to operate and grow its vertically integrated business.

INDEPENDENT EXPERT'S OPINION
This Securityholder Booklet contains a copy of the Independent Expert's Report at Annexure B, prepared by KPMG Financial Advisory Services (Australia) Pty Ltd (**Independent Expert**). The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.

Securityholders should read the Independent Expert's Report in full before making their own determination on the merits of the Proposal.

3 The pro forma net tangible assets per Westfield Retail Trust Security is based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. Scentre Group is expected to have net tangible assets (attributable to Scentre Group Securityholders) of $2.82 per security.

LETTER FROM THE CHAIRMAN OF THE INDEPENDENT BOARD COMMITTEE

INDEPENDENT BOARD COMMITTEE RECOMMENDATION

The Independent Board Committee has devoted a considerable amount of time to considering, negotiating the terms of, and preparing the documents required in connection with the Proposal and for the reasons set out in Section 4.1, the members of the Independent Board Committee recommend that Securityholders vote in favour of the Proposal in the absence of a superior proposal.

Each member of the Independent Board Committee intends to vote any Westfield Retail Trust Securities held by or on behalf of him or her in favour of the Proposal, in the absence of a superior proposal.

YOUR VOTE IS IMPORTANT

You should read this Securityholder Booklet in full before making any decision on how to vote (whether in person, by attorney or corporate representative or by Proxy) at the Meeting to be held on Thursday, 29 May 2014 commencing at 2:00pm (AEST), at Grand Ballroom, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000. For your proxy vote to be considered, it must be lodged with Computershare Investor Services Pty Limited no later than 2:00pm (AEST) on Tuesday, 27 May 2014.

If you have any further questions, you can call the Securityholder Information Line on 1800 674 015 (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (Sydney time) Monday to Friday. If necessary, you should seek your own independent advice on any aspect about which you are not certain.

CONCLUSION

The Proposal has the unanimous support of the members of the Independent Board Committee and we recommend you **vote in favour** of all of the Resolutions.

Yours faithfully

Richard Egerton-Warburton AO, LVO
Chairman

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MEETING DETAILS AND WHAT TO DO NEXT

- SECTION 1 -
MEETING DETAILS AND WHAT TO DO NEXT

1. MEETING DETAILS AND WHAT TO DO NEXT

1.1 LOCATION OF MEETING

Grand Ballroom, Sofitel Sydney Wentworth
61-101 Phillip Street
Sydney NSW 2000

1.2 TIME AND DATE OF MEETING

2:00pm (AEST), Thursday, 29 May 2014

1.3 WHAT DO YOU NEED TO DO NEXT?

STEP 1 CAREFULLY READ THIS SECURITYHOLDER BOOKLET IN FULL

You should read this Securityholder Booklet in full. It contains important information to assist you in deciding how to vote.

It is important that you consider the information disclosed in light of your own particular circumstances.

Section 2 ("Frequently asked questions") of this Securityholder Booklet may help answer some of your questions. If you are in doubt as to what you should do, you should consult your investment, financial, accounting, legal, tax and/or other professional adviser(s) without delay and before deciding how to vote at the Meeting.

If you have any questions about the Proposal, please contact the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

The Notices of Meeting are set out at Annexure A.

STEP 2 VOTE ON THE RESOLUTIONS

Voting

Voting on each Resolution will occur by way of a poll.

In a resolution determined by a poll, each Securityholder present in person or by proxy has one vote for each dollar of the value of the total interests they have in Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable). The value of a Securityholder's total interests in Westfield Retail Trust 1 or Westfield Retail Trust 2 will be calculated by reference to the last sale price of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (stapled and trading together) on the trading day immediately before the day on which the poll is taken at the Meeting. On a poll, if you are entitled to two or more votes, you need not exercise all of your votes in the same way, nor cast all of your votes.

How to vote

Securityholders may vote at the Meeting:

(a) **in person:** by attending the Meeting. If you wish to vote in person at the Meeting, please arrive at least 30 minutes prior to the time designated for the Meeting so that we may check the number of your Westfield Retail Trust Securities and note your attendance. The Meeting will commence at 2:00pm (AEST) on 29 May 2014;

(b) **by attorney or corporate representative:** you may appoint an attorney or, in the case of a company, a corporate representative, to vote on your behalf.

Those persons attending as an attorney must bring to the Meeting the original power of attorney unless Westfield Retail Trust has already noted it. The power of attorney must be returned in the same manner, and at the same time, as outlined for the Meeting Proxy Form below.

Those persons attending as a corporate representative must bring to the Meeting evidence of their authority, such as a letter or certificate evidencing their appointment; and

(c) **by Proxy:**

(i) by lodging a proxy online via www.investorvote.com.au Please read the instructions for online proxy submissions carefully before you lodge your proxy. You will need the 6 digit control number, your Security Holder Reference Number (SRN) or Holder Identification Number (HIN), your PIN which appears in the box on the front page of the Meeting Proxy Form;

(ii) by mailing the enclosed red Meeting Proxy Form to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 using the reply paid envelope provided;

(iii) by faxing the enclosed red Meeting Proxy Form to 1800 783 447 (within Australia) or +61 3 9473 2555 (from outside Australia); or

(iv) by hand delivering the enclosed red Meeting Proxy Form to Level 4, 60 Carrington Street, Sydney 2000 Australia.

To be valid, a Meeting Proxy Form must be received by the Registry by 2:00pm (AEST) on Tuesday, 27 May 2014. For further information on proxy voting, please refer to the detailed instructions contained in your red Meeting Proxy Form.

Further information on the procedure for voting at the Meeting can be found in Section 2 ("Frequently asked questions") of this Securityholder Booklet and the Notices of Meeting set out at Annexure A of this Securityholder Booklet.

To be valid, the meeting proxy form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received by no later than 2:00pm (AEST) on Tuesday, 27 May 2014 (proxy deadline).

Meeting proxy forms received after the proxy deadline will be invalid.

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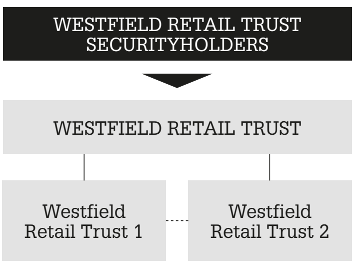
FREQUENTLY ASKED QUESTIONS

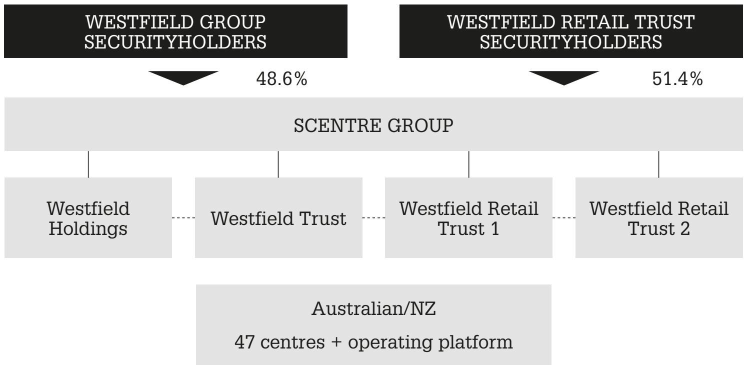
- SECTION 2 - FREQUENTLY ASKED QUESTIONS

2. FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Overview of the Proposal		
Why have you received this Securityholder Booklet?	This Securityholder Booklet has been sent to you because you are a Securityholder and Securityholders are being asked to vote on the Proposal which, if approved and implemented, will result in Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business. You should carefully read the Securityholder Booklet in full and, if necessary, consult your investment, financial, taxation or other professional adviser before voting on the Resolutions. In order for the Proposal to proceed, each of the Proposal Resolutions must be passed by the requisite majorities of Securityholders at the Meeting and the Westfield Group Resolutions must also be passed by the Westfield Group Securityholders (including approval of the Westfield Holdings Scheme by Westfield Holdings shareholders). The Proposal Resolutions are described in Section 10. The Proposal is also subject to a number of other Conditions Precedent. The Conditions Precedent are described in Section 3.5.	Sections 3 and 10
What is the Proposal?	The Proposal is the proposed merger of Westfield Retail Trust with Westfield Group's Australian and New Zealand business, following the proposed restructure of Westfield Group, to create the following two new listed retail property groups: – Scentre Group (ASX: SCG); and – Westfield Corporation (ASX: WFD). If the Proposal is implemented, existing Securityholders will hold approximately 51.4% of Scentre Group. Scentre Group is expected to be one of the 20 largest entities on the ASX with an investment portfolio comprising interests in 47 shopping centres across Australia and New Zealand operating under the Westfield brand.	Section 3
What is the structure of my current interest in Westfield Retail Trust?	The current structure of a Securityholder's interest in Westfield Retail Trust is set out in simplified form in the chart below.  Note: Dotted lines indicate Stapling of securities	Section 3.4

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

<table>
<tr><th>Question</th><th>Answer</th><th>Where to find more information</th></tr>
<tr><td>What will the structure of my interest in Scentre Group be after implemented of the Proposal?</td><td>The proposed structure of a Securityholder's interest in Scentre Group following implementation of the Proposal is set out in simplified form in the chart below.



Note: Dotted lines indicate Stapling of securities</td><td>Section 3.4</td></tr>
<tr><td>What is Westfield Group's Australian and New Zealand business?</td><td>Westfield Group's Australian and New Zealand business consists of the following:
– Westfield Group's Australian and New Zealand shopping centre portfolio, jointly owned with Westfield Retail Trust;
– separate to the portfolio jointly owned with Westfield Retail Trust, Westfield Group's 25% interest in Westfield Carindale, a 50% interest in a development site at Coomera in Queensland and other sundry property interests; and
– Westfield Group's vertically integrated[4] retail property operating platform in Australia and New Zealand with capabilities including property management, leasing, design, development, construction, marketing and funds management.</td><td>Section 3</td></tr>
<tr><td>What is the retail property operating platform which will form part of Scentre Group?</td><td>The retail property operating platform which will form part of Scentre Group is Westfield Group's vertically integrated retail property operating platform in Australia and New Zealand. The operating platform comprises capabilities to operate retail properties, including property management, leasing, design, development, construction, marketing and funds management. The operating platform includes the highly experienced Australian and New Zealand operating management team of Westfield Group.</td><td>Section 5.3</td></tr>
<tr><td>What does vertically integrated mean?</td><td>Vertically integrated means having in-house capabilities including property management, leasing, design, development, construction, marketing and funds management. As a result Scentre Group will capture the full economic and strategic benefits of the operating platform with control over all elements of value creation in the ownership, management and development of shopping centres. This is in contrast to the passive returns from solely owning property investments.</td><td>Section 5.1</td></tr>
<tr><td>What is the Independent Expert's conclusion?</td><td>The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.</td><td>Independent Expert's Report – Annexure B</td></tr>
</table>

4 This term is defined in Definitions and Interpretation in Section 12.

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
How will the Proposal be implemented?	The Proposal will be implemented via amendments to the Westfield Retail Trust Constitutions and by way of a Court-ordered scheme of arrangement in relation to Westfield Holdings and amendments to the Westfield Group Constitutions, and only after the satisfaction or waiver of certain Conditions Precedent. Implementation of the Proposal involves: – a cash distribution of $0.2853 for each Westfield Retail Trust Security held as at the Record Date; – each Westfield Holdings Share and each Westfield Trust Unit will be converted to 1.246 Westfield Holdings Shares and 1.246 Westfield Trust Units; – each Westfield Retail Trust 1 Unit and each Westfield Retail Trust 2 Unit will be converted to 0.918 Westfield Retail Trust 1 Units and 0.918 Westfield Retail Trust 2 Units; – the holdings of Westfield Retail Trust Securities held by each Securityholder will be aggregated in order to determine the resulting number of Westfield Retail Trust Securities the Securityholder will hold after the conversion takes place. Any resulting fractional interests will be rounded up to the nearest whole number. So, by way of example, if a Securityholder holds 1,000 Westfield Retail Trust Securities on the Record Date, after the Capital Return entitlement has been determined and the conversion has been implemented the Securityholder will hold 918 Westfield Retail Trust Securities; – Westfield Retail Trust will pay the Stapling Distribution to each Eligible Securityholder which will be compulsorily applied to subscribe for Westfield Holdings Shares and Westfield Trust Units; – the Westfield Holdings Shares and the Westfield Trust Units will then be Stapled to the Westfield Retail Trust 1 Units and the Westfield Retail Trust 2 Units forming Scentre Group Securities; and – Ineligible Foreign Securityholders will receive the Capital Return and their Westfield Retail Trust Securities will be converted in the manner referred to above. However, because of foreign law restrictions, they cannot participate in the Stapling Distribution. Instead their Westfield Retail Trust Securities will participate in the Sale Facility described in Section 3.12.	Section 3.4

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What will Securityholders receive if the Proposal is implemented?	If the Proposal proceeds: – each Securityholder will receive a Capital Return of $0.2853 cash for every Westfield Retail Trust Security held as at the Record Date; and – Eligible Securityholders will hold 0.918 Scentre Group Securities for every Westfield Retail Trust Security held as at the Record Date. The amount of the Capital Return was agreed during negotiations with Westfield Group having regard to the capacity of Westfield Retail Trust to undertake a capital return, the relative ownership by Westfield Group Securityholders and Securityholders in Scentre Group, the appropriate capital structure for Scentre Group on establishment and the impact on Scentre Group's pro forma forecast FY14 FFO. The Capital Return provided a mechanism for Westfield Retail Trust to deliver a direct value benefit to Securityholders. The Merger Ratio was determined having regard to the size of the Capital Return and on the basis that the Capital Return is made exclusively to Securityholders immediately prior to the merger of Westfield Retail Trust and Westfield Group's Australian and New Zealand business. Ineligible Foreign Securityholders receive the Capital Return but will not receive Scentre Group Securities under the Proposal. Instead, Ineligible Foreign Securityholders will have their holdings of Westfield Retail Trust Securities transferred to the Sale Nominee who will sell the Scentre Group Securities they would otherwise be entitled to receive under the Proposal and remit the sale proceeds to them.	Sections 3.4 and 3.12
What is the Merger Ratio?	The Merger Ratio determines the proportion of Scentre Group that will be owned by Securityholders and Westfield Group Securityholders following implementation of the Proposal namely: – Securityholders will hold 51.4% of Scentre Group and they will also receive the Capital Return; and – Westfield Group Securityholders will hold 48.6% of Scentre Group.	Section 3.6
How was the Merger Ratio determined?	The Merger Ratio is based on the relative pro forma forecast FY14 FFO contribution of Westfield Retail Trust and Westfield Group's Australian and New Zealand business to Scentre Group. The pro forma forecast FY14 FFO contributions of Westfield Retail Trust and Westfield Group were adjusted to: – exclude project profits not yet recognised on Westfield Sydney and Fountain Gate (both being completed projects co-owned by Westfield Retail Trust and Westfield Group); – exclude asset management fee income on the Property Linked Notes issued by Westfield Group; and – include additional interest expense incurred by Westfield Retail Trust associated with the Capital Return to Securityholders. The table in Section 3.6.1 provides information on the pro forma forecast FY14 FFO and the Merger Ratio calculation.	Section 3.6

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Why did the Independent Board Committee agree the Merger Ratio based on FFO as the basis for the Proposal?	The Merger Ratio was calculated on the basis of relative pro forma forecast FY14 FFO contributions by Westfield Retail Trust and Westfield Group's Australian and New Zealand business to Scentre Group's pro forma forecast FY14 FFO. The Independent Board Committee believes that the Merger Ratio is appropriate having regard to: – a merger ratio based on balance sheet metrics, such as NTA would not reflect the full economic value or income of Westfield Group's Australian and New Zealand Operating Platform. This is because the Westfield Group balance sheet does not attribute any value to the substantial income generated by the Operating Platform, as described in detail in Section 3.6(d); – the FFO contributed by each party provides a fairer assessment of the value of cashflows and underlying business being contributed by each party; – adjustments made to Westfield Group's Australian and New Zealand business FFO to: • exclude project profits from Westfield Retail Trust and third parties relating to project profits not yet recognised on projects including Westfield Sydney and Fountain Gate (as both of these projects have been completed and are co-owned between Westfield Retail Trust and Westfield Group), and variations to third party projects; and • exclude asset management fee income relating to the Property Linked Notes; and – the merger ratio represents the outcome of detailed negotiations with Westfield Group. The Independent Board Committee believes the Proposal is in the best interests of Securityholders from a strategic, financial and governance perspective. The Independent Expert has also concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders. In assessing the value contributed by each party, the Independent Board Committee had regard to a number of matters that are not reflected in the respective FFO contributions used to determine the Merger Ratio, including: – the FFO contributed by Westfield Group does not include the economic benefit of profits from the development of Westfield Group's interest in the Australian and New Zealand properties. These profits are recognised in property revaluations through reduced project costs compared to co-owners and joint venture partners; and – $9 million in overhead synergies, $19 million in interest efficiencies and an $8 million reduction in forecast tax payable expected to be achieved by Scentre Group.	Section 3.6
What is the expected impact of the Proposal on Westfield Retail Trust FFO?	The Proposal is expected to be 5.2% accretive to FY14 pro forma forecast FFO and 8.0% accretive to FY14 pro forma forecast and economic FFO per Westfield Retail Trust Security before the elimination of development profits upon consolidation.	Section 4.2(f)

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What effect will the Proposal have on the NTA of Westfield Retail Trust?	Under the Proposal, the forecast NTA for Scentre Group is $2.82 per Scentre Group Security. On a pro forma basis, this is equivalent to $2.87 per Westfield Retail Trust Security based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. This pro forma NTA for Securityholders of $2.87 per Westfield Retail Trust Security compares with Westfield Retail Trust's NTA as at 31 December 2013 of $3.52 per Westfield Retail Trust Security. Securityholders currently hold 100% of Westfield Retail Trust which had net assets as at 31 December 2013 of $10.5 billion. Following implementation of the Proposal, Securityholders will hold 51.4% of Scentre Group which will have pro forma net assets of $15.2 billion as at 31 December 2013[5]. The change in pro forma NTA and net assets is the result of Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business, which includes the Operating Platform. The income from the Operating Platform is not reflected in property values and therefore not valued on Scentre Group's pro forma balance sheet for accounting purposes. Scentre Group will also incur up to $75 million of transaction costs which contributes to the change in NTA.	Section 3.8
What is the implied value of the Operating Platform under the Proposal?	Section 3.9 sets out a basis for deriving an implied Scentre Group trading price by reference to the Westfield Retail Trust Security trading price on 3 December 2013 (the day immediately prior to announcement of the Proposal). On this basis, the implied value of the Operating Platform is approximately $2.16 billion. Based on the implied trading price of Scentre Group calculated by reference to the Westfield Retail Trust trading price on 11 April 2014 (the trading day immediately prior to the date of this Securityholder Booklet), the implied value of the Operating Platform is $2.31 billion. As described in Section 3.6, the Operating Platform is forecast to contribute an Economic EBIT of $194 million in FY14. The implied value of the Operating Platform therefore represents a 11.1x multiple based on the implied trading price of Scentre Group Securities immediately prior to announcement of the Proposal, or an 11.9x multiple based on the implied trading price of Scentre Group Securities immediately prior to the date of this Securityholder Booklet. There is no certainty as to the trading price of Scentre Group Securities after the implementation of the Proposal. The Independent Expert has also calculated an implied value for the Operating Platform (refer to Section 10.4 of the Independent Expert's Report attached as Annexure B).	Section 3.9
If the Proposal proceeds, when will I receive Scentre Group Securities and the Capital Return?	If the Proposal proceeds: – the Record Date for Eligible Securityholders to participate in the Proposal and receive the Capital Return is expected to be Thursday, 19 June 2014; – the Proposal is expected to be implemented on 30 June 2014 and the Capital Return will be despatched to Securityholders on that date; – Scentre Group Securities are expected to commence trading on a deferred settlement basis on 17 June 2014; – holding statements for Scentre Group Securities are expected to be despatched on 30 June 2014; and – Scentre Group Securities are expected to commence trading on a normal T+3 settlement basis on 1 July 2014.	Key dates for the Proposal

5 As shown in the Scentre Group pro forma historical statement of net assets as at 31 December 2013 in Section 6.10.

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
How will the Capital Return be funded?	The Capital Return will be funded by Westfield Retail Trust from a mix of existing and new bilateral facilities. The Capital Return will be paid in cash to Securityholders.	
Who is on the Independent Board Committee and why was it formed?	Following receipt of the initial proposal from Westfield Group, the Westfield Retail Trust Directors immediately established the Independent Board Committee with strict corporate governance protocols to consider the Proposal and any alternative proposals. The Independent Board Committee comprises Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM, being all of the non-executive directors of Westfield Retail Trust who are independent of Westfield Group.	Section 3.2
Who are the Recommending Directors?	The Recommending Directors comprise all of the members of the Independent Board Committee and Mr Domenic Panaccio. Mr Domenic Panaccio is an executive director of Westfield Retail Trust and is independent of Westfield Group.	Section 4.1
What do the Recommending Directors recommend Securityholders do?	The Recommending Directors unanimously recommend that you vote in favour of the Proposal Resolutions, in the absence of a superior proposal. In the Recommending Directors' unanimous opinion, the Proposal is in the best interests of Securityholders having taken into account the following matters: – The Recommending Directors consider that the Merger Ratio is appropriate having regard to the respective contributions of earnings, assets and liabilities by Westfield Retail Trust and Westfield Group's Australian and New Zealand business to Scentre Group and given the strategic benefits for Securityholders that are expected if the Proposal is approved and implemented; – The Recommending Directors consider the advantages and strategic benefits for Securityholders of the Proposal being implemented outweigh the disadvantages of, and the risks associated with, the Proposal; – The Proposal includes an $850 million capital return to Securityholders, effected by a cash payment of $0.2853 per Westfield Retail Trust Security held by Securityholders on the Record Date; and – The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders. The reasons for the Recommending Directors' unanimous recommendation are set out in detail in Section 4.1. Each of the Recommending Directors intends to vote any Westfield Retail Trust Securities that are held by or on behalf of him or her in favour of the Proposal, in the absence of a superior proposal.	Section 4.1
Who are the remaining directors of Westfield Retail Trust and are they making recommendations in relation to the Proposal?	The remaining directors of Westfield Retail Trust are Mr Steven Lowy AM and Mr Peter Allen. Mr Steven Lowy AM and Mr Peter Allen are not part of the Independent Board Committee and have stood aside from the consideration of the Proposal. Mr Steven Lowy AM is an Executive Director and Co-Chief Executive Officer of Westfield Group and is remunerated by Westfield Group. Mr Peter Allen is Group Chief Financial Officer and an Executive Director of Westfield Group and is remunerated by Westfield Group. For these reasons, Mr Steven Lowy AM and Mr Peter Allen do not consider it appropriate for them to make a recommendation to Securityholders.	Section 5.7

– SECTION 2 – FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What are the key benefits of the Proposal?	The Proposal provides a combination of strategic, financial and governance benefits which include: – the Proposal better positions Westfield Retail Trust for growth by establishing a vertically integrated retail property operating platform; – Scentre Group will have a greater ownership interest in a larger investment portfolio in Australia and New Zealand than Westfield Retail Trust; – Securityholders will gain exposure to Westfield Carindale; – the Proposal creates a stronger platform to enhance return on equity through the potential to introduce new co-owners at the property ownership level; – Scentre Group will not have any restrictions on the jurisdictions in which it invests however the strategic focus of Scentre Group will be on Australia and New Zealand; – the Proposal is expected to deliver 5.2% accretion to FY14 pro forma FFO per security and 8.0% economic accretion to FY14 pro forma FFO before the elimination of development profits on consolidation; – the Proposal includes a $850 million Capital Return to Securityholders; – the Proposal removes potential and perceived conflicts of interest that currently exist between Westfield Retail Trust and Westfield Group; and – the members of the Scentre Group Board will be appointed and removed by Scentre Group Securityholders.	Section 4.2
What are the main disadvantages of the Proposal?	The main disadvantages of the Proposal include: – exposure to risks relating to the ownership and operation of the retail property operating platform operated by Westfield Group in Australia and New Zealand; – on implementation of the Proposal, Scentre Group will have a lower NTA per security than Westfield Retail Trust. The Proposal will result in a change to Westfield Retail Trust's NTA from $3.52 per Westfield Retail Trust Security (as at 31 December 2013) to the equivalent of $2.87 per Westfield Retail Trust Security[6] pro forma NTA as at 31 December 2013; – exposure to risks relating to increased gearing. Under the Proposal, gearing is expected to increase from 22.4% for Westfield Retail Trust as at 31 December 2013 to 38.4% for Scentre Group on the basis of the pro forma statement of net assets as at 31 December 2013. Refer to Section 7.3(b) for a description of the material consequences of increased gearing; – transaction and implementation costs are expected to be incurred. Total transaction and implementation costs incurred by Scentre Group in relation to the Proposal are estimated to be $75 million. These include third party advisory fees, listing and administrative fees and other expenses associated with the Proposal; and – Scentre Group will cease to be permitted to use Westfield in its corporate name but will retain the Westfield brand for its shopping centres and activities in Australia and New Zealand.	Section 4.3

6 The pro forma net tangible assets per Westfield Retail Trust Security is based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. Scentre Group is expected to have net tangible assets (attributable to Scentre Group Securityholders) of $2.82 per security.

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What are the key risks associated with the Proposal?	The key risks relating to the Proposal include: – following implementation of the Proposal, the benefits of the Proposal may not materialise; – there is a potential risk that the trading price of Scentre Group Securities will reduce from the price on commencement of trading, and that the price of Scentre Group Securities will be less than the existing price of Westfield Retail Trust Securities. In this regard, while Section 3.9 contains an estimated implied trading price for Scentre Group Securities, there is no guarantee that the Scentre Group Securities will trade at a particular price after implementation of the Proposal (see Section 4.4(b)); – Scentre Group may need to refinance borrowings on less attractive terms. A description of the risks associated with refinancing these borrowings is contained in Section 7.3(a); – Scentre Group credit ratings will be subject to determination by external credit agencies. There can be no assurance that the credit rating agencies will maintain their credit ratings following implementation of the Proposal. Any changes in credit ratings may, among other consequences, impact on access to, and cost of, capital; – the conditions precedent to the Proposal may not be satisfied or waived or their satisfaction may be delayed; – the ATO may fail to issue the Class Ruling in the form set out in the Draft Class Ruling; – if any contract or guarantees of Westfield Holdings or Westfield Trust that relate to Westfield Group's international business are not able to be restructured to align with the correct Westfield Corporation entity after implementation of the Proposal, then Westfield Holdings and Westfield Trust may remain liable to third parties under those contracts and guarantees (however, under the Implementation Deed Westfield Corporation must indemnify Scentre Group for any claims against or payments made by Westfield Holdings or Westfield Trust in respect of the international business); and – if any of the data or information provided to and relied upon by Westfield Retail Trust in its due diligence process and its preparation of this Securityholder Booklet proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Scentre Group post implementation of the Proposal may be materially different to the financial position and performance expected by Westfield Retail Trust and reflected in this Securityholder Booklet. A description of these key risks is set out in Section 4.4. In addition, risks associated with an investment in Scentre Group are summarised in Section 7.	Sections 4.4 and 7

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What strategic alternatives were considered by the Independent Board Committee?	The Independent Board Committee carefully considered a range of strategic alternatives before it decided to recommend the Proposal to Securityholders. The alternatives considered included: – maintaining the existing Westfield Retail Trust structure; – developing or acquiring an operating platform; – undertaking a significant buy-back of existing Westfield Retail Trust Securities; – seeking new growth opportunities through investing in alternative retail asset classes; or – undertaking a significant disposal of Westfield Retail Trust assets and returning proceeds to Securityholders. After careful consideration and negotiations with Westfield Group, the Independent Board Committee believe that the Proposal is the preferred option to maximise long term value for Securityholders and provide Securityholders with the benefits of an internal management and development platform without diluting the high quality of Westfield Retail Trust's existing portfolio.	Section 4.5
What will happen if an alternative proposal is received?	An alternative proposal could emerge before the Meeting. However, as at the date of this Securityholder Booklet, no alternative proposal has emerged. If an alternative proposal does arise, it will be announced to the ASX and the Independent Board Committee will carefully consider the alternative proposal and advise its recommendations. Under the terms of the Implementation Deed, no break fee is payable by Westfield Retail Trust to Westfield Group if a superior proposal is received and implemented. However, Westfield Retail Trust will have incurred transaction costs in relation to the Proposal. Westfield Retail Trust is expected to have incurred transaction costs of approximately $10 million as at the date of the Meeting.	Section 4.5
What will be the relationship between Scentre Group and Westfield Corporation following implementation of the Proposal?	Following implementation of the Proposal, Scentre Group and Westfield Corporation will operate as separate and independent groups. Scentre Group and Westfield Corporation will have the following ongoing contractual relationships[7]: – Scentre Group will have an exclusive, continuing, royalty free licence to use the Westfield brand (which is owned by Westfield Corporation Limited) for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics on the terms of the Trade Mark Licence Agreement; – Scentre Group will provide certain corporate and other services to Westfield Corporation, and Westfield Corporation will provide certain corporate affairs services to Scentre Group, under the Transitional Services Agreement while the groups develop standalone resources and support services. The transition is expected to be substantially completed within two years; and – Scentre Group will have access to the digital innovation activities of Westfield Corporation provided by Westfield Labs under the LABS Agreement in return for a contribution to the funding of Westfield Labs over the term of the agreement. In addition, Scentre Group and Westfield Corporation will initially have three common directors, being Mr Frank Lowy AC[8], Mr Brian Schwartz AM and Mr Steven Lowy AM.	Section 3.10

7 In addition to the ongoing contractual relationships described in Section 3.10, it is intended that Mr Frank Lowy AC will assume the role of Chairman of both Scentre Group and Westfield Corporation (see Section 5.8 for further details). Including the Chairman, there will initially be three common directors between Scentre Group and Westfield Corporation (see Section 5.8).

8 Despite the recommendation in the ASX Guidelines that listed entities should have an independent director as chairman, Mr Frank Lowy AC is considered the most appropriate person to act as Chairman of the Scentre Group Board.

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What happens if the Proposal does not proceed?	If Securityholders or Westfield Group Securityholders do not approve the Proposal, the Court does not approve the Westfield Holdings Scheme, the second judicial advice is not obtained by Westfield Retail Trust at the Second Court Hearing or any other conditions precedent to the Proposal are not satisfied or waived, the Proposal will not proceed. In that event: – Westfield Retail Trust will not merge with Westfield Group's Australian and New Zealand business, Securityholders will continue to hold their Westfield Retail Trust Securities and Eligible Securityholders will not hold any new Scentre Group Securities; – Securityholders will not receive the Capital Return; – Westfield Retail Trust will continue to operate as it does now and will continue to rely on Westfield Group for the provision of property management and development services for its portfolio and various other corporate services; – Westfield Retail Trust will continue to focus on its current strategy to deliver stable and consistent cash flows and growth, driven by maximising operating performance, adding value through redevelopments and continuing with prudent capital management; – Westfield Retail Trust will incur transaction costs of approximately \$10 million (out of an estimated \$75 million in transaction costs payable by Scentre Group if the Proposal had been implemented); and – Westfield Group has indicated that it may consider alternative strategies in relation to its Australian and New Zealand business if the Proposal does not proceed.	Section 4.6
What is the forecast distribution for Westfield Retail Trust for the financial year 2014?	The forecast aggregate distribution for Westfield Retail Trust for the 12 months ending 31 December 2014 is \$0.204 per Westfield Retail Trust Security assuming the Proposal does not proceed.	
Is there a break fee if the Proposal does not proceed?	No. There is no break fee payable by either Westfield Retail Trust or Westfield Group if the Proposal does not proceed.	

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Who is eligible to receive Scentre Group Securities under the Proposal?	The following persons are eligible to receive Scentre Group Securities under the Proposal: – Securityholders on the Register on the Record Date, who are not Foreign Securityholders (a Foreign Securityholder is a Securityholder on the Record Date whose address is a place outside of Australia and New Zealand and their respective external territories); and – Foreign Securityholders in the following jurisdictions: • the United States of America, to the extent an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act 1933; • the United Kingdom, to the extent a "qualified investor";[9] • the Netherlands; • Norway; • Japan; • Singapore, to the extent an "institutional investor";[10] • Hong Kong; • Canada; or • any other jurisdiction where Westfield Retail Trust determines it is lawful and not unduly onerous or unduly impractical for the relevant Foreign Securityholder to receive securities under the Proposal. All other Foreign Securityholders are Ineligible Foreign Securityholders. The Sale Nominee will participate in the Proposal in respect of Westfield Retail Trust Securities held by Ineligible Foreign Securityholders on the Record Date.	Sections 11.15 and 11.16
What happens if I am an Ineligible Foreign Securityholder?	Ineligible Foreign Securityholders will not receive Scentre Group Securities under the Proposal. Instead, Ineligible Foreign Securityholders will have their holding of Westfield Retail Trust Securities transferred to the Sale Nominee who will sell the Scentre Group Securities they would otherwise be entitled to receive under the Proposal and Westfield Retail Trust will procure that the Registry remits the sale proceeds to them. Ineligible Foreign Securityholders will receive the Capital Return if the Proposal is implemented. Ineligible Foreign Securityholders will also receive the Westfield Retail Trust Distribution, if that distribution is made.	Section 3.12

9 As defined in article 2.1 of the EC Prospectus Directive 2003/71/EC.

10 As defined in section 4A(c) of the Securities and Futures Act 2001, Chapter 289 of Singapore.

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Overview of Scentre Group (after implementation of the Proposal)		
What will Scentre Group's business look like if the Proposal proceeds?	If the Proposal proceeds, Scentre Group will be an industry leading internally managed[11] group focused on investing and operating retail property in Australia and New Zealand. It will have the largest and most productive shopping centre portfolio in Australia and New Zealand with the highest annual specialty sales per square metre, a key measure of sales productivity. Scentre Group will own a vertically integrated Australian and New Zealand retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management. Scentre Group's operating platform will include the highly experienced Australian and New Zealand operating management team of Westfield Group. Scentre Group will have over 2,000 employees with its corporate head office in Sydney and offices across Australia and New Zealand. Scentre Group is expected to be a top 20 ASX listed group based on market capitalisation and the largest ASX listed REIT.	Section 5.1
What does internally managed mean?	When used in the context of a REIT, 'internally managed' is commonly used to refer to a REIT where the responsible entity of the REIT is owned by the REIT and the REIT does not pay management fees to an external person. In the context of Scentre Group, the REITs which will be part of Scentre Group are also internally managed in that more commonly defined way but also refer to having the capabilities of the broader retail property operating platform.	
What assets will Scentre Group own?[12]	Scentre Group will own a property portfolio comprising interests in 47 shopping centres in Australia and New Zealand, with total assets of $29.3 billion and assets under management of $38.6 billion. The portfolio generates annual retail sales of $22 billion, with approximately 12,500 retailers and 555 million customer visits annually. Scentre Group will have an exclusive licence to use the Westfield brand in Australia and New Zealand for its existing shopping centre portfolio and any new shopping centres which meet certain agreed characteristics. Scentre Group will own the highest quality shopping centre portfolio in Australia with 14 of the top 20 shopping centres in Australia measured by annual sales. 91% of Scentre Group's portfolio by value will be located in Australia, with 38 shopping centres in Australia and 9 shopping centres in New Zealand. Scentre Group's portfolio will include major assets such as Westfield Sydney, Bondi Junction, Doncaster, Chermside and Carindale, each of which achieve annual specialty sales in excess of $10,000 per square metre and total annual sales in excess of $800 million. These flagship shopping centres continue to be leading destinations of choice for both domestic and international retailers. Scentre Group will have $4.9 billion of current and future development projects (Scentre Group share: $2.6 billion). $1.9 billion of these projects are currently under construction, including Miranda in Sydney NSW and Mt Gravatt in Brisbane QLD, with further major development opportunities in Sydney, Brisbane and Adelaide.	Section 5.1, 5.3 and 5.6

11 This term is defined in Definitions and Interpretation in Section 12.

12 Financial information and statistics are presented on a pro forma basis as at 31 December 2013 or for the financial year ended 31 December 2013, as the context requires.

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

<table>
<tr><th>Question</th><th>Answer</th><th>Where to find more information</th></tr>
<tr><td>What will Scentre Group's strategic priorities be?</td><td>Scentre Group's strategic priorities will include:
– intensive management of its existing portfolio to maximise the sales productivity of retailers and to provide superior experiences to consumers;
– improving the quality of the portfolio to adapt to the next generation of retail;
– generating new income opportunities by leveraging the scale of the Scentre Group portfolio;
– executing its current and future development pipeline to enhance the value, scale and quality of the portfolio;
– active management of its capital position to enhance long term earnings growth potential and return on equity; and
– using digital technology to better connect retailers with consumers.</td><td>Section 5.4 and 5.5</td></tr>
<tr><td>What are the risks associated with an investment in Scentre Group?</td><td>Scentre Group will be subject to a range of risks that may adversely affect the future operating or financial performance, prospects, investment returns or value of Scentre Group Securities. The key risks fall into four main categories:
– property ownership risks:
• tenant default and occupancy risk in shopping centres;
• anchor tenant default or closure risk;
• changes in consumer sentiment or shopping preferences;
• emergence of alternative retail channels, especially online retailing;
• conflicts of interest with co-owners of properties;
– property management and development risks;
– financing risks:
• refinancing risk;
• leverage risk;
• cash flow risk;
• funding risk for development, redevelopment programme and acquisitions;
• credit rating risk;
– market structure risks:
• geographical concentration of Scentre Group's portfolio;
• acquisition risk;
• competition with other participants in the retail property industry.
Further discussion on the risks in each of these categories and other risks is set out in Section 7.</td><td>Section 7</td></tr>
<tr><td>What currency will Scentre Group be reporting in?</td><td>Scentre Group will report in Australian dollars.
Scentre Group will be subject to minimal foreign currency exposure with approximately 90% of its assets and earnings located in Australia and approximately 10% of its assets and earnings located in New Zealand.</td><td>Section 6.6</td></tr>
</table>

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What will be the distributions from Scentre Group in 2014?	Scentre Group's distribution for the period from the Implementation Date to 31 December 2014 is expected to be $0.102 per Scentre Group Security[13]. Scentre Group expects to pay this distribution in February 2015. In addition Securityholders will receive the Westfield Retail Trust Distribution which is the interim distribution for the period from 1 January 2014 to the Implementation Date, if declared.	Section 5.5
What will be Scentre Group's distribution policy?	Scentre Group's proposed distribution policy will be to pay out up to 100% of FFO. The policy allows for retention to fund capital expenditure requirements as determined from time to time by the Scentre Group Board, and is subject to review by the Scentre Group Board at its discretion, including in relation to general business and financial conditions. It is the intention of the Scentre Group Board that distributions will increase from year to year.	Section 5.5
Who will be on the board of Scentre Group?	On implementation of the Proposal, the Scentre Group Board will initially comprise the following directors: – Mr Frank Lowy AC – Chairman; – Mr Brian Schwartz AM – Deputy Chairman; – Mr Peter Allen – Chief Executive Officer; – Mr Laurence Brindle – Non Executive Director; – Mr Richard Egerton-Warburton AO, LVO – Non Executive Director. – Mr Andrew Harmos – Non Executive Director; – Mr Michael Ihlein – Non Executive Director; – Mr Steven Lowy AM – Non Executive Director; and – Ms Sandra McPhee AM – Non Executive Director.	Section 5.7
Who will be part of the Scentre Group senior executive team?	The Scentre Group management team will include: – Mr Peter Allen – Chief Executive Officer; – Mr Mark Bloom – Chief Financial Officer; – Mr John Batistich – Director, Marketing; – Ms Janine Frew – Director, Human Resources; – Mr Paul Giugni – General Counsel; – Mr Andy Hedges – Director, Shopping Centre Management; – Mr Ian Irving – Director, Design & Construction; – Mr Peter Leslie – Director, Leasing; – Mr Justin Lynch – Director, New Zealand; – Mr John Widdup – Chief Operating Officer Development, Design & Construction; and – Mr Richard Williams – Treasurer.	Section 5.7
What is the proposed capital structure of Scentre Group?	On implementation of the Proposal, Scentre Group will have approximately 5.3 billion Stapled Securities on issue[14] and $15.2 billion of net assets. Scentre Group will have gearing of 38.4% on a pro forma basis as at 31 December 2013. Scentre Group's aim is to maintain gearing levels in the range of 30%-40%. Scentre Group's interest cover will be 3.3 times, on a pro forma forecast basis for FY14.	Section 5.5

13 Assumes an Implementation Date of 30 June 2014. Represents 50% of Scentre Group's pro forma forecast distribution for FY14 of $0.204 per Scentre Group Security. See Section 6.6 for further details of Scentre Group's distribution policy.

14 Subject to rounding described in Section 11.18.

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What will Scentre Group's financing structure be and how will the existing financing arrangements of Westfield Retail Trust be dealt with?	At implementation of the Proposal, Scentre Group will have approximately $12.85 billion of unsecured financing arrangements within a financing structure that incorporates the existing financing arrangements of Westfield Retail Trust of approximately $3.8 billion (Westfield Retail Trust Facilities), together with new committed unsecured revolving bank loan facilities and an unsecured bridge facility for the equivalent in total of $9.05 billion (to be drawn in A$ and NZ$). These bridge and bank loan facilities will finance Scentre Group's effective assumption of $6.8 billion and NZ$0.6 billion of Westfield Group's unsecured debt, being the portions allocated to Westfield Group's Australian and New Zealand business, and a $500 million portion of the Westfield Retail Trust Capital Return under the Proposal that is not funded by existing Westfield Retail Trust Facilities. Westfield Retail Trust's existing unsecured revolving bank loan facilities totalling $1.9 billion will also migrate to Scentre Group. These facilities will have the benefit of Scentre Group's Master Guarantee and Master Negative Pledge.	Section 6.12
What is a Scentre Group Security?	A Scentre Group Security is a Stapled Security, comprising one Westfield Holdings Share, one Westfield Trust Unit, one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit.	Section 5.2
When will Scentre Group Securities commence trading on the ASX?	It is expected that trading of Scentre Group Securities on the ASX will commence on Tuesday, 17 June 2014, initially on a deferred settlement basis.	Key Dates for the Proposal
What will be the price of Scentre Group Securities after the Proposal?	There is no certainty as to the price of Scentre Group Securities after the Proposal is implemented.	Section 4.4(b)
Meeting, voting and approval		
When and where will the Meeting be held?	The Meeting will be held at 2:00pm (AEST) on Thursday, 29 May 2014 at the Grand Ballroom, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000.	Annexure A – Notices of Meeting
What resolutions need to be passed by Securityholders for the Proposal to proceed?	The following Proposal Resolutions must be passed by Securityholders by the requisite majorities: – approval of the Proposal for all purposes; – amendments of the Westfield Retail Trust Constitutions to implement the Proposal; and – approval of the termination of the Corporate Governance Deeds. The passing of each of these Proposal Resolutions will be conditional on the passing of each other Proposal Resolution and the passing of the Westfield Group Resolutions (including approval of the Westfield Holdings Scheme between Westfield Holdings and its members).	Section 10

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What are the voting thresholds to approve the Resolutions?	For the Constitution Amendment Resolutions, at least 75% of the votes cast by Securityholders entitled to vote on those Resolutions. For the Director Appointment Ratification Resolution, Proposal Approval Resolution and the Corporate Governance Deeds Termination Resolution at least 50% of the votes cast by Securityholders entitled to vote on those Resolutions.	Section 10.9
Who can vote at the Meeting?	Securityholders on the Register at 7.00pm on Tuesday, 27 May 2014.	Section 1 Annexure A – Notices of Meeting
How do I vote?	Securityholders who are entitled to vote may do so by: – attending the Meeting in person; – by lodging your Meeting Proxy Form online via www.investorvote.com.au; or – by returning your red Meeting Proxy Form in accordance with the instructions in the Notices of Meeting set out in Annexure A. Corporate Securityholders may also vote at the Meeting through a corporate representative. To be valid, your Meeting Proxy Form must be completed and received by the Registry no later than 2:00pm on Tuesday, 27 May 2014.	Section 1 Annexure A – Notices of Meeting
Is voting compulsory?	Voting is not compulsory. However, Securityholders should exercise their right to vote as each Securityholder's vote is important in determining whether the Proposal will be implemented.	
What if I do not vote or if I vote against the Proposal?	If the Proposal Resolutions are approved by Securityholders, the Westfield Group Resolutions are approved by Westfield Group Securityholders and all other Conditions Precedent to the Proposal are either satisfied or waived, then the Proposal will proceed and become binding on all Securityholders who are recorded on the Register at the Record Date even if they do not vote, or they vote against the Proposal.	
When will the results of the Meeting be known?	The results of the Meeting will be available shortly after the conclusion of the Meeting and will be announced to the ASX once available. The results of the Meeting will also be published on the Westfield Retail Trust website at www.westfieldretailtrust.com.	
Implementation and process		
What are the key steps involved in the Proposal?	The Proposal will be implemented in three main stages: – a restructure stage, where Westfield Group's international business is transferred to Westfield Corporation Limited and WFD Trust, and Westfield Corporation Limited Shares and WFD Trust Units are distributed to Westfield Group Securityholders and become Stapled to Westfield Group; – a destapling stage, where Westfield Holdings Shares and Westfield Trust Units are each destapled from Westfield Group and from each other; and – a merger stage, where Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units become Stapled to Westfield Holdings Shares and Westfield Trust Units, forming Scentre Group Securities.	Section 3.4

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Is the Proposal subject to any conditions?	The Proposal is subject to a number of conditions precedent. These are described in Section 3.5 and the summary of the Implementation Deed set out at Annexure F. These Conditions Precedent include: – the passing of the Proposal Resolutions at the Meeting and the passing of the Westfield Group Resolutions at the Westfield Group Meeting by the requisite majorities of the respective groups of securityholders; – the Court providing judicial advice confirming, among other things, that RE1 and RE2 would be justified in implementing the Proposal as approved by Securityholders; – Court approval of the Westfield Holdings Scheme; and – other regulatory approvals being obtained.	Section 3.5 and Annexure F
What are the Westfield Group Directors recommending to Westfield Group Securityholders?	Each of the Westfield Group Directors recommends that Westfield Group Securityholders vote in favour of the Westfield Group Resolutions to implement the Proposal.	
What if Westfield Group Securityholders do not approve the Proposal?	As the Proposal is conditional on the Westfield Group Resolutions being passed by the requisite majorities of Westfield Group Securityholders, if the Westfield Group Resolutions are not passed, the Proposal will not proceed.	
If the Proposal is implemented, what intentions do the Lowy family have in relation to their securityholding in Scentre Group?	The Lowy family is committed to the success of both Scentre Group and Westfield Corporation and intends to maintain a substantial investment in both groups. Upon implementation of the Proposal, the Lowy family will hold approximately 4.1% of Scentre Group Securities[15] and approximately 8.4% of Westfield Corporation Securities (the same as their current holding in Westfield Group).	
What is the impact of the Proposal on my current holdings?	If the Proposal proceeds, from the Implementation Date, Eligible Securityholders will hold 0.918 Scentre Group Securities for every Westfield Retail Trust Security held as at the Record Date. Securityholders will also receive the Capital Return. Ineligible Foreign Securityholders will have their holding of Westfield Retail Trust Securities transferred to the Sale Nominee who will sell the Scentre Group Securities they would otherwise be entitled to receive under the Proposal and Westfield Retail Trust will procure that the Registry remits the sale proceeds to them. The last day of trading in Westfield Retail Trust Securities on the ASX is expected to be Monday, 16 June 2014, with deferred settlement trading of Scentre Group Securities expected to commence on Tuesday, 17 June 2014.	Sections 3.1 and 3.12 Key Dates for the Proposal
What is the Capital Return, and will I receive it in cash?	The Capital Return is a proposed cash distribution to existing Securityholders recorded on the Register on the Record Date equal to $0.2853 for every existing Westfield Retail Trust Security. The Capital Return will be despatched as a cash payment to Securityholders on the Implementation Date.	

15 Subject to rounding described in Section 11.18.

- SECTION 2 - FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
What is the Stapling Distribution and will I receive it in cash?	To give effect to the Stapling elements of the Proposal to create Scentre Group Securities, a capital distribution from Westfield Retail Trust 1 will be made to Eligible Securityholders and compulsorily applied to subscribe for one Westfield Holdings Share and one Westfield Trust Unit (in each case, following the conversion of the number of shares or units on issue). This distribution will not be paid in cash to Securityholders on the Record Date but it will be compulsorily applied by RE1 to subscribe for the Westfield Holdings shares and Westfield Trust Units.	Section 3.4
Can I choose to receive cash instead of Scentre Group Securities?	No. There is no option for Eligible Securityholders to elect to receive cash instead of Scentre Group Securities. However, once Scentre Group Securities commence trading on the ASX, you may sell some or all of these securities on the ASX. You may also sell your existing Westfield Retail Trust Securities before the Proposal becomes effective. The Capital Return will be paid in cash to Securityholders.	
Will Securityholders have to pay any brokerage or stamp duty under the Proposal?	No brokerage or stamp duty will be payable by Securityholders under the Proposal. If Securityholders dispose of their Westfield Retail Trust Securities before the Implementation Date or dispose of their new Scentre Group Securities, including on a deferred settlement basis, they may have to pay brokerage.	
What costs are associated with the Proposal?	Total transaction and implementation costs for Scentre Group in relation to the Proposal are estimated to be approximately $75 million. These include third party advisory fees, listing and administrative fees, and other expenses associated with the Proposal. Approximately $10 million of these costs will have been incurred by Westfield Retail Trust prior to the Meeting when Securityholders will vote on the Proposal.	Section 11.21
What significant interests and benefits are payable to members of the Westfield Retail Trust Directors, the Westfield Group Directors, and other persons connected with the Proposal?	Following implementation of the Proposal, Mr Frank Lowy AC and Mr Brian Schwartz AM (Additional Proposed Scentre Group Directors) will join the existing Westfield Retail Trust Directors to form the board of Scentre Group. Mr Peter Allen will be appointed as Chief Executive Officer of Scentre Group. The directors' and the senior executives' remuneration arrangements for Scentre Group are set out in Section 5.9. In addition, the interests of the Westfield Retail Trust Directors in connection with the Proposal, including the number of Scentre Group Securities which will be held by the Westfield Retail Trust Directors and the Additional Proposed Scentre Group Directors on implementation of the Proposal, and their existing holdings of Westfield Group Securities and Westfield Retail Trust Securities are set out in Section 11.2. If the Proposal is implemented, as disclosed in Section 5.7, Mr Peter Allen, Mr Mark Bloom and Mr Paul Guigni will be the Chief Executive Officer, Chief Financial Officer and General Counsel respectively of Scentre Group and will replace the executives currently filling the roles of Managing Director, Chief Financial Officer and General Counsel of Westfield Retail Trust. Under their existing service agreements: – Mr Domenic Panaccio is entitled to receive the payments set out in Section 11.3(a) upon his redundancy; and – Mr Brian Mackrill and Ms Katherine Grace are entitled to receive the payments set out in Section 11.3(a) upon redundancy or termination of their employment without cause, should this occur. Westfield Retail Trust will also pay to third parties advisory fees, listing and administrative fees, and other expenses associated with the Proposal.	Sections 5.7, 5.9, 11.2 and 11.3

- SECTION 2 -
FREQUENTLY ASKED QUESTIONS

Question	Answer	Where to find more information
Australian taxation implications		
What are the Australian tax implications of the Proposal for Securityholders?	The Australian tax implications of the Proposal for Eligible Securityholders are summarised in Section 8. Westfield Retail Trust expects to receive a Draft Class Ruling from the ATO as described in Section 8. A capital gain and cost base adjustments may arise for you in relation to the Capital Return and Stapling Distribution in respect of your Westfield Retail Trust 1 Units. Any capital gain may be eligible for the CGT discount. Additional cost base adjustments may arise for your Westfield Retail Trust 1 and Westfield Retail Trust 2 Units as a result of the conversion of the Westfield Retail Trust 1 and Westfield Retail Trust 2 Units under the Proposal. Section 8 also sets out a general description of the Australian tax consequences of holding your Scentre Group Securities.	Section 8
Do I have to provide my Tax File Number (TFN) to participate in the Proposal?	No. However, if you are an Australian tax resident then unless you provide your TFN to Westfield Retail Trust, tax may be deducted from distributions that are paid to you. Westfield Retail Trust proposes to provide the details of TFNs, ABNs or relevant exemptions that it holds in respect of Eligible Securityholders to Westfield Holdings and Westfield Trust. However, you may request that Westfield Retail Trust not provide these details to Westfield Holdings and Westfield Trust by contacting the Registry on 1800 674 015 (within Australia) or +61 9 415 4121 (outside Australia).	Section 8
Further questions		
What is the dispute resolution procedure to deal with complaints?	RE1 as responsible entity of Westfield Retail Trust 1, RE2 as responsible entity of Westfield Retail Trust 2 and Westfield Management as responsible entity of Westfield Trust will provide a complaints handling and dispute resolution procedure in accordance with the Corporations Act and the Scentre Group Constitutions.	Section 11.28
Who can I contact if I have further questions in relation to this Securityholder Booklet or the Proposal?	Call the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.	
What should I do now?	Read this Securityholder Booklet in full before making any decision in relation to the Proposal. If necessary seek professional investment, financial, taxation or other professional advice as this Securityholder Booklet does not take into account the financial situation, investment objectives and particular needs of any Securityholder. Determine how you wish to vote on the Proposal. Vote at the Meeting in person or by proxy.	Section 1

3

THE DETAILS OF THE PROPOSAL

- SECTION 3 - THE DETAILS OF THE PROPOSAL

3. THE DETAILS OF THE PROPOSAL

Unless otherwise specified, the financial information and operating statistics referred to in this Section 3 are on a pro forma basis as at 31 December 2013 or for the financial year ended 31 December 2013, as the context requires.

3.1 OVERVIEW

Westfield Retail Trust is proposing a transaction under which it will merge with Westfield Group's Australian and New Zealand business, including Westfield Group's Australian and New Zealand vertically integrated[16] retail property operating platform. The Proposal will be implemented by Westfield Group separating its Australian and New Zealand business from its international business and merging that Australian and New Zealand business with Westfield Retail Trust to create the following two new listed retail property groups:

(A) SCENTRE GROUP

Scentre Group will be an industry leading, internally managed[17] retail property group focused on investing in and operating in Australia and New Zealand. It will have the largest and most productive shopping centre portfolio[18] in Australia and New Zealand with the highest annual specialty sales per square metre, a key measure of sales productivity.

Scentre Group will own a vertically integrated Australian and New Zealand retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management. The operating platform will include the existing highly experienced Australian and New Zealand management team of Westfield Group. Scentre Group will have an exclusive, continuing, royalty free licence to use the Westfield brand for its shopping centres in Australia and New Zealand pursuant to the terms of the Trade Mark Licence Agreement.

Scentre Group's high quality property portfolio will comprise interests in 47 shopping centres in Australia and New Zealand operating under the Westfield brand, with total assets of $29.3 billion and assets under management of $38.6 billion. The portfolio generates annual retail sales of $22 billion, with approximately 12,500 retailers and 555 million customer visits annually. Scentre Group's shopping centre portfolio will include 14 of the top 20 shopping centres in Australia measured by annual sales, including Westfield Sydney, Bondi Junction, Doncaster, Chermside and Carindale. Scentre Group's portfolio will include 26 wholly owned shopping centres in Australia and New Zealand valued at $18.9 billion.

Scentre Group will have $4.9 billion of current and identified future development projects (Scentre Group share: $2.6 billion) representing 13% of assets under management. $1.9 billion of these projects are currently under construction, including Miranda in Sydney and Mt Gravatt in Brisbane, with further major development opportunities in Sydney, Brisbane and Adelaide.

Scentre Group will have a strategy of owning, developing and operating major shopping centres in Australia and New Zealand with a focus on maximising income and capital growth through intensive management, value enhancing development and potential acquisitions.

Scentre Group is expected to be a top 20 ASX listed group based on market capitalisation and the largest ASX-listed REIT.

(B) WESTFIELD CORPORATION

Westfield Corporation will be an internally managed and vertically integrated international retail property group with an initial focus on the United States, the United Kingdom and Europe.

Westfield Corporation is expected to be a top 25 ASX listed group based on market capitalisation and one of the largest listed global retail REITs.

After the Proposal is implemented, Eligible Securityholders will hold 0.918 Scentre Group Securities for every Westfield Retail Trust Security held as at the Record Date and eligible Westfield Group Securityholders will hold 1.246 Scentre Group Securities for every Westfield Group Security held as at the Record Date. This will result in Securityholders holding 51.4% and Westfield Group Securityholders holding 48.6% of Scentre Group, in accordance with the Merger Ratio. If the Proposal is implemented, Securityholders will also receive a cash payment of $0.2853 for every Westfield Retail Trust Security held as at the Record Date via the Capital Return.

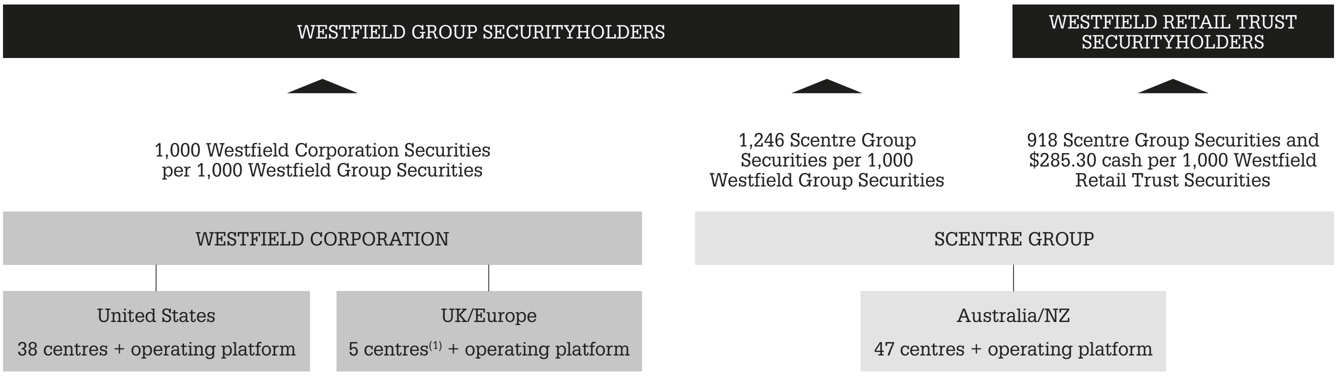
16 This term is defined in Definitions and Interpretation in Section 12.

17 This term is defined in Definitions and Interpretation in Section 12.

18 By annual retail specialty sales per square metre.

- SECTION 3 -
THE DETAILS OF THE PROPOSAL

After the Proposal is implemented, eligible Westfield Group Securityholders will also hold one Westfield Corporation Security for every Westfield Group Security held as at the Record Date.



(1) Westfield Group announced on 20 March 2014 a divestment of three UK shopping centres. If this transaction completes, this number will reduce to two. See Westfield Group Securityholder Booklet for further details.

If the Proposal is approved, it is expected to be implemented on or about 30 June 2014. Scentre Group will trade on the ASX under the ticker "SCG" and Westfield Corporation will trade under the ticker "WFD". As noted in Section 2 of the Independent Expert's Report, the Proposal will change WRT from a passive trust to an active trust incorporating the Operating Platform. This may lead to additional risks related to the ownership and operation of the Operating Platform, as discussed in more detail in Section 4.3(a).

3.2 ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE

Following the receipt of the Proposal from Westfield Group, the Westfield Retail Trust Directors established the Independent Board Committee with strict corporate governance protocols to consider the Proposal and any alternative proposals. The Independent Board Committee comprises Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM, being all of the non executive directors of Westfield Retail Trust who are independent of Westfield Group.

The Independent Board Committee appointed financial advisers, UBS AG, Australia Branch and Morgan Stanley, who assisted the Independent Board Committee in the negotiation of the Proposal and a legal adviser, Ashurst Australia. The Independent Board Committee also appointed other external advisers to assist in the consideration of the Proposal, including Ernst & Young Transaction Advisory Services Limited (Investigating Accountant), Ernst & Young (auditor) and Greenwoods & Freehills Pty Ltd (tax adviser).

The Independent Board Committee also appointed KPMG Financial Advisory Services (Australia) Pty Ltd to provide an Independent Expert's Report which is included in Annexure B. The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.

3.3 BACKGROUND AND RATIONALE

In 2010, Westfield Group established Westfield Retail Trust as a separately listed entity to co-own Westfield Group's Australian and New Zealand property portfolio (other than Westfield Carindale).

Westfield Retail Trust's strategy is to invest in high quality retail properties in Australia and New Zealand and to maximise the long term income and capital return from its investments for Securityholders.

Westfield Retail Trust achieves this by maximising the operating performance of its shopping centres, investing in the portfolio through redevelopments and pursuing capital management initiatives.

The high quality of its portfolio, combined with a strong and conservative balance sheet, offers Securityholders a sound investment proposition. Westfield Retail Trust has consistently delivered on its forecast financial results since its creation in 2010, including in the current challenging operating environment.

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The Westfield Retail Trust Directors had been considering how to build upon these foundations and better position Westfield Retail Trust for future growth. The alternatives considered by the Westfield Retail Trust Directors for additional growth or value creation for Securityholders have included:

(a) developing or acquiring an operating platform;

(b) undertaking a significant buy-back of existing Westfield Retail Trust Securities;

(c) seeking new growth opportunities through investing in alternative retail asset classes; or

(d) undertaking a significant disposal of Westfield Retail Trust assets and returning proceeds to Securityholders.

These alternatives are set out in more detail in Section 4.5.

Westfield Retail Trust was approached by Westfield Group with a proposal to merge Westfield Group's Australian and New Zealand business with Westfield Retail Trust. Westfield Group's decision to pursue a restructure of its business has created an opportunity to transform Westfield Retail Trust through the creation of Scentre Group. This will:

(a) establish an improved platform for growth with Westfield Retail Trust gaining control over the future strategy and direction of its own management and development platform – currently Westfield Retail Trust co-owns all of its shopping centres with Westfield Group and other third parties and engages Westfield Group as its external manager for all the shopping centres. As such, it does not have exclusive control over the development, leasing, management and other operational aspects of the shopping centres that it co-owns with other entities;

(b) reduce the payment of third party fees – Westfield Retail Trust currently pays fees for corporate services, property management and leasing services to Westfield Group which in FY13 totalled $77.9 million. If the Proposal is implemented, these fees will be internalised, although Scentre Group will be responsible for the costs of operating the property management, leasing and development businesses and providing its own corporate services. Scentre Group will also benefit by undertaking construction work on developments at cost. In addition, Scentre Group will receive the fees payable by its co-owners for the provision of property management, property development and funds management services at the co-owned properties;

(c) diversify income streams through the establishment of a vertically integrated retail property operating platform – Westfield Retail Trust does not have its own retail property operating platform. This restricts Westfield Retail Trust from diversifying its income streams through property and asset management and may inhibit its ability to achieve further growth through strategic partnerships with co-owners. Westfield Retail Trust's growth in relation to existing assets is currently tied to underlying property net operating income growth and participation in development opportunities with co-owners including Westfield Group;

(d) remove certain structural impediments including contractual commitments to Westfield Group in relation to property ownership, management and development of shopping centres in Westfield Retail Trust's portfolio. These commitments include:

   (i) the Property Management Agreements between Westfield Retail Trust and Westfield Group provide that Westfield Retail Trust is required to appoint Westfield Group as the property manager for all shopping centres owned by Westfield Retail Trust, for so long as Westfield Group owns at least a 25% (or in one case, a 20%) interest in the relevant property (except in certain limited circumstances including insolvency and material breach by Westfield Group);

   (ii) the Co-operation Deed between Westfield Retail Trust and Westfield Group provides that where one of those entities has an opportunity to invest in a retail property or development site in Australia or New Zealand, to the extent the opportunity allows it and it is lawfully permitted, they must offer the other entity the same opportunity to acquire 50% of the available interest in the property. Westfield Retail Trust also has an obligation to support Westfield Group being appointed as property manager and developer of any opportunity it shares with Westfield Group; and

   (iii) the co-owner arrangements for each property in the Westfield Retail Trust portfolio contain pre-emptive rights arrangements. Generally an owner cannot dispose of the whole or part of its property interest without first offering to sell it to the other owner(s) under a deferred timetable.

   In addition, the current constitution of Westfield Retail Trust 1 provides that Westfield Retail Trust 1 must engage an appropriately resourced and qualified third party service provider to provide all property management, leasing and development services in connection with the assets of Westfield Retail Trust;

(e) increase its competitive position when assessing acquisitions – if the Proposal is implemented, Scentre Group will potentially have a stronger competitive position when assessing property acquisitions, given its ownership of a vertically integrated operating platform; and

(f) protect the use of the Westfield brand for the shopping centres currently in the Westfield Retail Trust portfolio and future shopping centres that meet certain agreed criteria – under the Property Management Agreements between Westfield Retail Trust and Westfield Group, if Westfield Group were to sell its interest below the 25% (or in one case, a 20%) threshold in a particular shopping centre, then the relevant Property Management Agreement may be terminated and Westfield Retail Trust would be required to find an alternative property manager and property developer for that shopping centre. If Westfield Group ceased to be the property manager, the relevant shopping centre would also cease using the Westfield name and branding.

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Following negotiations with Westfield Group and careful consideration of the Proposal, which included undertaking due diligence with the assistance of external advisers, the Independent Board Committee believes that the Proposal is the preferred option to maximise long term value for Securityholders and to provide Securityholders with the benefits of an internal management and development platform without diluting the quality of Westfield Retail Trust's existing property portfolio.

The Independent Board Committee has devoted a considerable amount of time to considering, negotiating the terms of, and preparing the documents required in connection with, the Proposal. For the reasons set out in Section 4.1, the members of the Independent Board Committee recommend that Securityholders vote in favour of the Proposal in the absence of a superior proposal. Each member of the Independent Board Committee intends to vote any Westfield Retail Trust Securities held by or on behalf of him or her in favour of the Proposal, in the absence of a superior proposal.

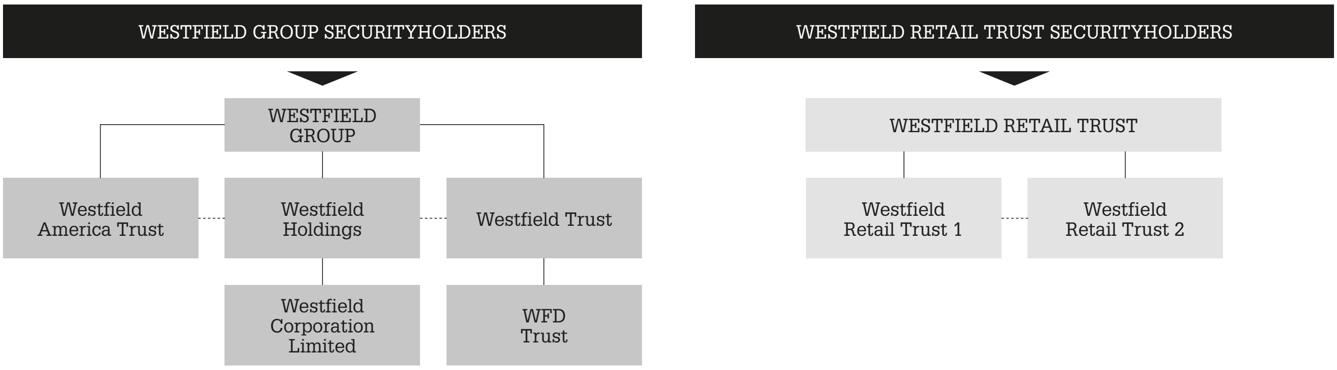
The benefits, disadvantages and potential risks of the Proposal for Securityholders are explained in Section 4. Further details about the risks associated with an investment in Scentre Group are explained in Section 7.

3.4 STEPS TO IMPLEMENT THE PROPOSAL

The Proposal will be implemented in accordance with the steps outlined in this Section.

The current structure of Westfield Retail Trust and Westfield Group is set out in simplified form in the chart below:

CHART 3.4.1: SIMPLIFIED EXISTING STRUCTURE



Note: Dotted lines indicate Stapling of securities

Westfield Group has established two new entities, Westfield Corporation Limited and WFD Trust to hold those parts of Westfield Group's international business which are currently held by Westfield Holdings and Westfield Trust. Westfield Corporation Limited and WFD Trust are currently wholly owned by Westfield Holdings and Westfield Trust respectively.

Prior to implementation of the Proposal, Westfield Holdings' current interest in the international business will be transferred to Westfield Corporation Limited. On the Implementation Date, Westfield Corporation Limited Shares will be distributed to Westfield Group Securityholders by way of a return of capital. Similarly, Westfield Trust will distribute WFD Trust Units to Westfield Group Securityholders.

Westfield Corporation Limited Shares and WFD Trust Units will then be stapled to Westfield Group Securities and Westfield Trust's current interest in the international business will be transferred to WFD Trust.

At the completion of the Westfield Group restructure, Westfield Group will briefly consist of five stapled entities, with Westfield Group's international business being held by Westfield Corporation Limited, Westfield America Trust and WFD Trust and Westfield Group's Australian and New Zealand business held by Westfield Holdings and Westfield Trust.

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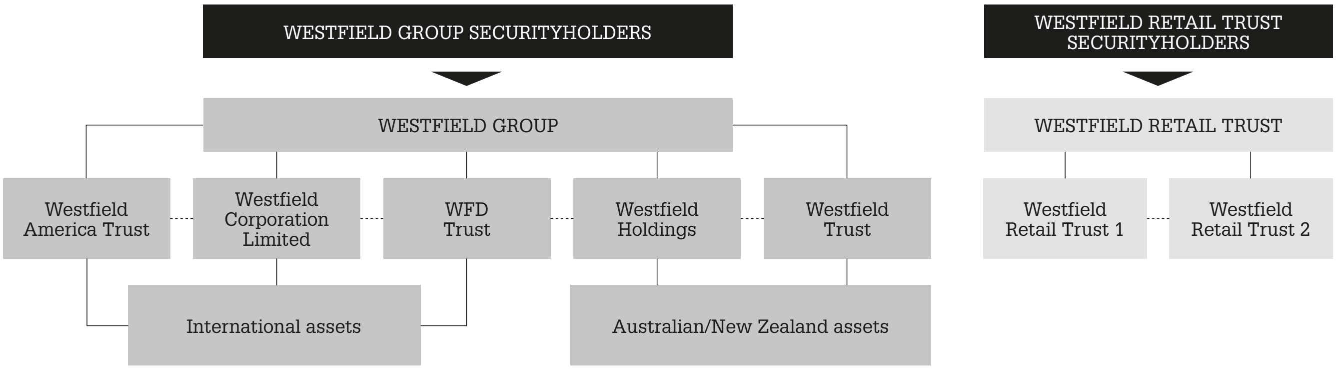
CHART 3.4.2: SIMPLIFIED STRUCTURE AFTER WESTFIELD GROUP'S REORGANISATION



Note: Dotted lines indicate Stapling of securities

Following the restructure of Westfield Group and on the same Implementation Date:

(a) Westfield Holdings Shares and Westfield Trust Units will be destapled from Westfield Group;

(b) Westfield Retail Trust 1 will pay the Capital Return of $0.2853 per Westfield Retail Trust 1 Unit to Securityholders (with the aggregate capital distribution payable to a Westfield Retail Trust 1 Unitholder rounded up to the next whole cent);

(c) Westfield Retail Trust 1 Units, Westfield Retail Trust 2 Units, Westfield Holdings Shares and Westfield Trust Units will be converted in accordance with the Merger Ratio (discussed further at Section 3.6) so that they can be Stapled together on a one to one basis to form Scentre Group Securities, namely:

   (i) each Westfield Holdings Share and each Westfield Trust Unit will be converted to 1.246 Westfield Holdings Shares and 1.246 Westfield Trust Units; and

   (ii) each Westfield Retail Trust 1 Unit and each Westfield Retail Trust 2 Unit will be converted to 0.918 Westfield Retail Trust 1 Units and 0.918 Westfield Retail Trust 2 Units;

(d) the holdings of Westfield Retail Trust Securities held by each Securityholder will be aggregated in order to determine the resulting number of Westfield Retail Trust Securities the Securityholder will hold after the conversion takes place. Any resulting fractional interests will be rounded up to the nearest whole number;

(e) each Eligible Securityholder will then receive one Westfield Holdings Share and one Westfield Trust Unit for each Westfield Retail Trust 1 Unit held following the conversion. The Westfield Holdings Shares and Westfield Trust Units will be made available to each Eligible Securityholder through participation in the Stapling Distribution from Westfield Retail Trust 1 which is applied to subscribe for Westfield Holdings Shares and Westfield Trust Units;

(f) each Eligible Westfield Group Securityholders will receive one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit for each Westfield Trust Unit held following the conversion. The Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units are made available to each eligible Westfield Group Securityholder through participation in the stapling distribution from Westfield Trust which is applied to subscribe for Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units; and

(g) the Westfield Holdings Shares and the Westfield Trust Units will then be Stapled to the Westfield Retail Trust 1 Units and the Westfield Retail Trust 2 Units, forming Scentre Group Securities.

As an illustration, if you hold 900 Westfield Retail Trust Securities on the Record Date, you will receive a cash payment of $256.77 and hold 827 Scentre Group Securities after implementation of the Proposal.

Ineligible Foreign Securityholders will receive the Capital Return and their Westfield Retail Trust Securities will be converted in the manner referred to above. However, because of foreign law restrictions, they cannot participate in the Stapling Distribution. Instead their Westfield Retail Trust Securities will participate in the Sale Facility described in Section 3.12.

As a result, on implementation of the Proposal, Scentre Group will be held by Securityholders and Westfield Group Securityholders, in accordance with the Merger Ratio of 51.4% to 48.6% respectively. Westfield Corporation will be held 100% by Westfield Group Securityholders.

Scentre Group will be a Stapled group comprising Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Holdings and Westfield Trust. There may be additional complexity arising from Securityholders holding a quadruple stapled security rather than a dual stapled security.

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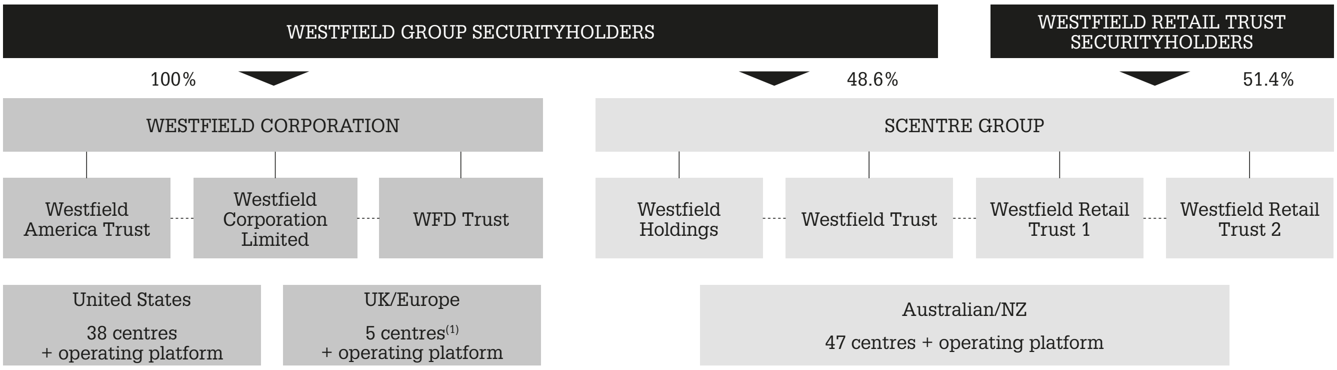
Westfield Corporation will be a Stapled group comprising Westfield America Trust, Westfield Corporation Limited and WFD Trust.

The proposed structure following implementation of the Proposal is set out in simplified form in the chart below.

CHART 3.4.3: SIMPLIFIED POST-IMPLEMENTATION STRUCTURE



(1) Westfield Group announced on 20 March 2014 a divestment of three UK shopping centres. If this transaction completes, this number will reduce to two. See Westfield Group Securityholder Booklet for further details.

Following implementation of the Proposal, RE1 and RE2 will continue as the responsible entities of Westfield Retail Trust 1 and Westfield Retail Trust 2 respectively and Westfield Management will continue as the responsible entity of Westfield Trust.

3.5 CONDITIONS PRECEDENT TO THE PROPOSAL

The implementation of the Proposal is subject to the following Conditions Precedent:

Condition Precedent	Status
Regulatory: ASIC, ASX, the Foreign Investment Review Board and any other regulatory authority provide such consents or approvals, waivers or such other acts which the parties agree are reasonably necessary or desirable to effect the Proposal.	ASIC has granted, or agreed to grant the relief necessary to implement the Proposal. ASX has granted the waivers and confirmations necessary to implement the Proposal. The Foreign Investment Review Board has approved the transfer of assets from Westfield Holdings and Westfield Trust to Westfield Corporation Limited and WFD Trust.
Court approval: The Court makes orders to convene the Westfield Holdings Scheme Meeting and makes orders pursuant to section 411(4)(b) and 411 (6) of the Corporations Act approving the Westfield Holdings Scheme.	On Friday 11 April 2014, the Court made an order to convene the Westfield Holdings Scheme Meeting. Court approval of the Westfield Holdings Scheme will be sought on or about Friday, 13 June 2014.
Judicial advice: The judicial advice in respect of RE1 and RE2 described in Section 10.6 is obtained from the Court and similar judicial advice is obtained from the Court by Westfield Management and Westfield America Management.	On Friday, 11 April 2014, the Court confirmed that RE1, RE2, Westfield Management and Westfield America Management are justified in convening the Meeting and the Westfield Group Meeting. If the Proposal Resolutions and Westfield Group Resolutions are approved, the remaining judicial advice will be sought at the Second Court Hearing (expected to be Friday, 13 June 2014).
Restraints: No regulatory authority or judicial entity or authority has taken any action or made any preliminary or final order or decree (or has commenced to do so) which restrains or prohibits the implementation of the Proposal.	Westfield Retail Trust is not aware of any such restraints or prohibition.
ASX Listing: The parties to the Implementation Deed that are admitted to the Official List continue to be so admitted.	Satisfied as at the date of this Securityholder Booklet.

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Condition Precedent	Status
Tax: Westfield Group and Westfield Retail Trust have received from the ATO, and the ATO has not withdrawn or threatened to withdraw, the taxation rulings (including drafts) in relation to the Proposal.	Westfield Retail Trust and Westfield Group expect to receive draft class rulings and private binding rulings from the ATO as described in Section 8 and Westfield Retail Trust is not aware of any proposed withdrawal of these rulings.
Financing facilities: The conditions precedent to the bridge financing facilities described in Section 6.12 and the conditions precedent to the financing facilities entered into by Westfield Group and Westfield Corporation to implement the Proposal are satisfied.	Westfield Group, Scentre Group and Westfield Corporation have entered into bridging and other financing facilities as at the date of this Securityholder Booklet. The conditions precedent to these facilities, which include Securityholders and the Court approving the Proposal, have not yet been met. Subject to Securityholders and the Court approving the Proposal, Westfield Retail Trust is not aware of any reason why these conditions precedent will not be met.
Independent experts: The independent expert appointed by Westfield Retail Trust opines and does not revoke its opinion that the Proposal is in the best interests of Securityholders. The independent expert appointed by Westfield Group opines and does not revoke its opinion that the Proposal is in the best interests of Westfield Group Securityholders.	Satisfied as at the date of this Securityholder Booklet.
Securityholder approval: The Securityholders approve each of the Proposal Resolutions at the Meeting, by their requisite majorities.	The Meeting will be held on Thursday, 29 May 2014, commencing at 2:00pm at Grand Ballroom, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000.
Westfield Group Securityholder approval: The Westfield Group Securityholders approve each of the Westfield Group Resolutions to be considered at the Westfield Group Meeting by their requisite majorities.	The Westfield Group Meeting is to be held on Thursday, 29 May 2014, commencing at 10:00am (Sydney time) (or as soon thereafter as the Westfield Group AGM has concluded) at Grand Ballroom, Sofitel Sydney Wentworth, 61-101 Phillip Street, Sydney NSW 2000.
Amendment of constitutions: Amendment of the Westfield Trust, Westfield Holdings, Westfield America Trust, Westfield Retail Trust 1, and Westfield Retail Trust 2 constitutions on terms contemplated by the Constitution Amendment Resolutions and the Westfield Group Resolutions (as applicable) including required lodgement with ASIC.	If the Proposal Resolutions are approved by the Securityholders and the Westfield Group Resolutions are approved by the Westfield Group Securityholders, the constitution amendments for Westfield Trust, Westfield America Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 will be lodged with ASIC immediately after the Westfield Holdings Scheme becomes effective.
Restructure: No person exercises (or purports to or indicates that they intend to exercise) any rights as a result of implementation of the Proposal or implementation arrangements where the relevant event is likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Westfield Group or Westfield Retail Trust or following Implementation, Scentre Group or Westfield Corporation.	Westfield Retail Trust is not aware of any such exercise of rights.
Transaction documents: Entry into the Trade Mark Licence Agreement, Transitional Services Agreement, Implementation Deeds Poll and LABS Agreement.	The Trade Mark Licence Agreement, Transitional Services Agreement, Implementation Deeds Poll and LABS Agreement have been entered into.

Some of the Conditions Precedent may not be satisfied even if the Proposal Resolutions are approved by the requisite majority of Securityholders and the Westfield Group Resolutions are approved by the requisite majority of Westfield Group Securityholders. For example, the Court may refuse to give the required judicial advice or grant the requested orders.

Further details on the Securityholder approvals and the judicial advice are set out in Section 10.

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3.6 BACKGROUND TO THE MERGER RATIO

(A) OVERVIEW

The Merger Ratio determines what proportion of Scentre Group will be owned by Securityholders and Westfield Group Securityholders following implementation of the Proposal. Under the Merger Ratio:

(i) Securityholders will hold 51.4% of Scentre Group and will also receive the Capital Return; and

(ii) Westfield Group Securityholders will hold 48.6% of Scentre Group.

As a consequence of the Merger Ratio, for every Westfield Retail Trust Security held as at the Record Date, each Securityholder will receive 0.918 Scentre Group Securities and will receive a cash payment of $0.2853. The cash payment will be effected through a capital distribution by Westfield Retail Trust 1.

Any fractional entitlements to Scentre Group Securities upon implementation of the Proposal will be rounded up to the nearest whole number of Scentre Group Securities (refer to Section 11.18).

The transaction terms, including the Merger Ratio, were negotiated by the Independent Board Committee and the Westfield Group Directors with assistance from their respective management teams and advisers.

The amount of the Capital Return was determined by Westfield Retail Trust having regard to the capacity of Westfield Retail Trust to undertake a capital return, the relative ownership by Westfield Group Securityholders and Securityholders in Scentre Group, the appropriate capital structure for Scentre Group on establishment and the impact on Scentre Group's pro forma forecast FY14 FFO.

The Capital Return provided a mechanism for Westfield Retail Trust to deliver a direct value benefit to Securityholders. The Merger Ratio was determined having regard to the size of the Capital Return and on the basis that the Capital Return is made exclusively to Securityholders immediately prior to the implementation of the Proposal.

(B) DETERMINATION OF THE MERGER RATIO

The Merger Ratio reflects the relative pro forma forecast FY14 FFO contributions of Westfield Retail Trust and Westfield Group's Australian and New Zealand business to the pro forma forecast FY14 FFO of Scentre Group.

The pro forma forecast FY14 FFO for Westfield Retail Trust includes the following items:

- property net operating income of $837 million, comprising $892 million in property net operating income before management fees, less $55 million in property management fees paid to Westfield Group;
- the additional interest cost of $38 million associated with the $850 million Capital Return to Securityholders which forms part of the Proposal; and
- a reduction in overheads of $4 million.

The pro forma forecast FY14 FFO for Westfield Group's Australian and New Zealand Business includes the following items:

- property net operating income of $938 million, comprising $837 million of property net operating income from the portfolio identically co-owned with Westfield Retail Trust, $55 million of internal property management fees relating to this identically co-owned portfolio and $46 million of other property net operating income, relating primarily to Westfield Group's additional 25% ownership interest in Carindale and 12.5% ownership in Tea Tree Plaza[19];
- property management income of $107 million, comprising $55 million in property management income from Westfield Retail Trust, and $52 million of property management income from third parties; and
- $92 million project income, comprising $77 million from third parties and $15 million from Westfield Retail Trust.

Westfield Group's Australian and New Zealand business pro forma forecast FY14 FFO contribution for the calculation of the Merger Ratio has been adjusted for the following items:

(i) to exclude $47 million of project profits from Westfield Retail Trust and third parties relating to project profits not yet recognised on completed projects including Westfield Sydney and Fountain Gate, which have been completed and are co-owned between Westfield Retail Trust and Westfield Group, and variations to third party projects; and

(ii) to exclude $4 million in asset management fee income relating to the Property Linked Notes.

As a result of negotiations with Westfield Group, this additional income was excluded from the Merger Ratio.

19 This $46 million includes $1 million of internal property management fees.

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Table 3.6.1: Determination of the Merger Ratio

Pro forma forecast FY14 ($m)	Westfield Retail Trust	Westfield Group's Australian and New Zealand business	Total
Property net operating income	837	938	
Property management income	–	107	
Project income	–	92[1]	
Overheads	(33)	(74)	
Currency derivatives	(1)	–	
EBIT	**804**	**1,063**	
Interest	(212)[(2)]	(430)[(2)]	
Tax	(18)	(80)	
Minorities	–	(12)[(3)]	
FFO	**574**	**542**	**1,115**[(4)]
Scentre Group ownership proportion (Merger Ratio)	**51.4%**	**48.6%**	
Securities on issue (m) (pre-conversion)	2,979	2,072	
Conversion ratio	0.918x[(5)]	1.246x	
Securities on issue (m) (post-conversion)[(6)]	2,734	2,582	5,311.5[(7)]
% of Scentre Group Securities on issue (Merger Ratio)	**51.4%**	**48.6%**	

(1) Excludes $47 million of project income relating to completed projects including Westfield Sydney and Fountain Gate and variations to third party projects.

(2) Interest expense for Westfield Group's Australian and New Zealand business based on a hedging profile consistent with that of Westfield Retail Trust and A$ and NZ$ yield curves at announcement of the Proposal and includes coupons payable on Property Linked Notes of $84 million. Interest expense for Westfield Retail Trust is based on the existing hedging profile and A$ and NZ$ yield curves at announcement of the Proposal and includes the additional interest cost relating to the $850 million Capital Return.

(3) Relates to the net income attributable to minority interests in Carindale Property Trust.

(4) Pre adjustments as detailed in Table 3.6.2 below.

(5) Securityholders will also receive $0.2853 per Westfield Retail Trust Security held as at the Record Date pursuant to the Capital Return.

(6) Subject to rounding described in Section 11.18.

(7) Net of 5.9 million Westfield Retail Trust Securities held by the Westfield Group Executive Share Option Plan Trust, which were not included for the purposes of the Merger Ratio.

Forecast FFO for FY14 (as adjusted as set out below) has been used as the basis for determining the Merger Ratio as the FY14 pro forma forecast of FFO, as distinct from FFO in any other period, as it is considered to be an appropriate reflection of the relative economic contribution by Westfield Group's Australian and New Zealand business and Westfield Retail Trust in the establishment of Scentre Group.

Westfield Group's Australian and New Zealand business' historic FFO was not considered to be an appropriate measure for this purpose because it is not possible to retrospectively allocate the capital and debt structures of the Australian and New Zealand business and the international business for historic periods and achieve a meaningful outcome. In addition, there has been significant change in the capital and debt structure of Westfield Group in the historical period including the impact of significant asset sales and the buy-back of securities.

The Pro Forma Historical Income Statements for Scentre Group in Section 6 present Pro Forma Historical FFO before any allocation of interest and taxes (see Section 6.2(a)).

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(C) WHY DID THE INDEPENDENT BOARD COMMITTEE AGREE THE MERGER RATIO AS THE BASIS FOR THE PROPOSAL?

The Merger Ratio was calculated on the basis of relative pro forma forecast FY14 FFO contributions by Westfield Retail Trust and Westfield Group's Australian and New Zealand business to Scentre Group pro forma forecast FY14 FFO. The Independent Board Committee believes that the Merger Ratio is appropriate having regard to:

(i) a merger ratio based on balance sheet metrics, such as NTA would not reflect the full economic value or income of Westfield Group's Australian and New Zealand Operating Platform. This is because the Westfield Group balance sheet does not attribute any value to the substantial income generated by the Operating Platform, as described in detail in Section 3.6(d);

(ii) the FFO contributed by each party provides a fairer assessment of the value of cashflows and underlying business being contributed by each party;

(iii) adjustments made to Westfield Group's Australian and New Zealand business FFO to:

(A) exclude $47 million of project profits from Westfield Retail Trust and third parties relating to project profits not yet recognised on completed projects including Westfield Sydney and Fountain Gate, which have been completed and are co-owned between Westfield Retail Trust and Westfield Group, and variations to third party projects; and

(B) exclude asset management fee income relating to the Property Linked Notes; and

(iv) the Merger Ratio represents the outcome of detailed negotiations with Westfield Group. The Independent Board Committee believes the Proposal is in the best interests of Securityholders from a strategic, financial and governance perspective. The Independent Expert has also concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.

In assessing the transaction terms and the value contributed by each party, the Independent Board Committee had regard to a number of matters that are not reflected in the respective FFO contributions used to determine the Merger Ratio, including:

(i) the FFO contributed by Westfield Group does not include the economic benefit of profits from the development of Westfield Group's interest in the Australian and New Zealand properties. These profits are recognised in property revaluations through reduced project costs compared to co-owners and joint venture partners;

(ii) 92% of the EBIT before unallocated overheads contributed by Westfield Group either represents, or is directly linked to, rental income and hence the Independent Board Committee believes it is appropriate to value this on the same basis as Westfield Retail Trust's properties;

(iii) a $19 million reduction in interest expense reflecting interest efficiencies achieved by Scentre Group. This has been shown as an adjustment in Scentre Group's pro forma forecast FY14 FFO;

(iv) an $8 million reduction in forecast tax payable, shown as an adjustment in Scentre Group's pro forma forecast FY14 FFO; and

(v) the fact that the implied multiple attributed to the earnings of the Operating Platform is lower than the multiple currently applied to Westfield Retail Trust's rent related earnings (refer to Section 3.9 for a more detailed explanation).

Scentre Group's FY14 Pro Forma Forecast FFO

Scentre Group's FY14 pro forma forecast FFO reflects adjustments arising from the merger of Westfield Retail Trust and Westfield Group's Australian and New Zealand business. These adjustments include:

(i) a reclassification of $55 million of Westfield Group's property management income to property net operating income reflecting the consolidation of fees previously paid by Westfield Retail Trust (refer to Table 3.6.2);

(ii) a reduction in property management income of $51 million comprising:

(A) a reallocation of $55 million in external property management income currently paid by Westfield Retail Trust to Westfield Group from property management income to property net operating income as described above; and

(B) the inclusion of $4 million in asset management fees relating to the Property Linked Notes. This income was excluded from Westfield Group's Australian and New Zealand business's pro forma forecast FFO for the purposes of the Merger Ratio as calculated in Table 3.6.1;

(iii) a reduction in project income of $15 million because project income paid by Westfield Retail Trust is no longer recognised in FFO upon consolidation. In Scentre Group, project income on internally owned assets will not be recognised in FFO but will be recognised in property revaluations or development gains through reduced project costs under the Australian Equivalent of International Financial Reporting Standards;

(iv) an equal amount ($15 million) of project profits is already eliminated in Westfield Group's FFO, this reflects Westfield Group's share of project income on owned assets; and

(v) $9 million in overhead synergies, an $8 million reduction in forecast tax payable, along with $19 million in interest efficiencies expected to be achieved by Scentre Group and a further $29 million interest adjustment relating to the non cash impact of marking to market fixed rate debt and derivatives.

The reclassification of $55 million of property management income to property net operating income described in the first two points above does not impact Scentre Group's FFO because the reduction in property management income is offset by the increase in property net operating income.

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Table 3.6.2: Scentre Group's FY14 Pro Forma Forecast FFO

Pro Forma forecast FY14 ($m)	Westfield Retail Trust	Westfield Group's Australia and New Zealand Property Assets	Operating Platform	Adjustments	Scentre Group's Pro Forma Forecast FFO
Property net operating income	837	882[1]	56[2]	55	1,830
Property management income	–	–	107	(51)	56
Project income (third party)	–	–	92	(15)	77
Project income (Westfield Group interest)	–	–	15	(15)	–
Overheads	(33)	–	(74)	9	(98)
Currency derivatives	(1)	–	–	–	(1)
EBIT	**804**	**882**	**196**	**(17)**	**1,864**
Interest	(212)	(424)	(6)[3]	48[4]	(594)
Tax	(18)	(80)	–	8	(90)
Minorities	–	(12)	–	–	(12)
FFO	**574**	**366**	**190[5]**	**39**	**1,169**
Adjustment to exclude mark to market of Westfield Retail Trust fixed rate debt and derivatives[6]	–	–	–	(29)	(29)
Adjusted FFO					**1,140**
Securities on issue (m) (post conversion)[7]					5,311.5
Adjusted FFO per Scentre Group Security (cents)					**21.5**

(1) Westfield Group's Australian and New Zealand business property net operating income includes income from the identically co-owned portfolio with Westfield Retail Trust ($837 million) and Westfield Group's additional ownership interests in Carindale Property Trust and Tea Tree Plaza ($45 million). It excludes internal property management fees.

(2) Represents internal property management fees on Australian and New Zealand properties owned by Westfield Group prior to implementation of the Proposal.

(3) Re-allocation of $6 million of property management fees relating to the Property Linked Notes.

(4) Reflects $19 million in interest efficiencies expected to be achieved by Scentre Group and a further $29 million which represents an estimate of the non-cash marked to market accounting adjustment to Westfield Retail Trust's fixed rate debt and derivatives in accordance with acquisition accounting requirements.

(5) Operating Platform FFO excludes $4 million of asset management fees relating to the Property Linked Notes. In this table this income is included in the adjustments column.

(6) Represents an estimate of the non-cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013 and in accordance with acquisition accounting requirements. The estimated mark to market amount may differ from the actual amount depending upon interest rates prevailing at Implementation date.

(7) Subject to rounding described in Section 11.18.

(D) WESTFIELD GROUP'S OPERATING PLATFORM

In the formation of Scentre Group, a merger ratio based on balance sheet metrics, such as NTA would not reflect the full economic value or income of Westfield Group's Australian and New Zealand business relative to Westfield Retail Trust.

This is because Westfield Group's balance sheet does not reflect the substantial income generated by the Operating Platform. This income includes:

(i) additional property net operating income earned by Westfield Group relative to co-owners such as Westfield Retail Trust, because, as the property manager, Westfield Group earns internal property management fees on its ownership interests which are recognised as property net operating income upon consolidation;

(ii) property management income earned from third parties including Westfield Retail Trust and funds management income relating to Carindale Property Trust; and

(iii) project income, such as design, development, and construction income earned from third parties including Westfield Retail Trust.

In addition, there is further project income on Westfield Group's owned assets that is already eliminated upon consolidation in Westfield Group's accounts. Westfield Group incurs reduced project costs compared to its co-owners on development activities on co-owned assets. The associated increase in value that arises from the project development activities is recognised under accounting standards in property revaluations.

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As shown in Table 3.6.3, this additional income and economic value which is not reflected in assets recorded on Westfield Group's balance sheet is expected to represent approximately $268 million in forecast Economic Income for FY14. This Economic Income excludes profits expected to be recognised on the development of Westfield Sydney and Fountain Gate which were completed in prior periods.

Table 3.6.3: Westfield Group's Australian and New Zealand business economic income

$m	FY11 actual	FY12 actual	FY13 actual	FY14 forecast	FY14 (excluding Westfield Sydney and Fountain Gate)(5)
Additional property net operating income earned by Westfield Group relative to Westfield Retail Trust and joint venture partners on co-owned assets(1)	42	45	48	50	50
Property management income(2)	91	96	105	110	110
Project income(3)	79	117	126	139	92(4)(5)
Total statutory income	**212**	**258**	**278**	**300**	**253**
Project income on Westfield Group's owned assets(6)	50	87	101	62	15
Total Economic Income	**262**	**345**	**379**	**362**	**268**
Unallocated overheads				(74)	(74)
Total Economic EBIT				**288**	**194**

(1) Represents the internal management fee on the identically co-owned portfolio ($55 million in FY14), plus additional property management fee income relating to the additional interest Westfield Group holds in Tea Tree Plaza and Carindale ($1 million in FY14) and excludes internal property management income relating to the Property Linked Notes (negative $6 million in FY14).

(2) Represents property management income from Westfield Retail Trust ($55 million in FY14) Property management fees from other joint venture partners ($52 million in FY14 which includes property management fees from the Property Linked Notes) and also asset management fees from the Property Linked Notes ($4 million in FY14).

(3) Represents project income earned by Westfield Group from Westfield Retail Trust and from other co-owners.

(4) Comprises $15 million of project income earned by Westfield Group from Westfield Retail Trust and $77 million of project income earned by Westfield Group from other joint venture parties.

(5) Exclude $47 million of project profits from Westfield Retail Trust and third parties relating to project profits not yet recognised on completed projects including Westfield Sydney and Fountain Gate, which have been completed and are co-owned between Westfield Retail Trust and Westfield Group, and variations to third party projects.

(6) Represents project income on Westfield Group's owned assets that is already eliminated upon consolidation in Westfield Group's accounts. For the purposes of this table, this project income is considered to be equivalent to the project income recognised from Westfield Retail Trust. However, in recent years Westfield Group would have recognised internal project income gains relating to the Carindale development.

Each of these separate forecast income items is described in further detail below.

Additional property net operating income earned by Westfield Group relative to Westfield Retail Trust on co-owned assets

Westfield Group earns additional property net operating income compared with Westfield Retail Trust on the identically co-owned portfolio. However, Westfield Group reports the same value on its balance sheet for these properties. This is because Westfield Group performs property management services and charges a management fee to external co-owners, including Westfield Retail Trust. Westfield Group earns internal property management fees on owned assets, which are recognised in property net operating income on consolidation.

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Table 3.6.4 compares the property net operating income and book value of the identically co-owned portfolio for Westfield Retail Trust and Westfield Group.

Table 3.6.4: Comparison of property net operating income and book value of co-owned portfolio for Westfield Retail Trust and Westfield Group

	Westfield Retail Trust			Westfield Group's Australian and New Zealand business		
Pro Forma forecast FY14 ($m)	**Income**	**Book value 31/12/2013**	**Yield on book value**	**Income**	**Book value 31/12/2013**	**Yield on book value**
Property net operating income						
Net income (pre-property management fee)	892			892		
Property Management Fee	(55)			–		
Net operating income (post-property management fee)	837	13,632	6.1%	892	13,632	6.5%
Other net operating income(1)	–			46		
Property Net Operating Income	837			938		

(1) Other net operating income includes income from properties Westfield Group owns in addition to the identically co-owned portfolio, being Carindale and Tea Tree Plaza. This $46 million includes property management fees relating to these additional assets.

While the book value of the identically co-owned portfolio is the same ($13.6 billion) for both Westfield Retail Trust and Westfield Group, Westfield Group earns an additional amount of approximately $55 million in property net operating income compared to Westfield Retail Trust. This additional net income is not included in the asset valuations of Westfield Group because standard property valuations assume the payment of management fees by a third party manager.

The additional property net operating income earned by Westfield Group on the identically co-owned portfolio produces a yield on book value of 6.5% for Westfield Group compared to 6.1% for Westfield Retail Trust, based on forecast property net operating income for FY14. The higher yield on book value is a result of the additional property net operating income not being separately valued on the balance sheet.

In addition, Westfield Group earns a further $1 million in net operating income compared to joint venture partners relating to property management fees on its additional ownership interest in Carindale and Tea Tree Plaza.

Additional net property income for Westfield Group relative to Westfield Retail Trust and other co-owners (as reported in Table 3.6.3) is $50 million. This comprises $55 million relating to internal management fees in the identically co-owned portfolio, $1 million relating to internal management fees from Carindale and Tea Tree Plaza, less $6 million relating to internal management fees for assets in the identically co-owned portfolio which are subject to the Property Linked Notes. For the assets subject to the Property Linked Notes, where Westfield Group's economic interest is less than its ownership interest property management income is recognised in external property management income in the calculation of the Operating Platform Economic EBIT.

Westfield Group's Australian and New Zealand business also has an additional $46 million of other property net operating income on assets in which its ownership interests is greater than Westfield Retail Trust, including its 25% indirect interest in Carindale and its additional 12.5% ownership interest in Tea Tree Plaza.

PROPERTY MANAGEMENT INCOME

As a property manager, Westfield Group derives property management income from co-owners including Westfield Retail Trust based on property management agreements. In relation to the portfolio of assets currently managed by Westfield Group, it is appointed as the sole manager and agent under the Property Management Agreements to manage, operate, promote and provide leasing services for each property. Except in certain limited circumstances, Westfield Group's appointment as manager cannot be terminated for so long as Westfield Group holds at least a 25%[20] ownership interest in the relevant property.

In relation to Westfield Retail Trust, Westfield Group receives a property management fee equal to 5% of Westfield Retail Trust's share of the annual gross income of its portfolio as well as tenancy co-ordination fees.

Under the Co-operation Deed between Westfield Group and Westfield Retail Trust, Westfield Retail Trust must at all times support Westfield Group being appointed as property manager and developer for any acquisition opportunities it shares with Westfield Group.

20 In a limited number of cases, the minimum ownership interest Westfield Group is required to hold is lower than 25%.

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The Property Management Agreements with Westfield Retail Trust are materially consistent with those in place for other third-party joint venture parties.

Given the long term nature of property management income under Westfield Group's Property Management Agreements, including the limited rights of co-owners to remove Westfield Group as manager while it retains at least a 25%[21] direct or indirect interest in the relevant property, and the direct linkage of property management income to annual gross income, Westfield Group believes property management income has characteristics akin to property net operating income including a similar risk and growth profile.

By providing property management services, Westfield Group is effectively entitled to a higher proportion of property net operating income relative to Westfield Group's ownership interests. For example:

(i) for a property owned 50% by Westfield Group and 50% by co-owners, Westfield Group effectively receives 53.5% of property net operating income; and

(ii) for a property owned 25% by Westfield Group and 75% by co-owners, Westfield Group effectively receives 30.25% of property net operating income.

The value of this additional effective interest in property net operating income is not reflected in the Westfield Group balance sheet.

A summary of the fee arrangements generally applicable to co-owned properties is shown in the table below:

Table 3.6.5: Fee arrangements under property management agreements

Property management fee (including operational leasing)	5% of annual gross income of the property
Tenancy co-ordination fee	As negotiated and agreed with co-owners

Westfield Group derives income from funds management activities, principally from managing Carindale Property Trust, that is included in property management income.

Based on the pro forma forecast FY14 FFO, Westfield Group's Australian and New Zealand business is forecast to generate approximately $4 million of funds management income for FY14.

Scentre Group will also derive asset management fees from the Property Linked Notes established in 2006 and 2007. The Property Linked Notes provide returns to the third party holders based on the economic performance of their proportional interest in six Australian shopping centres, being Parramatta, Hornsby, Burwood, Southland, Belconnen and Tea Tree Plaza. A coupon is payable semi annually to the third party holders in relation to the Property Linked Notes. As at 31 December 2013, the fair value of the Property Linked Notes was $1,371.4 million. The current issue of Property Linked Notes is due to mature in 2016. On maturity, in the event the notes are not renewed, Scentre Group will be able to elect whether the notes are repaid in cash or by way of transfer of the relevant underlying properties to the note holders (with Scentre Group liable for any stamp duty payable in relation to such transfers). Either option may impact on the gearing or debt to asset ratio for Scentre Group at the relevant time.

As shown in Table 3.6.6, based on the pro forma forecast FY14 FFO, the Operating Platform is forecast to generate approximately $110 million in property management income, comprising $55 million from Westfield Retail Trust, $48 million from other co-owners, $4 million in funds management income and $4 million in asset management fees from the Property Linked Notes.

Table 3.6.6: Property management income

	Pro Forma Historical			Pro Forma Forecast
	FY11 $million	**FY12 $million**	**FY13 $million**	**FY14 $million**
Westfield Australia and New Zealand(1)(2)	91	96	104	110
Consolidation adjustments attributable to Westfield Retail Trust(1)	(46)	(49)	(52)	(55)
Property management income(2)	45	47	52	56

(1) Excludes corporate service charge earned by Westfield Group from Westfield Retail Trust.

(2) Includes $4 million in asset management fees relating to Property Linked Notes which was not included in the Merger Ratio.

This additional property management income is not reflected on the balance sheet of Westfield Group's Australian and New Zealand business.

21 In a limited number of cases, the minimum interest Westfield is required to hold is lower than 25%.

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PROJECT INCOME

Westfield Group is appointed under long term Development Framework Agreements as the development, design and construction manager for Westfield Retail Trust and other joint venture partners.

The nature of shopping centre ownership requires continual investment and redevelopment of the shopping centres in order that they remain relevant to the consumer and at the forefront of retail trends.

Westfield Group derives project income from developments based on these Development Framework Agreements.

In relation to Westfield Retail Trust, Westfield Group receives project income comprising a property development fee, design fee and project leasing fee based on the value of projects undertaken as well as other leasing and tenancy co-ordination fees related to developments.

In addition, under these agreements with Westfield Retail Trust, Westfield Group is appointed as design and construction contractor and enters into lump sum fixed price construction arrangements, as opposed to cost-plus construction arrangements.

The Development Framework Agreements with Westfield Retail Trust are generally consistent with those in place with other third-party joint venture parties.

A summary of the fee arrangements generally applicable to co-owned properties is shown in the table below:

Table 3.6.7: Fee arrangements for Development Framework Agreements, design and construction agreements and project leasing agreements

Property development fee	3% of project price
Design fee	10% of project price
Project price	Lump sum fixed price
Project leasing fee	10%-15% of the first year's rent for leases that become available
Major tenant new lease and renewal lease fee	As negotiated and agreed with co-owners
Major tenant market rent review fee	As negotiated and agreed with co-owners
Tenancy co-ordination fee	Up to $6,700 per specialty store (as increased over time by CPI)

As part of the Development Framework Agreements, Westfield Group is appointed to provide development, design and construction services on an exclusive basis in relation to the future development of properties while it retains at least a 25%[22] direct or indirect interest in the relevant property.

Based on the pro forma forecast FY14 FFO, the Operating Platform is forecast to generate approximately $92 million of project income, comprising $15 million from Westfield Retail Trust and $77 million from other co-owners.

For 2014, the project income of Westfield Group's Australian and New Zealand business primarily relates to Mt Gravatt, Miranda, Macquarie Centre and Pacific Fair.

The FY14 pro forma forecast project income for Westfield Group's Australian and New Zealand business of $92 million excludes:

- $47 million of project profits from Westfield Retail Trust and third parties relating to project profits not yet recognised on completed projects including Westfield Sydney and Fountain Gate, which have been completed and are co-owned between Westfield Retail Trust and Westfield Group, and variations to third party projects; and
- Development gains on assets owned by Westfield Group's Australian and New Zealand business. There is a further $15 million of project income on Westfield Group owned Australian and New Zealand assets that is currently eliminated upon consolidation. This value will be recognised in property revaluations under accounting standards and through reduced project costs compared to co-owners and joint venture partners.

The value of this additional project income is not reflected on the balance sheet of Westfield Group's Australian and New Zealand business.

22 In a limited number of cases, the minimum ownership interest Westfield Group is required to hold is lower than 25%. One of the Development Framework Agreements is for a term expiring in September 2017.

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Historic performance of Westfield Group's Australian and New Zealand development business

Westfield Group's Australian and New Zealand development business has generated significant value over the past three years comprising:

(i) project profits earned from Westfield Retail Trust and external third parties; and

(ii) income recognised as revaluation gains on completed developments from Westfield Group and Westfield Retail Trust.

As shown in Table 3.6.8, Westfield Group's Australian and New Zealand business has achieved between $79 million and $126 million of project profits and development gains of up to $430 million over the last three years. In FY14, Westfield Group's Australian and New Zealand business is forecast to achieve $139 million of project profits.

Table 3.6.8: Australian and New Zealand project income and development gains

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Project income	79	117	126	139
Development gains				
Westfield Group – Australia and New Zealand	87	322	11	131
Westfield Retail Trust	26	108	–	100
Sub Total	113	430	11	231
Total	192	548	137	370

Over this period, as shown in Table 3.6.9, Westfield Group's Australian and New Zealand business has completed over $2.0 billion of projects.

Table 3.6.9: Australian and New Zealand active projects evolution[1]

	FY11				FY12				FY13			
$m	Total project cost	Westfield Group share	Westfield Retail Trust share	Third party[2]	Total project cost	Westfield Group share	Westfield Retail Trust share	Third party[2]	Total project cost	Westfield Group share	Westfield Retail Trust share	Third party[2]
Active projects – opening	1,625	813	663	150	1,820	910	760	150	485	24	24	438
Project commencements	320	160	160	–	519	41	34	444	835	309	309	218
Project completions	(125)	(63)	(63)	–	(1,854)	(927)	(770)	(157)	(95)	(24)	(24)	(48)
Active projects – closing	1,820	910	760	150	485	24	24	438	1,225	309	309	608

Project status	FY11	FY12	FY13
Commencement/ Active	Westfield Sydney Carindale Fountain Gate	West Lakes Macquarie Centre (Third party project)	Macquarie Centre (Third party project) Mt Gravatt Miranda
Completion	Belconnen	Fountain Gate Carindale Westfield Sydney	West Lakes

(1) Projects at Westfield Sydney and Belconnen were underway when Westfield Retail Trust was established in late 2010.

(2) Third party includes the co-owner's interest plus Macquarie Centre which is being completed on behalf of AMP Capital.

Westfield Group's Australian and New Zealand business currently has $1.9 billion of projects underway including Miranda, Mt Gravatt, Macquarie Centre and Pacific Fair.

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3.7 DEBT FACILITIES

Under the Proposal Scentre Group will retain Westfield Retail Trust's existing financing arrangements of approximately $3.8 billion. In addition, Scentre Group has entered into new financing facilities totalling $9.05 billion, comprising a $5.0 billion bridge facility and unsecured revolving bank loan facilities totalling $4.05 billion.

The $5.0 billion bridge facility for Scentre Group has a term of two years with an option for Scentre Group to extend for a further year and provides for drawings in Australian dollars.

The $4.05 billion of unsecured revolving bank loan facilities for Scentre Group have terms to maturity ranging from two to six years and provide for drawings in Australian dollars and New Zealand dollars. The Scentre Group facilities are supported by Westfield Retail Trust's Master Guarantee and Master Negative Pledge, as amended for Scentre Group.

It is intended that the resultant interest rate exposure that arises in Scentre Group, after taking into account any derivatives that Scentre Group assumes from Westfield Group, will be hedged to an extent deemed to be prudent by the relevant entities using interest rate derivatives (including swaps and options).

These facilities and the Master Guarantee and the Master Negative Pledge are more fully described in Section 6.12.

In relation to Westfield Carindale, a separate, secured bilateral facility is in place and will remain in place following implementation of the Proposal.

The table below provides an overview of the existing financing arrangements for Westfield Retail Trust and Westfield Group and the proposed financing arrangements for Scentre Group.

Table 3.7.1: Summary of key financing arrangements before and directly following implementation of the Proposal

Before Proposal[1]	After Proposal
Westfield Retail Trust: – $1.9 billion of bonds and $1.9 billion of bank loan facilities (together an average term of 4.7 years) Westfield Group: – US$5.5 billion and £1.05 billion of bonds (terms of up to 9 years, average 5.1 years) – $6.0 billion of bank loan facilities (average term of 2.8 years) – US$2.7 billion of secured loan facilities (average term of 6.4 years)	Scentre Group: – $5.0 billion bridge facility (term of 2 years with an option to extend for 1 year) – $4.05 billion unsecured revolving bank loan facilities (terms of 2 to 6 years) – $1.9 billion of Westfield Retail Trust's existing bonds and $1.9 billion of Westfield Retail Trust's existing bank loan facilities

(1) As at 31 December 2013.

3.8 IMPACT OF THE PROPOSAL ON NTA FOR SECURITYHOLDERS

The pro forma forecast NTA (as at 31 December 2013) for Scentre Group is $2.82 per Scentre Group Security. On a pro forma basis this is equivalent to $2.87 per Westfield Retail Trust Security based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date.

This pro forma NTA (as at 31 December 2013) for Securityholders of $2.87 per Westfield Retail Trust Security compares with Westfield Retail Trust's actual NTA as at 31 December 2013 of $3.52 per Westfield Retail Trust Security.

The change in pro forma NTA is the result of Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business, which includes the Operating Platform. The value of the income from the Operating Platform is not reflected on Scentre Group's pro forma statement of net assets. The value of this income is described in further detail in Section 3.6(d).

Scentre Group will also incur up to $75 million of transaction costs which contributes to the change in NTA. The transaction costs are described in more detail in Section 11.21.

Please refer to Section 6 of this Securityholder Booklet for further details of the financial impact of the Proposal on Westfield Retail Trust.

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3.9 THE IMPLIED VALUE OF THE OPERATING PLATFORM

Based on the Merger Ratio:

- Westfield Group Securityholders will receive 2,582 million Scentre Group Securities; and
- $9.3 billion of liabilities and $0.2 billion of net assets attributable to external non-controlling interests will be transferred from the Westfield Group balance sheet to the Scentre Group balance sheet.

As at 31 December 2013, the Australian and New Zealand total assets being contributed to Scentre Group by Westfield Group had a book value of $15 billion.

The information set out below illustrates a basis for deriving an implied price for the Operating Platform by reference to the market price of Westfield Retail Trust Securities and the matters referred to above as they relate to Westfield Group. The implied value of the Operating Platform in the example will vary depending on the market price of Westfield Retail Trust Securities.

Based on the Merger Ratio and the terms of the Proposal, Securityholders will receive $0.2853 cash and 0.918 Scentre Group Securities for each Westfield Retail Trust Security they hold as at the Record Date.

As shown in the table below, the implied trading price of Scentre Group Securities based on the closing price of Westfield Retail Trust Securities on the ASX of $3.00 on 3 December 2013 (being the last trading day immediately prior to the announcement of the Proposal) and the merger terms is $2.96 per Scentre Group Security. If the closing price of Westfield Retail Trust Securities on the ASX of $3.06 on 11 April 2014 (being the last trading day immediately prior to the date of this Securityholder Booklet) is adopted, the implied trading price of a Scentre Group Security is $3.02.

There is no certainty as to the trading price of Scentre Group Securities after the implementation of the Proposal (see Section 4.4(b)).

Table 3.9.1: Implied Scentre Group trading price

	Prior to announcement of Proposal (3 Dec 2013)	**Prior to the date of this Securityholder Booklet (11 April 2014)**
Westfield Retail Trust trading price	$3.00	$3.06
Less: Capital Return	$0.2853	$0.2853
Trading price adjusted for Capital Return	$2.71	$2.77
Divided by the Merger Ratio(1)	0.918	0.918
Implied Scentre Group trading price(2)	**$2.96**	**$3.02**

(1) Securityholders will also receive $0.2853 cash per Westfield Retail Trust Security held as at the Record Date pursuant to the Capital Return.

(2) Excludes any implied adjustment for accrued Westfield Retail Trust distributions. If this adjustment were to be made, the implied trading price of Scentre Group would be marginally lower.

Using the implied Scentre Group trading prices described above, the implied value attributed to the Operating Platform is $2,158 – $2,313 million, as shown in Table 3.9.2 below. Table 3.9.2 incorporates:

- the assets and liabilities contributed by Westfield Group to Scentre Group; and
- the number of Scentre Group Securities to be issued to Westfield Group Securityholders.

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Table 3.9.2: Implied value ascribed to the Operating Platform

	Prior to announcement of Proposal (3 Dec 2013)	Prior to the date of this Securityholder Booklet (11 April 2014)
Scentre Group Securities issued to Westfield Group Securityholders[1]	2,582m	2,582m
Implied Scentre Group trading price	$2.96	$3.02
Equity consideration to Westfield Group Securityholders	$7,643m	$7,798m
Total liabilities transferred from Westfield Group and net assets attributable to external non-controlling interests[2]	$9,513m	$9,513m
Total value of equity consideration and liabilities transferred and net assets attributable to external non-controlling interests	**$17,156m**	**$17,311m**
Tangible assets contributed by Westfield Group to Scentre Group[3]	$14,998m	$14,998m
Implied value ascribed to Operating Platform	**$2,158m**	**$2,313m**

(1) Subject to rounding described in Section 3.4.

(2) Comprises total liabilities transferred of $9,283.5 million as shown in Section 6, Table 6.10.1 and net assets attributable to external non-controlling interests of $229.2 million as shown in Section 6, Table 6.10.2.

(3) Represents total assets contributed as shown in Section 6, Table 6.10.1.

As described in Section 3.6(d) above, the forecast FY14 Economic EBIT contributed by the Operating Platform is $194 million which excludes project income expected to be recognised on Westfield Sydney and Fountain Gate. As such, the implied price for the Operating Platform is 11.1x its forecast FY14 Economic EBIT contribution based on Westfield Retail Trust's trading price immediately prior to announcement of the Proposal, or 11.9x based on the Westfield Retail Trust trading price immediately prior to the date of this Securityholder Booklet.

Table 3.9.3: Implied Economic EBIT multiple (excluding earnings expected to be recognised on Westfield Sydney and Fountain Gate developments and variations to third party projects)

Implied Economic EBIT multiple	Prior to announcement of Proposal (3 Dec 2013)	Prior to the date of this Securityholder Booklet (11 April 2014)
Forecast FY14 Economic Income	$268m	$268m
Unallocated overheads	($74m)	($74m)
Operating Platform Forecast FY14 Economic EBIT contribution	$194m	$194m
Implied value ascribed to Operating Platform price	**$2,158m**	**$2,313m**
Implied Economic EBIT Multiple	**11.1x**	**11.9x**

The above table is based on a FY14 Economic EBIT contribution from the Operating Platform which excludes any project profits not yet recognised on Westfield Sydney and Fountain Gate, as both of these projects have been completed and are co-owned by Westfield Retail Trust and Westfield Group, and also excludes any variations to third party projects. As shown in Table 3.6.3, the addition of these project profits would increase FY14 Economic EBIT by $94 million to $288 million, implying a lower multiple.

The multiples shown in Table 3.9.3 above are considerably lower than the multiples applied in the valuation of Westfield Retail Trust and Westfield Group's Australian and New Zealand property assets. These assets are currently valued on a weighted average capitalisation rate of 6.0%, which is equivalent to a multiple of 16.7x.

$159 million of the earnings in the Operating Platform Economic EBIT is directly linked to, and has the same characteristics, risks and growth profile as the rental income of the underlying properties. This amount is made up of:

- $103 million in external property management income (including income received from Westfield Retail Trust), which excludes the $4 million of income relating to asset management fees on the Property Linked Notes and the $4 million relating to funds management fees on Carindale Property Trust, which were previously included to reach total property management fees of $110 million; and
- $56 million of additional property income on Westfield Group's owned assets.

Applying this 16.7x multiple to the $159 million of rental linked income contributed by the Operating Platform provides a value of $2,650 million. This implies negative to limited value (and multiples) on the remaining $35 million of net Economic EBIT contributed by the Operating Platform, as shown in Table 3.9.4 below.

Table 3.9.4: Implied multiple ascribed to the remaining Operating Platform income

	Prior to announcement of Proposal (3 Dec 2013)	Prior to the date of this Securityholder Booklet (11 April 2014)
Implied price ascribed to Operating Platform	$2,158m	$2,313m
Third party property management income and property management income earned on Westfield Group's internally owned assets	$159m	$159m
Property NOI valuation capitalisation rate[1]	6.0%	6.0%
Value ascribed to rent linked income	$2,650m	$2,650m
Implied value ascribed to Operating Platform less value ascribed to rent linked income	**($492m)**	**$(337)m**
Remaining Economic EBIT contribution from the Operating Platform	$35m	$35m
Implied multiple ascribed to remaining Operating Platform income	**N/A**	**N/A**

(1) Represents the portfolio weighted average capitalisation rate applied to Westfield Retail Trust and Westfield Group's Australian and New Zealand portfolio as at 31 December 2013 and equates to a multiple of 16.7x.

The Independent Expert has also calculated an implied value for the Operating Platform (refer to Section 10.4 of the Independent Expert's Report attached as Annexure B).

3.10 RELATIONSHIP BETWEEN SCENTRE GROUP AND WESTFIELD CORPORATION

Following implementation of the Proposal, Scentre Group and Westfield Corporation will operate as separate and independent groups, each with their own boards, management and operating platforms. Scentre Group and Westfield Corporation will have the following contractual arrangements:

(A) SCENTRE GROUP WILL HAVE AN EXCLUSIVE, CONTINUING, ROYALTY FREE LICENCE TO USE THE WESTFIELD BRAND FOR ITS EXISTING SHOPPING CENTRES AND ANY NEW SHOPPING CENTRES IN AUSTRALIA AND NEW ZEALAND MEETING CERTAIN AGREED CHARACTERISTICS

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, continuing, royalty-free licence from Westfield Corporation Limited.

Under the Trade Mark Licence Agreement, Westfield Holdings will have the royalty free right to use (and to sub-licence to members of Scentre Group and third parties) the Westfield brand on an exclusive basis in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

At the date of the agreement the agreed characteristics are:

(i) shopping centres which either have:

(A) annual sales (or in the case of a completed development, projected annual sales in accordance with a board approved feasibility) in excess of $300 million (increasing annually by Australian CPI); or

(B) GLA in excess of 40,000 square metres,

and is of a standard which is comparable with the average shopping centre which forms part of the Scentre Group business at the relevant time; or

(ii) retail concessions which form part of an airport located in a capital city in Australia or New Zealand.

Scentre Group may also use the Westfield brand in relation to consumer or retailer focussed activities, goods or services which are incidental to the operation of the Westfield branded shopping centres, including activities such as gift cards, event ticketing and other promotional activities. Scentre Group also may use the Westfield brand outside of Australia and New Zealand for the corporate promotion of the Scentre Group (including communicating with investors and other equity and debt market participants) or in the promotion by Scentre Group of its Australia and New Zealand business to potential tenants of that business.

The licence is exclusive to Scentre Group in Australia and New Zealand. Westfield Corporation may not use the Westfield brand in Australia or New Zealand. However, Westfield Corporation may use the Westfield brand in Australia and New Zealand for the corporate promotion of Westfield Corporation (including communicating with investors and other equity and debt market participants), as part of the corporate or business names of the members of the Westfield Corporation group or in the promotion by Westfield Corporation of its offshore business to potential tenants of that business in Australia and New Zealand.

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The Trade Mark Licence Agreement endures indefinitely subject to Westfield Corporation Limited's right to terminate the agreement in certain instances, including where:

(i) Scentre Group or a sub-licensee challenges or disputes the validity of any of the licensed trademarks;

(ii) Westfield Holdings is insolvent; or

(iii) Scentre Group does not use the trade marks in relation to at least one shopping centre in Australia and New Zealand for a continuous period of six months.

Scentre Group will also lose the right to brand a particular shopping centre as a Westfield shopping centre if the shopping centre ceases to meet the agreed characteristics (other than shopping centres branded Westfield at the date of the agreement) or if Scentre Group has failed to follow agreed trade mark use guidelines in respect of that shopping centre (relating to matters such as trademark applications) and subsequently fails to ensure within 90 business days of being notified by Westfield Corporation Limited that the shopping centre meets the agreed characteristics or that the use of the brand complies with agreed trade mark use guidelines.

A summary of the terms of the Trade Mark Licence Agreement is set out at Annexure F.

(B) SCENTRE GROUP WILL HAVE ACCESS TO THE DIGITAL INNOVATION ACTIVITIES OF WESTFIELD CORPORATION PROVIDED BY WESTFIELD LABS

Westfield Labs is a San Francisco based team of Westfield Group which serves as a global digital lab focused on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets. Westfield Corporation will own Westfield Labs if the Proposal proceeds.

Scentre Group and Westfield Corporation have entered into an agreement under which Scentre Group will have access to core digital services to be provided by Westfield Labs in return for an agreed contribution to the funding of Westfield Labs over the term of the agreement and to product innovations by Westfield Labs on a case by case basis. Scentre Group may, but is not obliged to, use Westfield Labs to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, Westfield Labs will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. In return Scentre Group will pay Westfield Labs up to $5.5 million for the period from Implementation Date to 31 December 2014, and will not without agreement of the parties be required to pay more than $11.2 million for the year ending 31 December 2015 or $11.6 million for the year ending 31 December 2016.

Westfield Labs may also provide to Scentre Group the following supplementary services, at Scentre Group's request:

(i) briefings on initiatives and applications as they relate specifically to the Australian and New Zealand markets. The fees for such services will be negotiated with reference to Westfield Labs' daily rate schedule as agreed with Scentre Group annually;

(ii) new products, applications and services which are proposed by Westfield Labs and which are offered to Scentre Group for use in Australia and New Zealand. Scentre Group may accept or reject a proposal from Westfield Labs for the provision of such services. If Scentre Group rejects the proposal, Westfield Labs is free to develop and exploit the services, including in Australia and New Zealand (subject to the restrictions on the use of the Westfield brand in those markets); and

(iii) products, applications and services which are developed by Westfield Labs at the request of and in collaboration with Scentre Group for use by Scentre Group in Australia and New Zealand. The terms of provision and fees for such services will be agreed between the parties.

Westfield Labs must use reasonable endeavours to deliver the services with due care and skill.

There is no obligation on Scentre Group to use the supplementary services of Westfield Labs and Scentre Group is free to obtain similar services from third parties or rely on in house capability. However, if Scentre Group wishes to retain a third party to undertake software development services of a kind capable of being provided by Westfield Labs for the development of applications relating to the interaction of retailers, consumers and physical shopping centres, Scentre Group must first offer Westfield Labs the opportunity to provide that service.

Where Westfield Labs and Scentre Group collaborate with respect to a product in accordance with the LABS Agreement, Westfield Labs will grant Scentre Group an exclusive royalty free licence to use that product in Australia and New Zealand and to sub-licence that product to third parties in Australia and New Zealand. The licence granted by Westfield Labs to Scentre Group will be a continuing licence and will not be affected by termination or expiry of the Labs Agreement. Further, any data collected by Westfield Labs in the course of providing services to Scentre Group will remain the property of Scentre Group and may not be used by Westfield Labs other than for the purposes of providing services required by Scentre Group under the LABS Agreement.

The LABS Agreement may only be terminated by a party where the other party:

(i) is insolvent; or

(ii) commits a breach which is not capable of being remedied or is not remedied within 40 business days of the party being notified.

The parties have agreed to take reasonable steps to allow each other to participate in investment opportunities which they identify during the term and which involve the purchase of minority interests in third parties whose business is primarily the development or exploitation of digital technology that may be relevant to the business of owning or managing shopping centres.

A summary of the terms of the LABS Agreement is set out at Annexure F.

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(C) SCENTRE GROUP WILL PROVIDE CERTAIN TRANSITIONAL SERVICES TO WESTFIELD CORPORATION WHILE THE GROUPS DEVELOP STAND-ALONE RESOURCES AND SUPPORT SERVICES

Westfield Retail Trust and Westfield Group currently rely on various shared resources and support services within Westfield Group, including corporate head office, treasury, tax, finance, compliance, insurance, human resources and information technology.

Upon implementation of the Proposal, Scentre Group and Westfield Corporation will be separate groups and, after a transitional period, both groups will establish these capabilities independent of each other.

As part of this transition, Westfield Holdings and Westfield Corporation Limited have entered into the Transitional Services Agreement, under which Scentre Group will provide various corporate services to Westfield Corporation for a transitional period. The annualised fees payable by Westfield Corporation to Scentre Group for these transitional services are approximately $9 million (assuming services are provided for the full year). This fee is expected to reduce substantially after the first year as the parties move closer to a full separation. The transition is expected to be substantially completed within two years.

Westfield Corporation Limited will also provide some corporate affairs services to Scentre Group.

The scope and level of the relevant services to be provided by the parties to each other under the Transitional Services Agreement are intended to reflect services being provided prior to implementation of the Proposal, to provide each of the parties with transitional assistance while it undertakes a process to migrate those services or replicate its own services.

A summary of the terms of the Transitional Services Agreement is set out at Annexure F.

(D) BOARD COMPOSITION OF SCENTRE GROUP AND WESTFIELD CORPORATION

In addition, Scentre Group and Westfield Corporation will initially have three common board members – Mr Frank Lowy AC[23], Mr Brian Schwartz AM and Mr Steven Lowy AM. Each board will have a majority of independent directors in accordance with the ASX Guidelines.

Further information on the composition and independence of the Scentre Group Board is set out in Section 5.7.

3.11 FOREIGN SECURITYHOLDERS

A Foreign Securityholder is any Securityholder on the Record Date whose address is as shown in the Register, a place outside of Australia and New Zealand and their respective external territories.

Restrictions in certain foreign countries may make it impractical or unlawful to offer or receive securities in those countries. Accordingly, not all Foreign Securityholders will be eligible to receive securities under the Proposal.

Foreign Securityholders are eligible to participate in the Proposal only to the extent Westfield Retail Trust determines that it is lawful and not unduly onerous or unduly impracticable for the relevant Foreign Securityholder to receive securities under the Proposal (such Foreign Securityholders being **Eligible Foreign Securityholders**).

As at the date of this document, Westfield Retail Trust has determined that Foreign Securityholders in the following jurisdictions and who satisfy the applicable conditions below are Eligible Foreign Securityholders:

(a) the United States of America, provided that the Foreign Securityholder is an "accredited investor" (as defined in Rule 501 of Regulation D under the U.S. Securities Act of 1933);

(b) the United Kingdom, provided that the Foreign Securityholder is a "qualified investor" (as defined in article 2.1 of the EC Prospectus Directive 2003/71/EC);

(c) the Netherlands;

(d) Norway;

(e) Japan;

(f) Singapore, provided that the Foreign Securityholder is an "institutional investor" (as defined in section 4A(c) of the Securities and Futures Act 2001, Chapter 289 of Singapore); or

(g) Hong Kong;

(h) Canada; or

(i) any other jurisdiction where Westfield Retail Trust determines it is lawful, not unduly onerous or unduly impractical for the relevant Foreign Securityholder to receive securities under the Proposal.

All other Foreign Securityholders will be Ineligible Foreign Securityholders, and dealt with under the Sale Facility as discussed below in Section 3.12(a).

23 Despite the recommendation in the ASX Guidelines that listed entities should have an independent director as chairman, Mr Frank Lowy AC is considered the most appropriate person to act as Chairman of the Scentre Group Board.

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3.12 INELIGIBLE FOREIGN SECURITYHOLDERS, SALE FACILITY AND SALE NOMINEE

(A) SALE FACILITY

Ineligible Foreign Securityholders will receive the Capital Return if the Proposal is implemented. However, unless it is determined by Westfield Retail Trust not to be unlawful or unduly onerous or unduly impractible to allow Ineligible Foreign Securityholders in particular jurisdictions to receive Scentre Group Securities under the Proposal, they will not receive Scentre Group Securities under the Proposal. Rather, the entire existing holding of Westfield Retail Trust Securities held by Ineligible Foreign Securityholders will be transferred to the Sale Nominee pursuant to the terms of the Sale Facility. Under the Sale Facility:

(i) Westfield Retail Trust Securities held by or on behalf of Ineligible Foreign Securityholders as at the Record Date will be transferred to the Sale Nominee prior to the Implementation Date without the need for any further action by the Ineligible Foreign Securityholders. Each Ineligible Foreign Securityholder is deemed to have represented and warranted to RE1 and RE2 that all its ineligible securities (including any rights and entitlements attaching to those securities) which are transferred to the Sale Nominee will, at the time they are transferred to the Sale Nominee, be fully paid and free from all mortgages, charges, liens, encumbrances and interests of third parties of any kind, whether legal or otherwise, and restrictions on transfer of any kind, and that the Ineligible Foreign Securityholder has full power and capacity to sell or otherwise transfer its ineligible securities (including any rights and entitlements attaching to those securities) in accordance with the Proposal;

(ii) the Sale Nominee will participate in the Proposal in respect of those ineligible securities which are transferred to it pursuant to the Sale Facility, in the same way as other Securityholders. After the implementation of the Proposal, the Sale Nominee will hold the Scentre Group Securities, which would otherwise have been received by Ineligible Foreign Securityholders;

(iii) as soon as is reasonably practicable after the Implementation Date (and in any event within the 30 day period commencing on the business day after the Implementation Date), the Sale Nominee will sell the Scentre Group Securities it holds. The sale will occur in the ordinary course of trading on the ASX in one or more tranches; and

(iv) no later than 5 business days after the day on which the last of the proceeds of sale of all of the Scentre Group Securities are received, the Sale Nominee will transfer the aggregate sale proceeds to the Registry, who will arrange for the sale proceeds to be paid to Ineligible Foreign Securityholders by cheque or bank draft or electronic funds transfer into a bank account nominated by the Ineligible Foreign Securityholder for the amount due to each Ineligible Foreign Securityholder together with a statement of how the amount is calculated.

(B) DETERMINATION OF SALE PROCEEDS

Each Ineligible Foreign Securityholder will participate in the Sale Facility and will receive an amount equal to the average price per security at which the Sale Nominee sold the Scentre Group Securities under the Sale Facility, multiplied by the number of Scentre Group Securities that the Ineligible Foreign Securityholder would otherwise have been entitled to had they participated under the Proposal (subject to rounding to the nearest whole cent or if the amount calculated by that formula includes exactly half of a cent, then rounded down to the nearest whole cent).

Westfield Retail Trust will bear any brokerage costs or fees of the Sale Nominee.

The sale price of Scentre Group Securities and the proceeds that the Ineligible Foreign Securityholder will receive cannot be guaranteed. The sale proceeds will not necessarily be the highest price at which the securities could be sold during the sale period. The Sale Nominee will sell the securities in such manner, at such price or prices, at such times and on such other terms as the Sale Nominee sees fit (at the risk of the Ineligible Foreign Securityholders) with the objective of achieving the best prices for the Scentre Group Securities that are reasonably obtainable at the time of the sales, bearing in mind:

(i) the total number of Scentre Group Securities that participate in the Sale Facility. If a large number of Scentre Group Securities participate in the Sale Facility, the sale price for those securities may be lower if the supply of securities available for sale is greater than the demand for the number of securities that investors would be seeking to buy in the absence of the availability of those securities pursuant to the sale process;

(ii) the fact that there will be a concurrent sale facility for the purpose of selling Scentre Group Securities that would otherwise have been held by foreign Westfield Group Securityholders who were not eligible to participate in the Proposal;

(iii) the prevailing market conditions, including the prevailing price of Scentre Group Securities on the ASX and the prevailing demand for those securities; and

(iv) the period during which the sale process is undertaken.

(C) ALTERNATIVES TO PARTICIPATING IN SALE FACILITY

As an alternative to participating in the Sale Facility, Securityholders who expect to be Ineligible Foreign Securityholders on the Record Date may choose to sell their Westfield Retail Trust Securities on market by the last day of trading of Westfield Retail Trust Securities (expected to be Monday, 16 June 2014, being the Effective Date). There are a number of differences between selling ineligible securities on market and participating in the Sale Facility, including:

(i) the price may be higher or lower;

(ii) under the Sale Facility, Ineligible Foreign Securityholders have no control over the sale proceeds they will receive for their securities;

(iii) Ineligible Foreign Securityholders will need to wait until after the Sale Facility process is completed before they receive the sale proceeds;

(iv) transfers and sales under the Sale Facility will only proceed if the Proposal is implemented (and subject to compliance with applicable law); and

(v) Ineligible Foreign Securityholders may need to pay brokerage fees if they sell ineligible securities on market.

4

THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS, BENEFITS, DISADVANTAGES AND RISKS OF THE PROPOSAL

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4. THE RECOMMENDATION OF THE RECOMMENDING DIRECTORS, BENEFITS, DISADVANTAGES AND RISKS OF THE PROPOSAL

4.1 RECOMMENDATION OF THE RECOMMENDING DIRECTORS

The directors of RE1 and RE2 are Mr Richard Egerton-Warburton AO, LVO, Mr Peter Allen, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein, Mr Steven Lowy AM, Ms Sandra McPhee AM and Mr Domenic Panaccio.

Mr Steven Lowy AM and Mr Peter Allen do not give a recommendation to Securityholders in relation to the Proposal or the Proposal Resolutions given that they are members of the board of directors of Westfield Group and have been involved in considering, negotiating and implementing the Proposal on behalf of Westfield Group.

The remaining directors are referred to as the Recommending Directors.

The Recommending Directors recommend that Securityholders approve the Proposal and vote in favour of the Proposal Resolutions, in the absence of a superior proposal.

The Recommending Directors consider the Proposal is in the best interests of Securityholders, in the absence of a superior proposal. In coming to this view, the Recommending Directors have taken into account the following factors:

(A) MERGER RATIO

The Recommending Directors consider that the Merger Ratio is appropriate having regard to the respective contributions of earnings, assets and liabilities by Westfield Retail Trust and Westfield Group's Australian and New Zealand business to Scentre Group and given the strategic benefits for Securityholders that are expected if the Proposal is approved and implemented.

Further details concerning the Merger Ratio including how it was determined and why it is considered appropriate are set out in Section 3.6.

(B) ADVANTAGES OUTWEIGH DISADVANTAGES AND RISKS

The Recommending Directors consider the advantages and strategic benefits for Securityholders of the Proposal being implemented outweigh the disadvantages of, and the risks associated with, the Proposal.

The advantages of the Proposal are set out in Section 4.2.

The disadvantages of the Proposal are set out in Section 4.3.

The risks associated with implementing the Proposal are set out in Section 4.4.

The material disadvantages for Securityholders if the Proposal is implemented, have been identified as follows:

(i) the change in Westfield Retail Trust's NTA from $3.52 per Westfield Retail Trust Security as at 31 December 2013 to the equivalent of $2.87 per Westfield Retail Trust Security based on the pro forma Scentre Group NTA as at the same date[24] (refer Section 3.8); and

(ii) an exposure to increased gearing from 22.4% for Westfield Retail Trust as at 31 December 2013 to 38.4% for Scentre Group on the basis of the pro forma statement of net assets as at 31 December 2013 (see Section 4.3(c)). Increased gearing will expose Scentre Group to certain risks that have been identified in Section 7.3(b) including a possible reduction in credit ratings and higher interest rate risk.

These disadvantages were assessed by the Recommending Directors against many factors including the benefits that are summarised below and described in greater detail elsewhere in this Securityholder Booklet.

The Recommending Directors have concluded that the advantages and benefits associated with the Proposal outweigh the disadvantages and risks. Importantly, the Recommending Directors took into account the following matters:

(i) by approving the Proposal, existing contractual constraints on Westfield Retail Trust that inhibit growth opportunities will be removed. The arrangements between Westfield Retail Trust and Westfield Group restrict Westfield Retail Trust's capacity to increase revenues independently of Westfield Group. For instance:

   (A) the Co-operation Deed (refer Section 3.3(d) limits the opportunity of Westfield Retail Trust to partner with other entities, other than Westfield Group, in pursuing opportunities (because unless constrained by law or the opportunity does not allow this, Westfield Retail Trust must offer Westfield Group the opportunity to co-invest in the opportunity on a 50/50 basis) or developing its own internal retail property operating platform;

   (B) under the Property Management Agreements entered into by Westfield Retail Trust and Westfield Group for each property co-owned by Westfield Retail Trust and Westfield Group, Westfield Group is appointed sole manager and agent to manage, operate, promote and provide leasing services for each Westfield Retail Trust property and that appointment will continue for so long as Westfield Group holds at least a 25% ownership interest (or in one case, 20%) in the shopping centre, (except in certain limited circumstances including insolvency and material breach by Westfield Group); and

24 The pro forma net tangible assets per Westfield Retail Trust Security is based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. Scentre Group is expected to have net tangible assets (attributable to Scentre Group Securityholders) of $2.82 per security.

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(C) Westfield Retail Trust and Westfield Group have entered into Development Framework Agreements whereby a Westfield Group developer is exclusively appointed to provide planning, design and development services approved by the co-owners from time to time in relation to the future development of each property co-owned with Westfield Group and that appointment will continue for so long as members of Westfield Group hold at least a 25% direct or indirect interest (or in one case, 20%) in the co-owned property (except in certain limited circumstances, including insolvency and material breach by Westfield Group)[25].

(ii) unlike Westfield Retail Trust, Scentre Group will have its own vertically integrated operating platform which it will control, with capabilities including property management, leasing, design, development, construction, marketing and funds management. This is in line with current A-REIT practice and investor preferences. The Proposal will remove third party management fees paid by Westfield Retail Trust. In FY13 this amount totalled $77.9 million.

It is conceivable, subject to the limitations referred to above, for Westfield Retail Trust to seek incremental growth opportunities through acquisitions. Westfield Retail Trust's ability to compete for potential acquisitions may be constrained given its cost of equity and total return requirements for a potential acquisition, relative to other potential acquirers, including those with their own internally managed operating platform.

(C) CAPITAL RETURN COMPONENT

The Proposal includes an $850 million capital return to Securityholders, effected by a cash payment of $0.2853 per Westfield Retail Trust Security held by Securityholders on the Record Date.

The Capital Return is equivalent to a pro rata buy-back of Westfield Retail Trust Securities on a 1 for 12.16 basis at a price of $3.47 per Westfield Retail Trust Security. This price represents a 16% premium to Westfield Retail Trust's closing price on the ASX on 3 December 2013 (the day immediately before the Proposal was announced) and is in line with NTA per Security for Westfield Retail Trust at 30 June 2013 (the most recent published NTA per Security at the time of announcement of the Proposal).

(D) INDEPENDENT EXPERT REPORT

The Independent Board Committee engaged KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL No. 246901) as the Independent Expert to provide an opinion as to whether the Proposal is in the best interests of Securityholders.

The Independent Expert has concluded that in the absence of a superior proposal, the Proposal is in the best interests of Securityholders.

Annexure B contains a copy of the Independent Expert's Report. The Independent Expert's Report is also available at Westfield Retail Trust's website, www.westfieldretailtrust.com.

4.2 BENEFITS OF THE PROPOSAL

The Recommending Directors consider that the key benefits of the Proposal for Securityholders include the following:

STRATEGIC BENEFITS

(A) BETTER POSITIONS WESTFIELD RETAIL TRUST FOR GROWTH BY ESTABLISHING A VERTICALLY INTEGRATED RETAIL PROPERTY OPERATING PLATFORM

Scentre Group will have a superior platform for growth in comparison to the current Westfield Retail Trust structure, including diversified income streams, substantial management and development rights across a high quality portfolio of assets, flexibility to undertake joint ventures and capital partnering with third parties and an enhanced ability to compete for new assets. This may result in Scentre Group trading by reference to earnings and cash flow, consistent with the manner in which Westfield Group is currently valued, with less focus on NTA.

Westfield Retail Trust currently engages Westfield Group as the property manager and developer of its shopping centres and pays fees to Westfield Group for these services.

Scentre Group will have its own vertically integrated retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management. Scentre Group will have direct control over the future strategy and direction of this platform.

Scentre Group will not need to pay third party fees for the provision of property management, property development and corporate services, unlike Westfield Retail Trust. Correspondingly, it will be responsible for the costs of operating the property management and development businesses and providing its own corporate services.

In addition to managing and developing its wholly owned shopping centres, Scentre Group will receive fees payable by its co-owners for the provision of property management, property development and funds management services at co-owned properties (on implementation of the Proposal, 21 shopping centres have third party co-owners). Scentre Group also has the opportunity to earn further revenue from the design, development and refurbishment of properties owned by third parties as well as additional properties in which Scentre Group invests in the future with co-owners. In the absence of a retail property operating platform this opportunity is not currently available to Westfield Retail Trust.

The Scentre Group management team will be led by the current experienced Australian and New Zealand management of Westfield Group, including Peter Allen (currently Group Chief Financial Officer and an Executive Director of Westfield Group) who will become the Chief Executive Officer of Scentre Group and Mark Bloom (currently Deputy Group Chief Financial Officer of Westfield Group) who will become the Chief Financial Officer of Scentre Group.

Scentre Group will therefore have both the scale and depth of experience to efficiently operate and grow the Operating Platform.

25 One of the Development Framework Agreements is for a term expiring in September 2017.

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The Recommending Directors believe that[26], as an independent group with its own vertically integrated retail property operating platform, Scentre Group will be a more competitive participant in the retail property industry. This will offer existing and potential future securityholders a more attractive investment opportunity.

(B) SCENTRE GROUP WILL HAVE A GREATER OWNERSHIP INTEREST IN A LARGER INVESTMENT PORTFOLIO IN AUSTRALIA AND NEW ZEALAND THAN WESTFIELD RETAIL TRUST

The Proposal allows Westfield Retail Trust to gain the benefits of an increased scale of its investment portfolio, without diluting the high quality of the existing Westfield Retail Trust portfolio.

Following the implementation of the Proposal, Scentre Group will be the owner of the largest and most productive shopping centre portfolio in Australia and New Zealand, which includes 14 of the top 20 shopping centres within Australia. Scentre Group will own 100% of 26 shopping centres valued at $18.9 billion and is estimated to have pro forma total assets of $29.3 billion and assets under management of $38.6 billion as at 30 December 2013. Scentre Group is expected to be the largest ASX listed REIT and one of the top 20 ASX listed entities based on expected market capitalisation.

Securityholders will continue to benefit from stable, consistent investment returns from ownership of the property portfolio with strong operational metrics generated by high quality assets and tenants. This will be further enhanced by Scentre Group having its own operating platform.

A larger investment portfolio in Australia and New Zealand also increases Westfield Retail Trust's exposure to risks associated with ownership of shopping centres in the Australian and New Zealand market. A description of the risks associated with the geographic concentration of the portfolio in Australia and New Zealand is contained in Section 7.4(a).

(C) SECURITYHOLDERS WILL GAIN EXPOSURE TO WESTFIELD CARINDALE

Westfield Carindale, located in Queensland, is one of the ten largest shopping centres in Australia and the sole investment of Carindale Property Trust (which is separately listed on the ASX). Westfield Retail Trust currently does not hold any investment in Westfield Carindale.

Westfield Carindale is owned in a 50:50 joint venture between Carindale Property Trust and Australian Prime Property Fund Retail (managed by Lend Lease). Carindale Property Trust is an ASX listed property trust, of which Westfield Group holds approximately 50%. Westfield Group is the property manager of Westfield Carindale and completed a substantial redevelopment of Westfield Carindale in 2012.

The redevelopment at Westfield Carindale has resulted in the centre now comprising approximately 400 retailers, spanning two levels across 136,000 square metres. As at 31 December 2013, the property was valued at $1,370.2 million (100%).

As a result of the Proposal, Securityholders will gain exposure to the 25% effective interest in Westfield Carindale currently held by Westfield Group. In addition, Scentre Group will receive property management fees and responsible entity fees for the management of Westfield Carindale. The annual property management fee forecast to be earned by Scentre Group for FY14 from the property is $6 million and the annual responsible entity fee forecast to be earned by Scentre Group from Carindale Property Trust is $4 million.

(D) CREATES A STRONGER PLATFORM TO ENHANCE RETURN ON EQUITY THROUGH THE POTENTIAL TO INTRODUCE NEW CO-OWNERS AT THE PROPERTY OWNERSHIP LEVEL

Scentre Group will have flexibility in establishing joint venture arrangements.

Under the terms of the existing Co-operation Deed between Westfield Retail Trust and Westfield Group, where one of those entities has an opportunity to invest in a retail property or development site in Australia or New Zealand, to the extent the opportunity allows it and it is lawfully permitted, they must offer the other entity the same opportunity to acquire 50% of the available interest in the property.

Westfield Retail Trust also has an obligation to support Westfield Group being appointed as property manager and developer of any opportunity it shares with Westfield Group. While these arrangements provide benefits to both entities, they also create a limitation on the ability of Westfield Retail Trust to partner with entities other than Westfield Group, or to pursue any opportunity to develop its own internal retail property operating platform, as any proposal to develop or acquire an alternative operating platform for the Westfield Retail Trust portfolio would require the consent of Westfield Group to terminate these contractual arrangements. These limitations would be removed under the terms of the Proposal and no arrangements of this nature will be entered into between Scentre Group and Westfield Corporation. The risks associated with co-ownership and joint venture arrangements are discussed in Section 7.1(e).

(E) SCENTRE GROUP WILL NOT HAVE ANY RESTRICTIONS ON THE JURISDICTIONS IN WHICH IT CAN INVEST

The current constitution of Westfield Retail Trust 1 limits the investments of Westfield Retail Trust 1 predominantly to assets located in Australia and New Zealand. In conjunction with the implementation of the Proposal, these constitutional restrictions will be removed and Scentre Group will not have any such restriction. The strategic focus of Scentre Group will be on Australia and New Zealand.

FINANCIAL BENEFITS

(F) THE PROPOSAL IS EXPECTED TO BE FFO ACCRETIVE FOR SECURITYHOLDERS

The Proposal is expected to deliver 5.2% accretion to FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 and 8.0% accretion to economic FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 before the elimination of development profits upon consolidation.

26 In addition to the ongoing contractual relationships described in Section 3.10, it is intended that Mr Frank Lowy AC will assume the role of Chairman of both Scentre Group and Westfield Corporation (see Section 5.8 for further details). Including the Chairman, there will initially be three common directors between Scentre Group and Westfield Corporation (see Section 5.8).

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(G) THE PROPOSAL INCLUDES A $850 MILLION CAPITAL RETURN TO SECURITYHOLDERS

The Proposal includes an $850 million capital return to Securityholders, effected by a cash payment of $0.2853 per Westfield Retail Trust Security held by Securityholders on the Record Date.

The Capital Return is equivalent to a pro rata buy-back of Westfield Retail Trust Securities on a 1 for 12.16 basis at a price of $3.47 per Westfield Retail Trust Security. This price represents a 16% premium to Westfield Retail Trust's closing price on the ASX on 3 December 2013 (the day immediately before the Proposal was announced) and is in line with NTA per Security for Westfield Retail Trust at 30 June 2013.

Payment of the Capital Return will be made to Securityholders on the Implementation Date if all of the conditions precedent to the Proposal are satisfied or waived.

GOVERNANCE BENEFITS

(H) THE PROPOSAL REMOVES POTENTIAL AND PERCEIVED CONFLICTS OF INTEREST THAT CURRENTLY EXIST BETWEEN WESTFIELD RETAIL TRUST AND WESTFIELD GROUP

Currently, Westfield Retail Trust co-owns properties with Westfield Group and, Westfield Group provides property management, development, corporate and other services to Westfield Retail Trust. In addition, RE1 and RE2, the responsible entities of Westfield Retail Trust 1 and Westfield Retail Trust 2 respectively, are wholly owned subsidiaries of Westfield Holdings and part of Westfield Group.

There are potential conflicts of interest that arise from this operating model as the interests of Westfield Retail Trust and Westfield Group may not always be aligned. Since Westfield Retail Trust was established in late 2010 it has had a Conflicts Committee comprised solely of the Westfield Retail Trust non executive directors who are independent of the Westfield Group, to deal with matters involving Westfield Group where there are or may be potential or perceived conflicts.

Scentre Group will be an independent group and will have its own vertically integrated retail property operating platform. This will remove the requirement for Scentre Group to have a Conflicts Committee and the risk of potential and perceived conflicts of interest with Westfield Group as well as creating greater alignment of key stakeholder interests. Section 3.10 describes certain on-going contractual relationships between Scentre Group and Westfield Corporation including certain corporate services that will be provided between Scentre Group and Westfield Corporation during a transitional period (estimated to be two years). In addition, Mr Frank Lowy AC[27] will act as Chairman of both Scentre Group and Westfield Corporation. Including the Chairman there will initially be three common directors between Scentre Group and Westfield Corporation (see Section 5.8).

(I) THE MEMBERS OF THE SCENTRE GROUP BOARD WILL BE APPOINTED AND REMOVED BY SCENTRE GROUP SECURITYHOLDERS

Under the current governance arrangements, Securityholders do not have the power to appoint and remove Westfield Retail Trust Directors. As RE1 and RE2 are wholly owned subsidiaries of Westfield Holdings, the independent directors on the board of directors of Westfield Retail Trust are appointed and removed by Westfield Group. The appointment of the independent directors is required to be ratified by Securityholders at least once every three years under the 2012 Corporate Governance Deed Poll.

If the Proposal proceeds, Scentre Group Securityholders will have the right to vote at meetings of Scentre Group Securityholders on the appointment and removal of members of the Scentre Group Board.

4.3 DISADVANTAGES OF THE PROPOSAL

The main disadvantages of the Proposal include:

(A) EXPOSURE TO RISKS RELATING TO THE OWNERSHIP AND OPERATION OF THE RETAIL PROPERTY OPERATING PLATFORM OPERATED BY WESTFIELD GROUP IN AUSTRALIA AND NEW ZEALAND

If the Proposal is implemented, Scentre Group will own and operate the retail property operating platform currently operated by Westfield Group in Australia and New Zealand. Consequently, Securityholders will be subject to the risks associated with the operation of these businesses and the entities stapled to Westfield Retail Trust 1 and Westfield Retail Trust 2 in the Proposal going forward as well as to any historical risks and liabilities relating to these businesses or entities, to which they were not previously directly exposed. These risks are described in more detail in Section 7. Under the Implementation Deed, Westfield Corporation must indemnify Scentre Group for any claims made against, or payments to be made by, Westfield Holdings or Westfield Trust under pre-existing contracts or guarantees which relate to the international business of Westfield Group.

As an existing co-owner of Westfield properties in Australia and New Zealand (other than Westfield Carindale), Westfield Retail Trust currently relies on the provision of property management and development services by Westfield Group in relation to those co-owned properties and so is already impacted by any issues in the performance of those services by Westfield Group in relation to those co-owned properties. However, any contractual protection Westfield Retail Trust currently has in place in relation to services provided by Westfield Group will be removed if the Proposal is implemented.

(B) ON IMPLEMENTATION OF THE PROPOSAL, SCENTRE GROUP WILL HAVE A LOWER NTA PER SECURITY THAN WESTFIELD RETAIL TRUST

The Proposal will result in a change to Westfield Retail Trust's NTA from $3.52 per Westfield Retail Trust Security (as at 31 December 2013) to the equivalent of $2.87 per Westfield Retail Trust Security[28] pro forma NTA as at 31 December 2013. This is described in more detail in Section 3.8.

27 Despite the recommendation in the ASX Guidelines that listed entities should have an independent director as chairman, Mr Frank Lowy AC is considered the most appropriate person to act as Chairman of the Scentre Group Board.

28 The pro forma net tangible assets per Westfield Retail Trust Security is based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. Scentre Group is expected to have net tangible assets (attributable to Scentre Group Securityholders) of $2.82 per security.

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(C) EXPOSURE TO RISKS RELATING TO INCREASED GEARING

Under the Proposal, gearing is expected to increase from 22.4% for Westfield Retail Trust as at 31 December 2013 to 38.4% for Scentre Group on the basis of the pro forma statement of net assets as at 31 December 2013. Scentre Group will therefore be exposed to risks relating to increased gearing (refer to Section 7.3(b) for a description of the material consequences of increased gearing). These risks include the following:

(i) Scentre Group may need to use a larger portion of the cash from its operating activities to pay interest on its debt;

(ii) Scentre Group's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates may be limited because available cash flow after repaying principal and paying interest on debt may not be sufficient to make the other expenditures needed to address these changes;

(iii) adverse economic, credit or financial market or industry conditions will be more likely to have a negative effect on Scentre Group's business because, during periods in which Scentre Group experiences lower earnings and cash flow, it may be unable to refinance its existing debt facilities on favourable terms or at all and may therefore be required to devote a proportionally greater amount of its cash flow to repaying principal and paying interest on its debt; and

(iv) Scentre Group may have a greater exposure to any movements in interest rates.

(D) TRANSACTION AND IMPLEMENTATION COSTS ARE EXPECTED TO BE INCURRED

Total transaction and implementation costs incurred by Scentre Group in relation to the Proposal are estimated to be up to approximately $75 million. These include third party advisory fees, listing and administrative fees, and other expenses associated with the Proposal.

Westfield Retail Trust is expected to have incurred transaction costs of approximately $10 million as at the date of the Meeting

(E) WESTFIELD RETAIL TRUST WILL CEASE TO BE PERMITTED TO USE WESTFIELD IN ITS CORPORATE NAME BUT WILL RETAIN THE WESTFIELD BRAND FOR ITS SHOPPING CENTRES AND ACTIVITIES IN AUSTRALIA AND NEW ZEALAND

Under the Proposal, Westfield Retail Trust will become part of Scentre Group and will cease to be permitted to use Westfield in its corporate name. However, Scentre Group will have an exclusive, continuing, royalty free licence to use the Westfield brand for its shopping centres in Australia and New Zealand pursuant to the terms of the Trade Mark Licence Agreement. See Section 3.10(a) and Annexure F for a summary of the terms of the Trade Mark Licence Agreement.

4.4 RISKS OF THE PROPOSAL

Section 4.4 summarises the key risks relating to the Proposal. This is not an exhaustive list. Securityholders should carefully consider the following risks as well as the risks of an investment in Scentre Group summarised in Section 7 before deciding how to vote on the Proposal, as the occurrence of consequences of some of the risks described in Section 7 are partially or completely outside the control of the Scentre Group, the Scentre Group Board and the Scentre Group Senior Management team.

(A) BENEFITS OF THE PROPOSAL MAY NOT MATERIALISE

Following implementation of the Proposal, Scentre Group may not be able to achieve some or all of the expected potential benefits of the Proposal, as set out in Section 4.2. If Scentre Group fails to achieve some or all of the benefits, its business, financial condition and operating results could be materially and adversely affected.

(B) UNCERTAINTY ABOUT THE MARKET VALUE OF SCENTRE GROUP SECURITIES AFTER THE IMPLEMENTATION OF THE PROPOSAL

The Recommending Directors are of the view that the Proposal will enhance value for Securityholders over time. However, there is no certainty as to the market value of Scentre Group Securities following implementation of the Proposal.

There can be no assurance that Scentre Group Securities will trade at a particular price following implementation of the Proposal. There is a potential risk that the trading price of Scentre Group Securities will reduce from their price on commencement of trading, and that the price of Scentre Group Securities will be less than the existing price of Westfield Retail Trust Securities, particularly as the securityholder base evolves. In this regard, following the implementation of the Proposal, securityholders may adjust their holdings in Scentre Group, creating volatility in the trading price of Scentre Group Securities.

Securityholders should also note that if the Proposal does not proceed, there is no assurance that Westfield Retail Trust Securities will continue to trade at prices in line with recent levels.

(C) SCENTRE GROUP MAY NEED TO REFINANCE BORROWINGS ON LESS ATTRACTIVE TERMS

To the extent that the Scentre Group bridge facilities are drawn, it is intended that they will be refinanced within a period of two years (with an option for Scentre Group to extend for a further year) by issuance of new bonds in the global debt capital markets, including the USD, GBP, EUR and AUD bond markets. Bonds are expected to be issued in a range of maturities of up to 12 years. Such refinancing may not be available at commercially acceptable terms or at all. Additional detail on this refinancing risk is contained in Section 7.3(a).

(D) CHANGE IN CREDIT RATINGS

Scentre Group's credit ratings will be subject to change as determined by credit ratings agencies in the future. There can be no assurance that the credit rating agencies will maintain their credit ratings following completion of the Proposal. Any changes in credit ratings may, among other consequences, impact on access to, and cost of, capital.

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(E) COMPLETION RISK

There is a risk that the conditions precedent to the Proposal may not be satisfied or waived or that their satisfaction may be delayed. If the Conditions Precedent are not satisfied or waived, then the Proposal cannot proceed. Unrecoverable transaction costs incurred by Westfield Retail Trust as at the date of the Meeting are estimated to be approximately $10 million.

It is a Condition Precedent that Westfield Retail Trust and Westfield Group secure financing facilities and related hedging arrangements on terms acceptable to Westfield Retail Trust and Westfield Group in a sufficient amount to permit Westfield Retail Trust to implement the Proposal, having regard to the target gearing ratio for Scentre Group. Westfield Group has negotiated a number of debt facilities for Scentre Group and Westfield Corporation to finance their respective proportions of Westfield Group's debt that they will effectively assume. These debt facilities take the form of bridge facilities and a number of bilateral loan facilities and in the case of Westfield Corporation, a syndicated facility, that become available on the Implementation Date subject to a number of conditions being met. These conditions include the provision of legal opinions and "know your customer" information for entities of Scentre Group and Westfield Corporation and other assurances that are required to be satisfactory in all respects to the financiers. One or more of these conditions may not be able to be met in which case one or more of Scentre Group's or Westfield Corporation's debt facilities will not be able to be drawn and consequently, the Proposal may not proceed.

Further details of the Conditions Precedent are set out in Section 3.5 and in the summary of the Implementation Deed in Annexure F.

(F) THE ATO MAY FAIL TO ISSUE THE CLASS RULING IN THE FORM SET OUT IN THE DRAFT CLASS RULING

Westfield Retail Trust expects to receive the Draft Class Ruling from the ATO in relation to the treatment of the Capital Return, the Stapling Distribution, and the method for determining the cost base of the Westfield Holdings Shares and the Westfield Trust Units on implementation of the Proposal. A final Class Ruling will only be issued following implementation of the Proposal.

The ATO may fail to issue the final Class Ruling or may issue it in a different form to the Draft Class Ruling.

Section 8 provides further information on Australian tax considerations for Securityholders.

(G) INABILITY TO OBTAIN THIRD PARTY CONSENTS REQUIRED TO RESTRUCTURE CONTRACTS OR GUARANTEES OF WESTFIELD HOLDINGS OR WESTFIELD TRUST THAT RELATE TO WESTFIELD GROUP'S INTERNATIONAL BUSINESS

Certain contracts and guarantees that relate to the international business of Westfield Group will need to be restructured to align with the relevant Westfield Corporation entities after implementation of the Proposal. The consent or agreement of third parties to such restructuring is required in certain cases key consents being required from Westfield Group's UK joint venture parties, financiers in relation to one of Westfield Group's UK properties and derivatives counterparties. Where this is the case, the third parties to the contracts may not be willing to provide the relevant consent or, in the case of the guarantees, release the relevant entity of Scentre Group from their obligations under those guarantees following the implementation of the Proposal. In addition, third parties to such contracts may seek to alter the terms of such a contract at the time of providing their consent, as a condition to providing that consent.

If any such contracts and guarantees are not able to be restructured as required Westfield Holdings and Westfield Trust may remain liable to third parties under the contracts and guarantees (even though they relate to the international business of Westfield Corporation).

Under the Implementation Deed, Westfield Corporation must indemnify Scentre Group for any claims made against, or payments to be made by, Westfield Holdings or Westfield Trust under pre-existing contracts or guarantees which relate to the international business of Westfield Group. Further detail about this indemnity is contained in the summary of the terms of the Implementation Deed in Annexure F.

(H) INFORMATION AND DUE DILIGENCE

If any of the data or information provided to and relied upon by Westfield Retail Trust in its due diligence process and its preparation of this Securityholder Booklet proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Scentre Group post implementation of the Proposal may be materially different to the financial position and performance expected by Westfield Retail Trust and reflected in this Securityholder Booklet. Westfield Corporation has agreed to indemnify Scentre Group against any liability which Scentre Group may suffer or incur by reason of any of the Westfield Group Information provided to Westfield Retail Trust being misleading or deceptive or incomplete. Further information about this indemnity is contained in the summary of the terms of the Implementation Deed in Annexure F.

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4.5 ALTERNATIVES CONSIDERED

The Independent Board Committee assessed the Proposal and other potential alternatives against a number of criteria, including:

- maximising value for Securityholders;
- addressing structural inefficiencies that result from an external retail property operating platform; and
- maintaining the high quality of Westfield Retail Trust's portfolio.

The Independent Board Committee carefully considered a range of strategic alternatives before it decided to recommend the Proposal to Securityholders. The alternatives considered included:

(A) MAINTAINING THE EXISTING WESTFIELD RETAIL TRUST STRUCTURE

Maintaining the existing Westfield Retail Trust structure will provide investors with income and capital returns consistent with investing in a high quality shopping centre portfolio. However, the Independent Board Committee believes these returns can be further enhanced as a result of the Proposal, allowing Westfield Retail Trust to gain the benefits of an increased scale of its investment portfolio and through the ownership of the Operating Platform.

(B) DEVELOPING OR ACQUIRING AN OPERATING PLATFORM

Under the terms of the existing Co-operation Deed between Westfield Retail Trust and Westfield Group, where one of those entities has an opportunity to invest in a retail property or development site in Australia or New Zealand, to the extent lawfully permitted they must offer the other entity the same opportunity to acquire 50% of the available interest in the property. Westfield Retail Trust also has an obligation to support Westfield Group being appointed as property manager and developer of any opportunity it shares with Westfield Group. Accordingly, any proposal to develop or acquire an alternative operating platform for the existing Westfield Retail Trust portfolio would require the consent of Westfield Group to terminate these contractual arrangements.

In relation to Westfield Retail Trust's existing shopping centre portfolio, Westfield Group is appointed as the sole manager and agent to manage, operate, promote and provide leasing services for each property and may not be terminated as manager for so long as Westfield Group holds at least a 25% ownership interest (or in one case, 20%) in the relevant shopping centre (except in certain other limited circumstances such as insolvency or material breach by Westfield Group. Westfield Retail Trust and Westfield Group have also entered into Development Framework Agreements whereby a Westfield Group developer is exclusively appointed to provide planning, design and development services approved by the co-owners from time to time in relation to the future development of each property co-owned with Westfield Group.

If Westfield Retail Trust was to acquire or develop its own operating platform, it would not be in a position to manage or develop any of its properties for so long as Westfield Group remained a co-owner and was appointed as the property manager and developer under the current arrangements.

Separately, the Westfield Retail Trust 1 constitution provides that Westfield Retail Trust 1 must engage an appropriately resourced and qualified third party provider to provide all property management, leasing and development services in connection with its assets. This requirement can only be amended by a resolution passed by Securityholders in a general meeting which would require approval by at least 75% of votes cast by Securityholders eligible to vote on the resolution.

(C) UNDERTAKING A SIGNIFICANT BUY-BACK OF EXISTING WESTFIELD RETAIL TRUST SECURITIES

The Independent Board Committee believes that the expected accretion for Securityholders from a significant buy-back (that would effectively increase Westfield Retail Trust's gearing to a similar level as that under the Proposal) would be less than the long term accretion expected to be achieved from implementation of the Proposal and would not provide the strategic opportunities to Westfield Retail Trust that are provided under the Proposal and described in Section 4.2.

(D) SEEKING NEW GROWTH OPPORTUNITIES THROUGH INVESTING IN ALTERNATIVE RETAIL PROPERTY CLASSES

Westfield Retail Trust's portfolio is currently comprised of predominantly large shopping centres containing department stores and/or discount department stores as well as specialty retailers. Incremental future growth could potentially be achieved by expanding outside of these retail categories and looking at alternative retail property including neighbourhood centres. With gearing at 22.4% as at 31 December 2013, Westfield Retail Trust would likely be able to increase its gearing and use the capital to acquire such alternative assets. However, while this alternative may deliver incremental future growth, it may result in the dilution of the quality of the existing portfolio. In addition, it would be necessary to achieve substantial scale in an alternative retail property class in order to deliver such growth.

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(E) UNDERTAKING A SIGNIFICANT DISPOSAL OF WESTFIELD RETAIL TRUST ASSETS AND RETURNING PROCEEDS TO SECURITYHOLDERS

Westfield Retail Trust continually reviews its portfolio to assess the operating performance of its shopping centres on an individual basis. This allows Westfield Retail Trust to identify opportunities for each shopping centre including, where appropriate, disposal.

In circumstances where Westfield Retail Trust was to dispose of a substantial part of its portfolio, given the large size and value of the assets, the disposal and return of proceeds to Securityholders would require an extended period of time and may not result in full value being obtained for each individual property.

The co-owner arrangements for each property in the Westfield Retail Trust portfolio contain pre-emptive rights. Generally, an owner cannot dispose of the whole or part of its property interest without first offering to sell it to the other owner(s) under a defined timetable.

In circumstances where an on-market campaign did take place, this may still adversely impact on the value of the assets due to reductions in competitive tension arising from the co-owner rights and any perceived pressure to sell, and so could result in a return to Securityholders that is below NTA.

The Proposal provides Securityholders with the ability to retain an exposure to the long term returns from a high quality portfolio.

(F) CONSIDERING POTENTIAL TAKEOVER OR OTHER PROPOSALS FOR ALL OF WESTFIELD RETAIL TRUST'S SECURITIES ON ISSUE

Westfield Retail Trust remains open to approaches at any stage and this transaction does not preclude a third party making an alternative proposal to Westfield Retail Trust. Whilst the Independent Board Committee remains open to any potential takeover offers or alternative proposals, an approach from a third party was considered by the Independent Board Committee to be highly unlikely given that:

(i) Westfield Retail Trust currently co-owns all its properties with Westfield Group;

(ii) Westfield Retail Trust and Westfield Group have entered into Property Management Agreements whereby Westfield Retail Trust is required to appoint Westfield Group as the property manager for all properties it co-owns with Westfield Group and that appointment will continue until Westfield Group holds less than a 25% ownership interest (or in one case, 20%) (except in certain limited circumstances including insolvency and material breach by Westfield Group); and

(iii) Westfield Retail Trust and Westfield Group have entered into Development Framework Agreements whereby a Westfield Group developer is exclusively appointed to provide planning, design and development services approved by the co-owners from time to time in relation to the future development of each property co-owned with Westfield Group and that appointment will continue for so long as members of Westfield Group hold at least a 25% direct or indirect interest in the co-owned property.

After careful consideration, the Independent Board Committee believes that the Proposal is the preferred option to maximise long term value for Securityholders and to provide Securityholders with the benefits of an internal management and development platform without diluting the quality of Westfield Retail Trust's existing property portfolio.

An alternative proposal from a third party could emerge before the Meeting. However, as at the date of this Securityholder Booklet, no alternative proposal has emerged. If an alternative proposal does arise, this will be announced to the ASX and the Independent Board Committee will carefully consider the proposal and advise its recommendations.

4.6 IMPLICATIONS IF THE PROPOSAL DOES NOT PROCEED

If Securityholders or Westfield Group Securityholders do not approve the Proposal, the Court does not approve the Westfield Holdings Scheme or any other conditions precedent to the Proposal are not satisfied or waived, the Proposal will not proceed.

In that event:

(a) Westfield Retail Trust will not merge with Westfield Group's Australian and New Zealand business, Securityholders will continue to hold their Westfield Retail Trust Securities and Eligible Securityholders will not hold any new Scentre Group Securities;

(b) Securityholders will not receive the Capital Return;

(c) Westfield Retail Trust will continue to operate as it does now and will continue to rely on Westfield Group for the provision of property management and development for Westfield Retail Trust's portfolio and various other corporate services;

(d) Westfield Retail Trust will continue to focus on its current strategy to deliver stable and consistent cash flows and growth, driven by maximising operating performance, adding value through redevelopments and continuing with prudent capital management;

(e) Westfield Retail Trust is expected to have incurred transaction costs of approximately $10 million as at the date of the Meeting (out of an estimated $75 million in transaction costs payable by Scentre Group if the Proposal had been implemented); and

(f) Westfield Group has indicated that it may consider alternative strategies in relation to its Australian and New Zealand business if the Proposal does not proceed.

5

PROFILE OF SCENTRE GROUP

- SECTION 5 - PROFILE OF SCENTRE GROUP

5. PROFILE OF SCENTRE GROUP

Unless otherwise specified, the financial information and operating statistics referred to in this Section are on a pro forma basis as at 31 December 2013 or for the financial year ended 31 December 2013, as the context requires.

5.1 OVERVIEW

Scentre Group will be an industry leading internally managed retail property group focused on investing and operating retail property in Australia and New Zealand. It will have the largest and most productive shopping centre portfolio in Australia and New Zealand with the highest annual specialty sales per square metre, a key measure of sales productivity.

Scentre Group will own Westfield Group's existing vertically integrated Australian and New Zealand retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management. Westfield Group has a legacy of over 50 years of experience and success in Australia. Scentre Group will have an exclusive royalty free licence to use the Westfield brand in Australia and New Zealand for its existing shopping centre portfolio and any new shopping centres which meet certain agreed characteristics[29].

The board of Scentre Group will be chaired by Mr Frank Lowy AC. The senior management of Scentre Group will comprise existing senior management of Westfield Group, led by Mr Peter Allen as Chief Executive Officer and Mr Mark Bloom as Chief Financial Officer. Scentre Group's operating platform will include the highly experienced Australian and New Zealand operating management team of Westfield Group.

Scentre Group will own a property portfolio comprising interests in 47 shopping centres in Australia and New Zealand with total assets of $29.3 billion and assets under management of $38.6 billion. The portfolio generates annual retail sales of $22 billion, with approximately 12,500 retailers and 555 million customer visits annually.

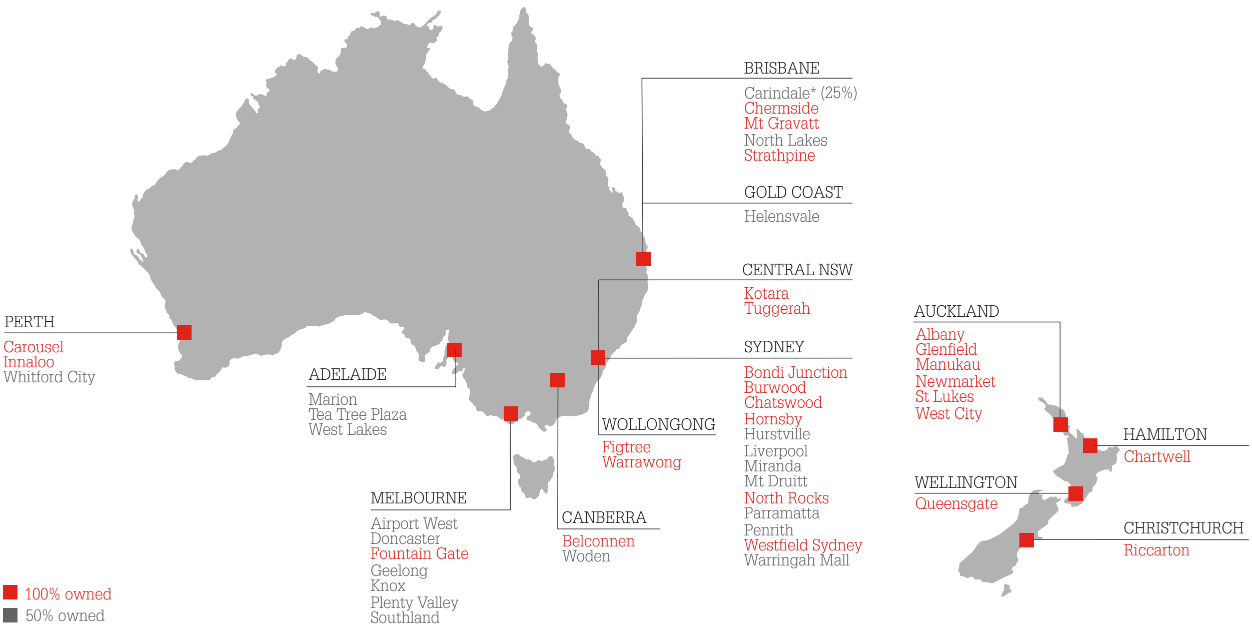
Scentre Group will own the highest quality shopping centre portfolio in Australia with 14 of the top 20 shopping centres in Australia, measured by annual sales, including Westfield Sydney, Bondi Junction, Doncaster, Chermside and Carindale. Scentre Group's portfolio will be the industry leader for retail property in Australia:

- approximately 70% of Australia's population lives within 30 minutes of a Westfield shopping centre[30];
- over 70% of Scentre Group's Australian shopping centres (by value) generate annual sales in excess of $500 million; and
- the Scentre Group portfolio generates approximately 555 million customer visits annually.

The portfolio has a track record over many years of high occupancy, specialty sales, increasing specialty store rent per square metre and comparable net property income growth.

The location of Scentre Group's Australian and New Zealand portfolio is shown in the chart below:

CHART 5.1.1: LOCATION OF SHOPPING CENTRES



* Economic interest held via Carindale Property Trust
Note: All assets managed by Scentre Group

29 Details of the exclusive licence granted under the Trade Mark Licence Agreement are set out in Section 3.10.
30 Calculation is based upon the 2012 estimated residential population within a 30 minute drive time of a Westfield shopping centre, including states and territories in which there is no Westfield shopping centre.

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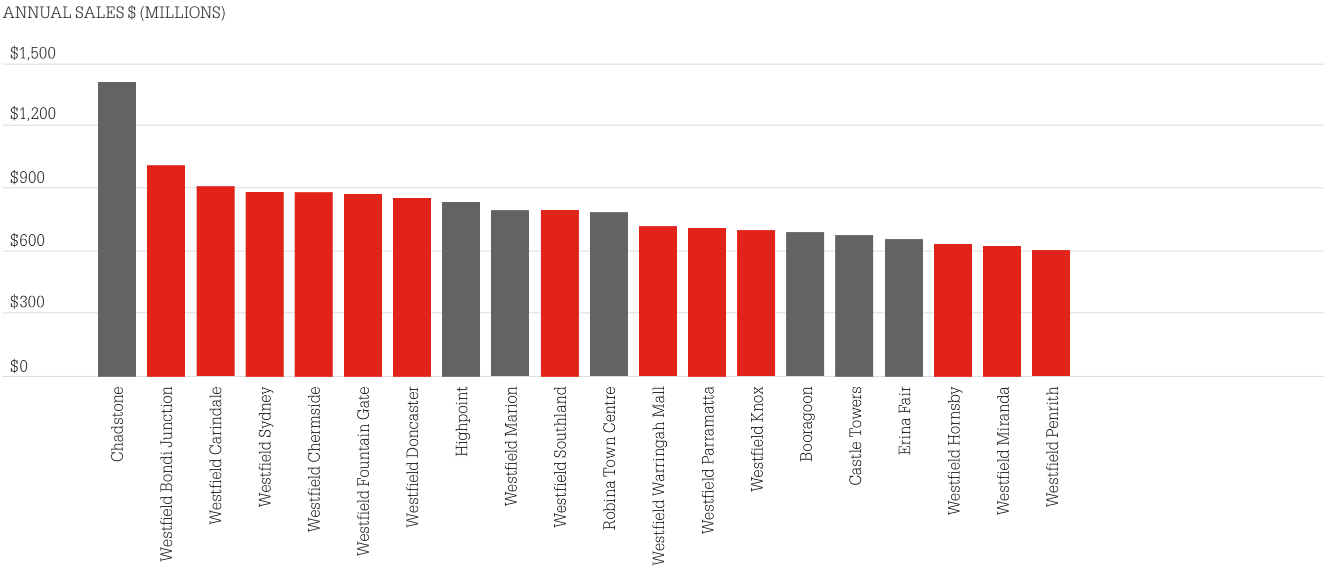
The chart below shows the top shopping centres in Australia measured by annual sales as at 31 December 2013:

CHART 5.1.2: TOP SHOPPING CENTRES IN AUSTRALIA BY ANNUAL SALES (12 MONTHS TO 31 DECEMBER 2013)



Source: Shopping Centre News – Big Guns 2014.

Scentre Group

Other

Scentre Group will be the industry leader in Australia and New Zealand with portfolio metrics including total sales, retail lettable area and number of retailers more than twice its nearest listed peers (on a pro forma basis as at 31 December 2013).

Compared to its listed peers, Scentre Group will also have the highest annual specialty sales per square metre (on a pro forma basis as at 31 December 2013), a key measure of sales productivity, and the highest percentage of shopping centres with greater than $500 million in annual sales.

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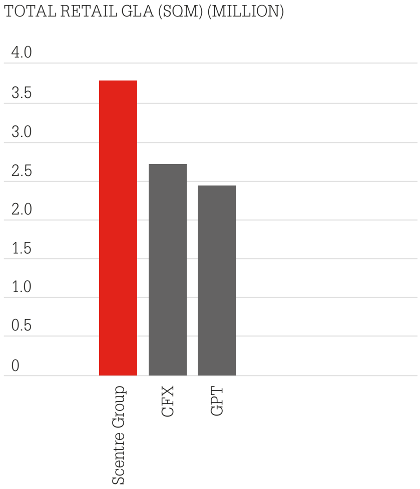
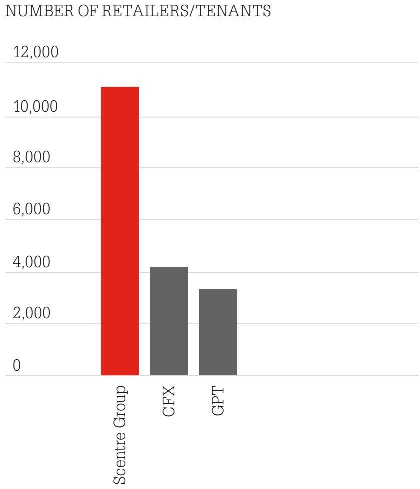
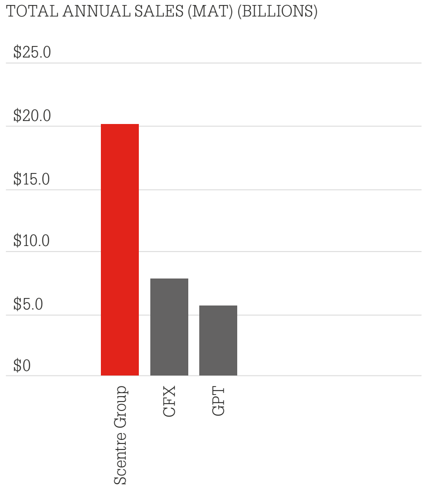
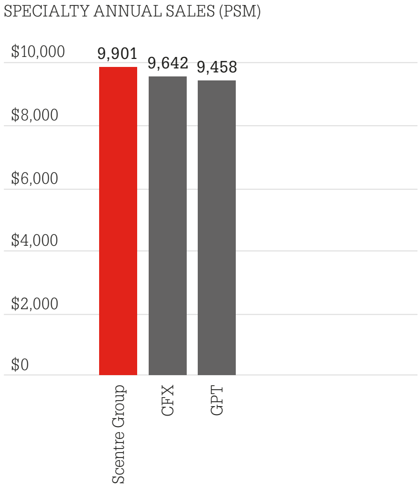
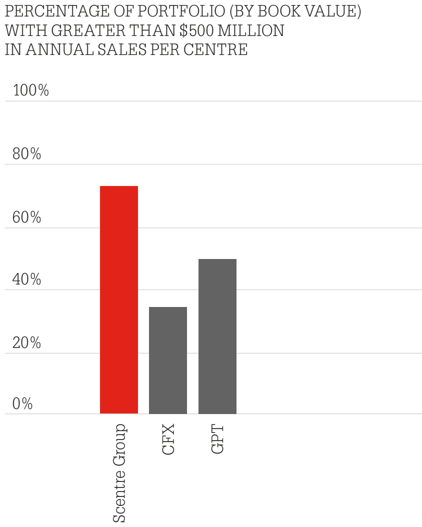
CHART 5.1.3: PEER COMPARISON BASED ON TOTAL RETAIL GLA, NUMBER OF RETAILERS/TENANTS, TOTAL ANNUAL SALES, ANNUAL SPECIALTY SALES AND PERCENTAGE OF PORTFOLIO WITH GREATER THAN $500 MILLION IN ANNUAL SALES PER SHOPPING CENTRE (12 MONTHS TO DECEMBER 2013)











Source: Public company filings for the financial year to 31 December 2013.

Note: Represents Australian portfolio only.

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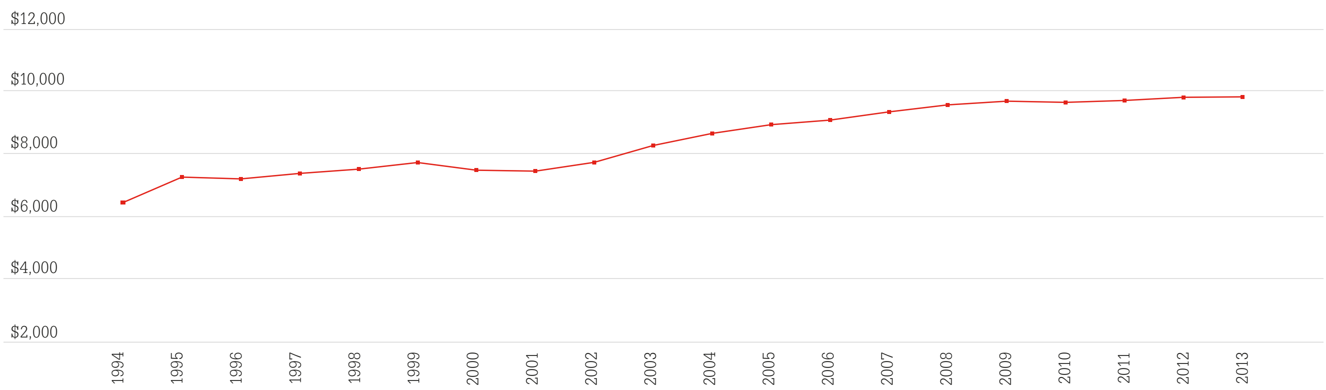
The chart below shows the changes in Australian annual specialty store sales per square metre for the past 20 years:

CHART 5.1.4: AUSTRALIAN ANNUAL SPECIALTY STORE SALES PER SQUARE METRE

SCENTRE GROUP AUSTRALIAN SEPCIALTY STORE SALES PER SQUARE METRE



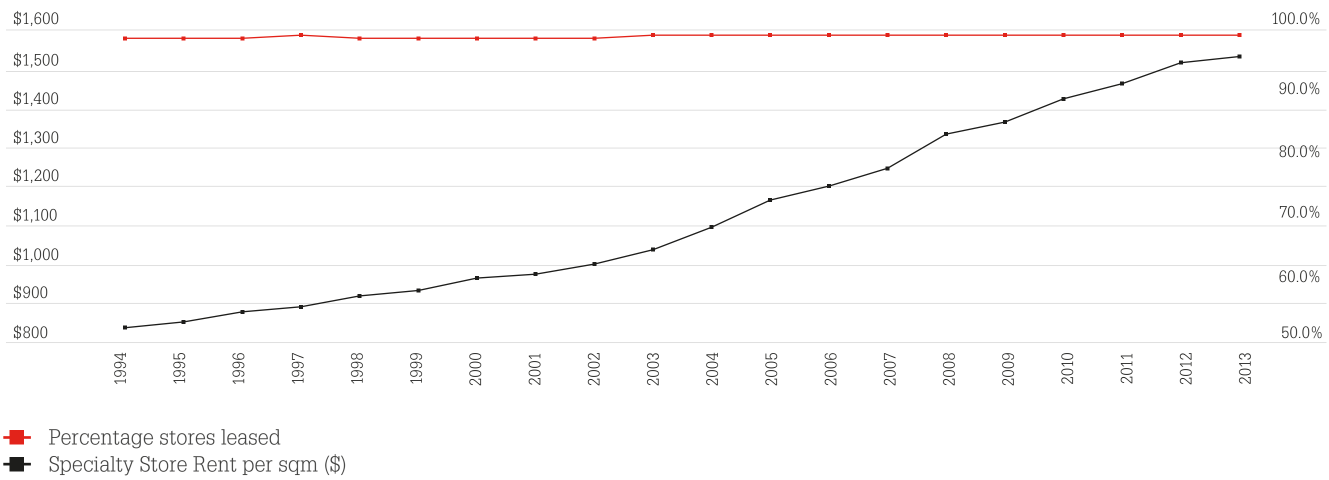
Note: Represents Australian portfolio as reported in the relevant year.

The portfolio has a long track record of being almost fully leased, being over 99% leased for the past 20 years and currently at over 99.5% leased.

The chart below shows the changes in Australian specialty store rent per square metre and the percentage of stores leased for the past 20 years:

CHART 5.1.5: AUSTRALIAN SPECIALTY STORE RENT PER SQUARE METRE (LHS) AND PERCENTAGE STORES LEASED (RHS)

SCENTRE GROUP AUSTRALIAN SPECIALTY STORE RENT PER SQUARE METRE (LHS) AND PERCENTAGE STORES LEASED (RHS)



Note: Represents Australian portfolio as reported in the relevant year.

Scentre Group will have $4.9 billion of current and future development projects on implementation of the Proposal (Scentre Group share: $2.6 billion), representing 13% of assets under management. $1.9 billion of these projects are currently under construction, including Miranda in Sydney and Mt Gravatt in Brisbane, with major development opportunities in Sydney, Brisbane and Adelaide.

Scentre Group will have over 2,000 employees and have its corporate head office in Sydney and offices across Australia and New Zealand. Scentre Group is expected to be a top 20 ASX listed group based on market capitalisation and the largest ASX listed REIT.

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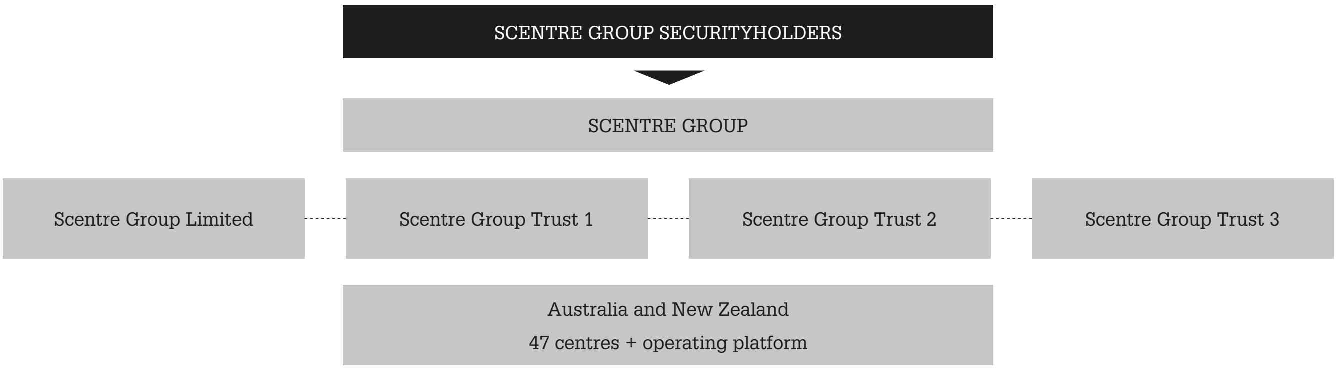
5.2 STRUCTURE DIAGRAM

Below is a simplified diagram of Scentre Group following implementation of the Proposal. The stapled entities of Scentre Group will comprise Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3, trading on the ASX under the ticker "SCG".



Note: Dotted lines indicate Stapling of securities.

5.3 SCENTRE GROUP WILL OWN WESTFIELD GROUP'S AUSTRALIAN AND NEW ZEALAND RETAIL PROPERTY OPERATING PLATFORM

Scentre Group will own Westfield Group's vertically integrated Australian and New Zealand retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management.

Scentre Group will inherit Westfield Group's legacy as the industry leader in Australian retail property with an unparalleled depth of knowledge, a track record of innovation and experience gained over 50 years through owning and developing many of the leading shopping centres in Australia and New Zealand.

Westfield Group's Australian and New Zealand retail property operating platform has a high performance culture with a track record of efficiently operating its shopping centres, creating assets that are highly productive,[31] have strong franchise value and attract leading brands.

Scentre Group's operating strategy will be to create and own leading retail destinations across Australia and New Zealand by integrating food, fashion, leisure and entertainment and using digital technology to better connect retailers with consumers.

Scentre Group will intensively manage its shopping centres, with a particular emphasis on delivering an optimal mix of retailers, maximising the sales productivity of retailers at each shopping centre and providing superior experiences to consumers. These experiences range from parking, shopping centre ambience and retailer mix to food, leisure and entertainment precincts and digital connectivity.

(A) PROPERTY MANAGEMENT, MARKETING AND LEASING

Property management involves day-to-day management, leasing and marketing of Scentre Group's shopping centres as well as the generation of new income opportunities.

Scentre Group will aim to maximise income and capital growth by creating an efficient and highly productive[32] environment for retailers and a superior experience for consumers. Scentre Group will work closely with retailers to provide a superior shopping experience and develop strong relationships with consumers through various marketing initiatives, including supporting the local community surrounding each shopping centre. Scentre Group's property management team will have over 500 executives in Australia and New Zealand across shopping centre management, leasing, marketing, business development, finance and research.

31 By annual retail specialty sales per square metre.

32 By annual retail specialty sales per square metre.

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Scentre Group's property management capabilities are strengthened by the scale, quality and geographic diversification of its portfolio which provides a unique platform to engage with Scentre Group retailers, consumers and marketing partners. Scentre Group will:

(i) have unique relationships with national and international retailers due to its high quality portfolio, development pipeline and in-depth understanding of each shopping centre's local operating environment. Scentre Group's portfolio attracts a superior mix of national and international retailers. On implementation of the Proposal, the portfolio will comprise approximately 12,500 retail outlets across 3.8 million square metres of gross lettable area in 47 shopping centres;

(ii) actively manage its tenancy mix and minimise vacancy by assessing demand by category, implementing its planned precinct strategies and assisting retailers in obtaining critical mass with multiple outlets across the portfolio. Scentre Group's leasing strategy will incorporate detailed research on market and retail trends, based on a unique perspective on retail. Scentre Group will have a fully integrated leasing process, from inception to shop opening, and will collaborate with retailers to deliver high quality innovative fit-outs and shop upgrades, enhancing the consumer experience. Across the Scentre Group portfolio, approximately 2,400 leases were executed during 2013;

(iii) connect with consumers through multiple channels including digital, mobile and in-centre experiences and services providing incremental revenue opportunities across advertising, brand partnerships, sponsorship and gift cards. The scale and breadth of the audience within Scentre Group's shopping centres is highly attractive to brand partners and unique in the shopping centre environment across Australia and New Zealand. Approximately 70% of Australia's population lives within 30 minutes of a Westfield shopping centre[33] and the portfolio generates approximately 555 million customer visits annually;

(iv) inherit a culture of excellence in customer service and an established track record of providing a clean, safe and inclusive environment for consumers. Scentre Group will provide a high level of service including concierge, valet parking and personal shopping and will actively engage with its consumers, creating vibrant social experiences in its shopping centres;

(v) be a highly attractive partner for service providers and businesses including contractors, suppliers, advertisers and leading national and international corporate brands;

(vi) utilise marketing programmes to promote and advertise the shopping centre for the benefit of retailers. The scale, quality and reach of the portfolio achieves synergies in the development of research, experiential programmes, digital initiatives and communication programmes that are shared across the portfolio whilst allowing for local programmes that are relevant to local market needs. Programmes support key categories like fashion and beauty, fresh food, casual dining, seasonal events and Christmas gifting across a range of marketing channels including custom publications, TV advertising, social networks, mobile apps, in-centre events, consumer promotions, point of sale and public relations. In December 2013, Westfield Group launched the Searchable Mall, an important digital initiative, to help consumers find stores, deals, events and products from retailers in their local Westfield shopping centre across multiple devices; and

(vii) aim to expand income opportunities through the provision of car parking services, storage and infrastructure services. Scentre Group will be one of the largest car park operators with over 150,000 car parking spaces under management in Australia and New Zealand processing over 200 million vehicle visits per annum.

Generally, under Scentre Group's property management agreements for properties co-owned with third parties, Scentre Group is entitled to a management fee of 5% of the annual gross income of the property and is entitled to be reimbursed for its out of pocket costs and for other costs agreed with the co-owners. Scentre Group is authorised by the owners to withdraw the management fee from the property's trust account maintained by Scentre Group. Scentre Group's appointment as property manager will continue (unless terminated in limited circumstances, such as breach) for so long as Scentre Group holds at least a 25% direct or indirect interest in the relevant property.[34]

(B) DEVELOPMENT, DESIGN AND CONSTRUCTION

Scentre Group's development capabilities will include all elements of development, design, construction and project leasing for shopping centres in Australia and New Zealand.

Scentre Group will inherit Westfield Group's long and successful track record of shopping centre development in Australia and New Zealand.

Over many years, Westfield Group has maintained a focus on redevelopment and expansion of its shopping centres ensuring the shopping centres remain highly productive,[35] attract leading retailers and provide a high quality experience for consumers.

Westfield Group's most recent redevelopments, including Westfield Sydney, Fountain Gate and Carindale, showcase the innovative approach to design with an emphasis on integrating food, fashion, leisure and entertainment with the latest digital and other emerging technology.

The success of Westfield Group's development business in Australia and New Zealand is demonstrated by the value of projects completed over the last 10 years and the expansion of the development pipeline over this time:

(i) in 2004, Westfield Group had total assets under management of $16.3 billion in Australia and New Zealand with a current and future development pipeline of $2.6 billion; and

(ii) by 31 December 2013, Westfield Group had total assets under management of $38.6 billion in Australia and New Zealand with a current and future development pipeline of $4.9 billion.

33 Calculation is based upon the 2012 estimated residential population within a 30 minute drive time of a Westfield shopping centre, including states and territories in which there is no Westfield shopping centre.

34 In a limited number of cases, the minimum ownership interest Scentre Group will be required to hold is lower than 25%.

35 By annual retail specialty sales per square metre.

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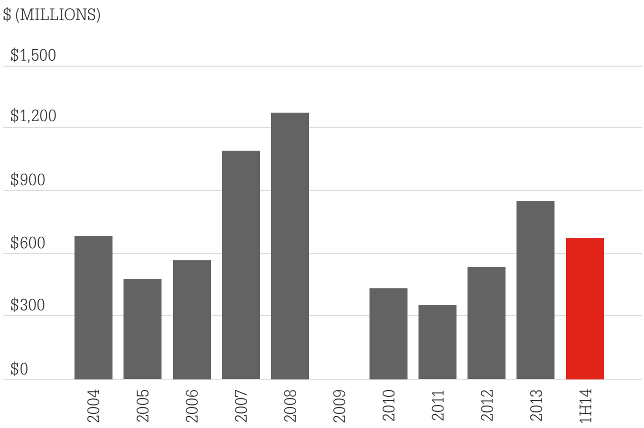
Chart 5.3.1 shows annual development commencements in Australia and New Zealand since 2004. Excluding 2009, commencements have averaged approximately $700 million per annum since 2004. The lack of commencements in 2009 reflects the decision by Westfield Group not to commence any major projects as a result of the global financial crisis.

CHART 5.3.1: AUSTRALIAN AND NEW ZEALAND DEVELOPMENT COMMENCEMENTS 2004 TO 1H14



Over the last ten years, the Australian and New Zealand business has successfully completed 26 developments with a value of $6.0 billion including the $1.2 billion project at Westfield Sydney, the $0.6 billion project at Doncaster, the $0.3 billion project at Carindale and the $0.3 billion project at Fountain Gate.

The nature of shopping centre ownership provides for a consistent pipeline of redevelopment and expansion opportunities for existing shopping centres in the portfolio. Many of the largest and most productive shopping centres[36] in Westfield Group's Australian and New Zealand portfolio, such as Chermside and Miranda, have been through two or more development cycles.

The senior management team responsible for development, design and construction in Australia and New Zealand has over 30 years' combined experience with Westfield. They have successfully executed numerous projects of significant scale and complexity both in Australia and overseas over that period. Scentre Group's development group will have approximately 400 executives in Australia and New Zealand across design (including over 70 architects), construction, development and project finance.

Scentre Group's developments are generally governed by development framework agreements for properties co-owned with third parties. Under the development framework agreements, Scentre Group is entitled to a development fee (3% of the project price), a design fee (10% of the project price) and a project leasing fee (up to 15% of the annual net rent payable by the tenant in the first year of each lease that becomes available as a result of the development). Scentre Group typically enters into fixed price construction contracts with joint venture partners and third parties.

Scentre Group's appointment as developer in relation to co-owned properties will continue (unless terminated in limited circumstances, such as breach) for so long as Scentre Group holds at least a 25% direct or indirect interest in the relevant property.[37]

Scentre Group will have $4.9 billion of current and future projects on implementation of the Proposal (Scentre Group share: $2.6 billion). The projects currently under construction and major identified future development opportunities for Scentre Group are detailed below.

Projects currently under construction

On implementation of the Proposal, Scentre Group will have $1.9 billion of projects currently under construction (Scentre Group share: $0.6 billion) representing the forecast project investment by the property owners. Current projects include:

- **Miranda, New South Wales ($435 million; Scentre Group share: $218 million)** – The shopping centre is already one of the strongest performing shopping centres in Australia on a total annual sales basis and is located in a trade area that contains approximately 558,000 people. The $435 million project will expand the shopping centre by approximately 19,000 square metres to a total of approximately 127,000 square metres of GLA and is anticipated to be completed in 2015.
- **Mt Gravatt, Queensland ($400 million; Scentre Group share: $400 million)** – The shopping centre is also one of the strongest performing shopping centres in Australia on a total annual sales basis, catering to a large and diverse trade area that contains approximately 574,000 people. The $400 million project will expand the shopping centre area by approximately 40,000 square metres to a total of approximately 140,000 square metres of GLA. On completion it is expected that Westfield Garden City in Upper Mt Gravatt will become one of Australia's top 15 shopping centres by annual sales. The project is anticipated to be completed in 2014.

In addition, two third party construction projects at Pacific Fair and Macquarie Centre are being undertaken on behalf of AMP Group on assets which do not form part of the Scentre Group portfolio. These projects are being undertaken as part of a broader agreement between AMP Group and Westfield Group in 2012:

- **Pacific Fair, Queensland ($670 million; Scentre Group share: Nil)** – Upon completion Pacific Fair will be one of the largest shopping centres in Queensland. The project is anticipated to be completed in 2016.
- **Macquarie Centre, New South Wales ($390 million; Scentre Group share: Nil)** – Upon completion, Macquarie Centre will be one of the largest shopping centres in Sydney. The project is anticipated to be completed in 2014.

In addition, Westfield Group also has the design and construction rights for a future redevelopment of Booragoon in Western Australia.

36 By annual retail specialty sales per square metre.

37 In a limited number of cases, the minimum ownership interest Scentre Group will be required to hold is lower than 25%. One of the development framework agreements is for a term expiring in September 2017.

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Major development and construction opportunities

Scentre Group will have $3 billion (Scentre Group share: $2 billion) of identified development opportunities which are expected to create significant long term value, with between $1.5 billion and $2.0 billion of development projects expected to commence over the next three years. The targeted unlevered internal rates of return for developments are between 12% to 15%.

The future development opportunities in Australia and New Zealand include the following:

Table 5.3.2: Future development opportunities in Australia and New Zealand

Australia		New Zealand
– Carousel (WA)	– North Lakes (QLD)	– Albany
– Chatswood (NSW)(1)	– Plenty Valley (VIC)	– Newmarket(1)
– Chermside (QLD)(1)	– Tea Tree Plaza (SA)	– St Lukes
– Knox (VIC)	– Tuggerah (NSW)	
– Kotara (NSW)(1)	– Warringah (NSW)(1)	
– Marion (SA)(1)	– Whitford City (WA)	

(1) Expected to commence over the next three years.

Risks in relation to future development opportunities are set out in Section 7.2(a).

(C) FUND AND ASSET MANAGEMENT

Scentre Group will derive income from funds management activities, including through an annual manager's service fee from Carindale Property Trust.

Carindale Property Trust is a single asset trust which owns a 50% interest in Westfield Carindale. Westfield Group's Australian and New Zealand business owns 50% of the units of Carindale Property Trust and thereby retains a 25% indirect interest in Westfield Carindale.

Westfield Carindale is one of Brisbane's largest shopping centres and one of Australia's top 10 shopping centres based on annual retail sales. As at 31 December 2013, Westfield Carindale was in excess of 99% leased with total annual retail sales for the 12 months ending 31 December 2013 of $908 million, up 19% on the previous corresponding period. Westfield Carindale is valued at $1.37 billion (Carindale Property Trust share: $685 million).

Westfield Group's Australian and New Zealand business is forecast to generate an annual manager's service fee of $4 million from Carindale Property Trust for FY14.

In addition, Scentre Group will derive asset management income from the Property Linked Notes established in 2006 and 2007. These are notes issued by Westfield Group which are designed to provide returns based on the economic performance of the following shopping centres: Parramatta, Hornsby and Burwood in New South Wales, Southland in Victoria, Tea Tree Plaza in South Australia and Belconnen in the Australian Capital Territory. The current issue of Property Linked Notes is due to mature in late 2016. On maturity, in the event the notes are not renewed, Scentre Group will be able to elect whether the notes are repaid in cash or by way of transfer of the relevant underlying properties to the note holders.

Scentre Group's total assets under management are valued at $38.6 billion, including $10 billion of external assets under management.

5.4 OPERATING STRATEGY

Scentre Group's operating strategy will be to create and own leading retail destinations across Australia and New Zealand by integrating food, fashion, leisure and entertainment and using digital technology to better connect retailers with consumers.

Scentre Group's portfolio will comprise 47 shopping centres which are destinations of choice for shopping, dining, entertainment, events and socialising in major cities across Australia and New Zealand.

Scentre Group will intensively manage its shopping centres, with a particular emphasis on delivering an optimal mix of retailers, maximising the sales productivity of retailers at each shopping centre and providing superior experiences to consumers. These experiences range from parking, shopping centre ambience and retailer mix to food, leisure and entertainment precincts and digital connectivity.

Improving the quality of the portfolio to adapt to the next generation of retail

Scentre Group will focus on improving the quality of its shopping centre portfolio through expansion and redevelopment. This will allow Scentre Group to adapt to the next generation of retail by focusing on four key areas:

(a) the quality of design and the standard of services;

(b) the continued introduction of leading local and international retail brands across its portfolio;

(c) the highest standard of food and the integration of dining precincts with fashion and entertainment; and

(d) great consumer experiences.

Scentre Group will combine these elements through its development programme to ensure its shopping centres are an essential part of the communitys' social and economic fabric.

The ability of Scentre Group to adapt in these key areas is highlighted by recently completed developments, and current projects under development:

(a) the $1.2 billion project at Westfield Sydney, completed in 2012, has changed the face of retailing in the Sydney CBD by combining a mix of domestic and international luxury and high street retailers integrated with a premium dining experience. This shopping centre achieved annual specialty sales of $16,482 per square metre for 2013, the highest in Westfield Group's global portfolio; and

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(b) Westfield Miranda, a $435 million project, will create an exciting retail destination for Sydney's southern region. The 19,000 square metre expansion will incorporate the latest high quality design specifications and a premium level of services. It will comprise a new Woolworths and upgraded BIG W, a fully refurbished Myer department store, new mini-majors, and approximately 100 new specialty retailers as well as a new dining, entertainment and leisure precinct incorporating a 10-screen multiplex Event cinema.

Generating new income opportunities by leveraging the scale of Scentre Group's portfolio

Scentre Group will continue Westfield Group's focus on generating new income opportunities across its portfolio. This includes a focus on expanding media and advertising revenues, digital, storage, car parking and infrastructure services as well as the provision of customer services such as valet parking and other concierge services.

Using digital technology to better connect retailers with consumers

Scentre Group's operating strategy recognises the emergence of digital technology as an important element in better connecting the retailer with the consumer and improving the shopping experience for both groups.

As an example, in December 2013, Westfield Group launched a new online website capability, Searchable Mall, an important digital initiative in Australia. Searchable Mall gives consumers the ability to search Westfield shopping centres across Australia and find products from retailers as well as offers, deals, events, opening hours, movie times and more. This new capability enhances Scentre Group's online and in-centre experience.

5.5 CAPITAL MANAGEMENT STRATEGY

Scentre Group's capital management strategy will be to invest capital in the ownership and development of high quality shopping centres across Australia and New Zealand and position Scentre Group to enhance long term earnings growth and return on equity.

On implementation of the Proposal Scentre Group will have:

(a) a strong financial position and balance sheet with total assets of $29.3 billion and net debt of $11.1 billion with the capacity to pursue its operating strategy, including funding future identified capital expenditures; and

(b) property management income and project income representing 10% to 12% of pro forma forecast FFO for FY14.

Scentre Group intends to maintain on a pro forma basis as at 31 December 2013 a target gearing ratio in the 30% to 40% range. Scentre Group will have gearing of 38.4% on a pro forma basis as at 31 December 2013 and interest cover of 3.3 times on a pro forma forecast basis for FY14 (see Section 6.10). This is an increase from the gearing level of Westfield Retail Trust of 22.4% as at 31 December 2013.

Scentre Group's distribution policy is set out in Section 6.6.

5.6 PROPERTY PORTFOLIO

Scentre Group's shopping centres are geographically diversified across major cities in Australia and New Zealand, located in prime trade areas, anchored by long term tenancies with major retailers with a diversified mix of specialty, national and international retailers.

The majority of Scentre Group's portfolio will be located in Australia, with 38 shopping centres representing 91% of the portfolio by value ($26.0 billion). Scentre Group will also own nine shopping centres in New Zealand representing 9% of the portfolio by value ($2.6 billion). Scentre Group will wholly own 26 shopping centres in Australia and New Zealand valued at $18.9 billion.

Scentre Group's portfolio will include assets such as Westfield Sydney and Bondi Junction in Sydney, Carindale and Chermside in Brisbane and Doncaster in Melbourne. Each of these assets achieves annual specialty sales productivity in excess of $10,000 per square metre and total annual sales in excess of $800 million. These flagship shopping centres continue to be leading destinations of choice for both domestic and international retailers.

The key attributes of Scentre Group's portfolio include:

(a) **high sales productivity and occupancy** – the portfolio has annual retail specialty sales of $9,901 per square metre in Australia, the highest annual specialty sales per square metre compared to its listed peers and has maintained an occupancy rate of over 99% for the last 20 years (and currently at over 99.5%);

(b) **stability of income** – the leases are structured both to provide stability and to drive income growth. Leases with anchor tenants generally have lease terms of 15 to 25 years, with stepped increases throughout the term which can be fixed, CPI based or sales turnover based. Specialty tenants are typically on shorter lease terms, averaging five to seven years, with annual contracted increases of either CPI plus a fixed percentage or fixed percentage increases. Over 99% of the total rental income is currently derived from minimum contracted base rent, with approximately 1% being directly linked to retailer sales; and

(c) **consistent net operating income growth** – active leasing and property management has supported long term comparable net operating income growth. Over the last 10 years, the portfolio has delivered compound annual growth in comparable net operating income of 4.5%. More recently, net operating income growth has slowed with property net operating income growth of 2.0% in Australia in 2013. Comparable net operating income growth is forecast to grow in Australia by 2.0% to 2.5% in 2014.

Scentre Group will be a major landlord to retail stores including David Jones, Myer, Farmers, Target, Kmart, BIG W, Coles and Woolworths.

Scentre Group's shopping centre investments will be undertaken through direct ownership, joint ventures and co-ownership arrangements and its shopping centres will be managed internally.

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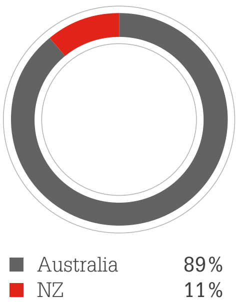
The key ownership statistics for Scentre Group are set out in the table below:

Table 5.6.1: Key portfolio ownership statistics (as at 31 December 2013)[1]

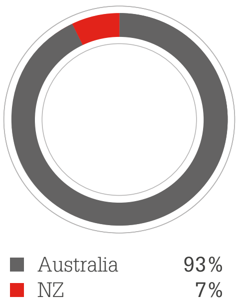
	Australia	New Zealand	Total
Scentre Group ownership interests (billion)	\$26.0	NZ\$2.8	\$28.6
Capital partner ownership interests (billion)	\$10.0	NZ\$0.0	\$10.0
Assets under management (billion) (AUM)	\$36.0	NZ\$2.8	\$38.6
Scentre Group share of AUM	72%	100%	74%

(1) Shopping centre assets and includes construction in progress and assets held for development.

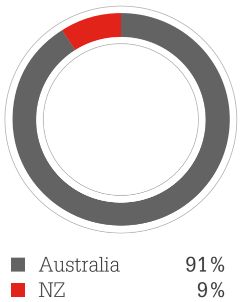
GROSS LETTABLE AREA



ASSETS UNDER MANAGEMENT



SCENTRE GROUP OWNERSHIP INTERESTS



The key operating statistics for the Scentre Group property portfolio are set out in the table below:

Table 5.6.2: Portfolio summary (as at 31 December 2013)

	Australia	New Zealand	Total
Shopping centres	38	9	47
Retail outlets	11,135	1,409	12,544
GLA (million square metres)	3.4	0.4	3.8
Portfolio leased %	>99.5%	99.5%	>99.5%
Total annual sales (billion)	\$20.2	NZ\$2.0	\$22.0
Annual specialty sales per square metre	\$9,901	NZ\$8,542	N/A
Weighted average estimated valuation yield[1]	5.9%	7.3%	6.0%

(1) Based on property Tables 5.6.3 and 5.6.4.

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The assets that will initially comprise Scentre Group's Australian and New Zealand portfolio are listed below.

Table 5.6.3: Scentre Group – pro forma shopping centre interests – Australian properties

Shopping Centre	Joint Venture Partner(s)	Pro forma Consolidated or Equity Accounted Interest 31 Dec-13	Fair value 100% 31 Dec 13 $million	Pro forma Scentre Group share Fair value 31 Dec 13 $million	Pro forma Estimated Valuation Yield 31 Dec 13
Belconnen		100.0	808.0	808.0	6.00%
Woden	GPT	50.0	650.0	325.0	6.25%
AUSTRALIAN CAPITAL TERRITORY			1,458.0	1,133.0	6.07%
Bondi Junction		100.0	2,253.8	2,253.8	5.25%
Burwood		100.0	840.2	840.2	6.00%
Chatswood		100.0	905.8	905.8	6.00%
Figtree		100.0	155.0	155.0	7.50%
Hornsby		100.0	894.4	894.4	6.00%
Hurstville	DEXUS	50.0	540.0	270.0	7.00%
Kotara		100.0	710.0	710.0	6.25%
Liverpool	AMP Capital Investors	50.0	900.0	450.0	6.25%
Miranda#	DEXUS	50.0	1,386.0	693.0	5.75%
Mt Druitt	DEXUS	50.0	474.8	237.4	7.00%
North Rocks		100.0	123.0	123.0	7.25%
Parramatta	GIC	50.0	1,618.0	809.0	5.75%
Penrith	GPT	50.0	1,095.2	547.6	6.00%
Tuggerah		100.0	660.0	660.0	6.25%
Warrawong		100.0	187.0	187.0	8.00%
Warringah Mall	AMP Capital Investors	50.0	1,150.0	575.0	6.00%
Westfield Sydney(1)		100.0	3,358.2	3,358.2	5.29%
NEW SOUTH WALES			17,251.4	13,669.4	5.80%
Carindale(2)	APPF	50.0	1,370.2	685.1	5.75%
Chermside		100.0	1,648.6	1,648.6	5.50%
Helensvale	QIC	50.0	390.0	195.0	6.50%
Mt Gravatt #		100.0	918.8	918.8	6.00%
North Lakes	DEXUS	50.0	465.2	232.6	6.25%
Strathpine		100.0	275.0	275.0	7.25%
QUEENSLAND			5,067.8	3,955.1	5.86%
Marion	APPF	50.0	1,180.0	590.0	5.90%
Tea Tree Plaza	AMP Capital Investors	50.0	683.8	341.9	6.00%
West Lakes	DEXUS	50.0	520.0	260.0	6.25%
SOUTH AUSTRALIA			2,383.8	1,191.9	6.00%

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Retail Sales				
Total Annual Sales $million	Specialty Annual Sales $psm	Lettable Area (square metres)	No of Retail Outlets	Anchor Tenants
507.7	7,864	94,718	290	Myer, Target, Kmart, Harris Scarfe, Coles, Woolworths, Aldi, Hoyts, Toys R Us, Dan Murphy's
369.0	8,674	72,292	255	David Jones, BIG W, Coles, Woolworths, Hoyts
1,006.3	13,406	127,716	510	Myer, David Jones, Target, Coles, Woolworths, Harvey Norman, Event Cinemas
430.8	9,536	63,319	248	David Jones, Target, Kmart, Coles, Woolworths, Event Cinemas
493.4	9,081	77,107	274	Myer, Target, Coles, Aldi, Toys R Us, Hoyts
180.2	8,795	21,997	99	Kmart, Coles, Woolworths
626.3	7,938	99,953	335	Myer, David Jones, Target, Kmart, Coles, Woolworths, Aldi, Dan Murphy's, Event Cinemas
413.6	9,529	62,542	261	Myer, Target, Kmart, Coles, Aldi, Food for Less, Dan Murphy's, Toys R Us, Greater Union
446.7	9,264	68,491	260	David Jones, Target, Kmart, Coles, Woolworths, Toys R Us
484.8	8,372	85,199	343	Myer, Target, BIG W, Coles, Woolworths, Toys R Us, Event Cinemas
614.1	11,698	107,929	397	Myer, David Jones, Target, BIG W, Woolworths, Franklins, Aldi, Toys R Us, Greater Union
392.7	7,861	60,190	243	Target, Kmart, Coles, Woolworths, Harvey Norman, Hoyts
147.1	6,659	22,577	87	Kmart, Coles, Aldi
705.7	10,155	137,321	493	Myer, David Jones, Target, Kmart, Coles, Woolworths, Toys R Us, Event Cinemas
596.0	10,452	91,690	345	Myer, Target, BIG W, Woolworths, Aldi, Hoyts
474.9	7,962	83,391	266	David Jones, Target, BIG W, Coles, Woolworths, Aldi, Dan Murphy's, Event Cinemas
216.2	6,021	57,114	142	Target, BIG W, Coles, Aldi, Bunnings Warehouse, Hoyts
710.0	9,651	126,634	320	Myer, David Jones, Target, BIG W, Coles, Woolworths, Bunnings Warehouse, Hoyts
885.8	16,482	167,975	364	Myer
908.5	10,788	135,496	423	Myer, David Jones, Target, BIG W, Coles, Aldi, Woolworths, Richies' Supa IGA, Harvey Norman, Birch Carroll & Coyle
874.3	13,434	150,927	412	Myer, David Jones, Harris Scarfe, Target, Kmart, BIG W, Coles, Woolworths, Dan Murphy's, Event Cinemas
360.8	10,716	44,626	189	Target, Kmart, Coles, Woolworths, Aldi
508.9	8,915	98,651	313	David Jones, Kmart, BIG W, Coles, Woolworths, Harvey Norman, Toys R Us, Birch Carroll & Coyle
408.8	10,272	61,428	215	Myer, Target, BIG W, Coles, Woolworths, Aldi, Dan Murphy's
267.2	8,083	44,652	165	Target, BIG W, Coles, Woolworths, Aldi, Birch Carroll & Coyle
794.0	11,030	135,241	332	Myer, David Jones, Target, Kmart, BIG W, Harris Scarfe, Coles, Woolworths, Dan Murphy's, Bunnings Warehouse, Event Cinemas
478.1	10,298	93,974	258	Myer, Target, Kmart, BIG W, Harris Scarfe, Coles, Woolworths, Toys R Us, Hoyts
375.2	9,688	72,823	260	David Jones, Target, Kmart, Harris Scarfe, Coles, Woolworths, Reading Cinemas

- SECTION 5 -
PROFILE OF SCENTRE GROUP

Shopping Centre	Joint Venture Partner(s)	Pro forma Consolidated or Equity Accounted Interest 31 Dec-13	Fair value 100% 31 Dec 13 $million	Pro forma Scentre Group share Fair value 31 Dec 13 $million	Pro forma Estimated Valuation Yield 31 Dec 13
Airport West	Perron Group	50.0	345.0	172.5	7.00%
Doncaster	M&G Asia Property Fund & ISPT	50.0	1,620.0	810.0	5.50%
Fountain Gate		100.0	1,455.0	1,455.0	5.75%
Geelong	Perron Group	50.0	480.0	240.0	6.25%
Knox	State Super	50.0	1,030.0	515.0	6.50%
Plenty Valley	DEXUS	50.0	315.0	157.5	6.50%
Southland	AMP Capital Investors	50.0	1,356.0	678.0	5.85%
VICTORIA			6,601.0	4,028.0	5.93%
Carousel		100.0	990.0	990.0	5.50%
Innaloo		100.0	274.0	274.0	7.00%
Whitford City	GIC	50.0	600.0	300.0	6.75%
WESTERN AUSTRALIA			1,864.0	1,564.0	6.00%
Total Australian portfolio			34,626.0	25,541.4	5.86%

\# Centre currently under redevelopment.

(1) Westfield Sydney comprises Sydney Central Plaza, the Sydney City retail complex and office towers. The estimated yield on Westfield Sydney is 5.59%, comprising retail 5.29% (Sydney City 5.13% and Sydney Central Plaza 5.75%) and office 6.46% .

(2) 50% interest in this shopping centre through Carindale Property Trust is consolidated and 25% is shown as non controlling interest.

Table 5.6.4: Scentre Group – pro forma shopping centre interests – New Zealand properties

Shopping Centre	Location	Pro forma Consolidated or Equity Accounted Interest 31 Dec-13	Fair value 100% 31 Dec 13 NZ$million	Pro forma Scentre Group share Fair value 31 Dec 13 NZ$million	Pro forma Estimated Valuation Yield 31 Dec 13
Albany	Auckland	100.0	434.0	434.0	6.50%
Chartwell	Hamilton	100.0	175.0	175.0	8.25%
Glenfield	Auckland	100.0	106.0	106.0	8.38%
Manukau	Auckland	100.0	335.6	335.6	7.63%
Newmarket	Auckland	100.0	249.0	249.0	7.13%
Queensgate	Wellington	100.0	312.0	312.0	7.25%
Riccarton	Christchurch	100.0	470.0	470.0	7.50%
St Lukes	Auckland	100.0	447.0	447.0	6.88%
WestCity	Auckland	100.0	181.0	181.0	8.38%
Total New Zealand portfolio			2,709.6	2,709.6	7.33%
Exchange rate			1.0869	1.0869	
Total New Zealand portfolio in A$			2,493.0	2,493.0	

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PROFILE OF SCENTRE GROUP

Retail Sales: Total Annual Sales $million	Retail Sales: Specialty Annual Sales $psm	Lettable Area (square metres)	No of Retail Outlets	Anchor Tenants
289.6	7,366	52,190	175	Target, Kmart, Harris Scarfe, Coles, Woolworths, Aldi, Village Roadshow
855.6	12,242	123,190	442	Myer, David Jones, Target, BIG W, Coles, Woolworths, Toys R Us, Village Roadshow
872.3	8,816	174,900	469	Myer, Target, Kmart, BIG W, Harris Scarfe, Coles, Woolworths, Aldi, Harvey Norman, Kmart Garden, Village Roadshow
278.8	8,174	51,643	184	Myer, Target, BIG W, Coles
685.4	8,452	141,934	409	Myer, Target, Kmart, Harris Scarfe, Coles, Harvey Norman, Toys R Us, Village Roadshow
319.0	6,780	53,845	179	Target, Kmart, Coles, Woolworths, Aldi
791.5	8,516	129,167	403	Myer, David Jones, Harris Scarfe, Target, Kmart, BIG W, Coles, Woolworths, Aldi, Village Roadshow
584.0	11,105	82,370	295	Myer, Target, Kmart, Coles, Woolworths, Hoyts
308.4	8,820	47,461	175	Target, Kmart, Coles, Woolworths, Progressive IGA
517.6	8,689	77,751	305	Target, BIG W, Coles, Woolworths, Bunnings Warehouse, Grand Cinemas
20,178.6		3,400,424	11,135	

Retail Sales: Total Annual Sales NZ$million	Retail Sales: Specialty Annual Sales NZ$psm	Lettable Area (square metres)	No of Retail Outlets	Anchor Tenants
313.4	9,978	53,217	145	Farmers, Kmart, New World, Event Cinemas
127.6	5,913	29,020	129	Farmers, Countdown, Event Cinemas
134.5	4,914	30,489	117	Farmers, The Warehouse, Countdown
212.3	8,065	45,528	199	Farmers, Countdown, Event Cinemas
130.3	10,971	31,491	117	Countdown
226.5	7,180	51,399	182	Farmers, The Warehouse, Countdown, Event Cinemas
432.9	11,539	55,379	198	Farmers, Kmart, Pak n Save, Hoyts
270.9	10,473	39,699	179	Farmers, Kmart, Countdown, Event Cinemas
150.3	6,310	36,180	143	Farmers, The Warehouse, Countdown, Event Cinemas
1,998.7		372,403	1,409	

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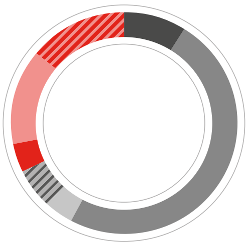
The chart below shows the geographic distribution of Scentre Group's portfolio by asset value on a pro forma basis as at 31 December 2013:

CHART 5.6.1: GEOGRAPHIC DISTRIBUTION BY ASSET VALUE (AS AT 31 DECEMBER 2013)



NZ	8.9%
NSW	48.8%
ACT	4.0%
WA	5.6%
SA	4.3%
VIC	14.4%
QLD	14.1%

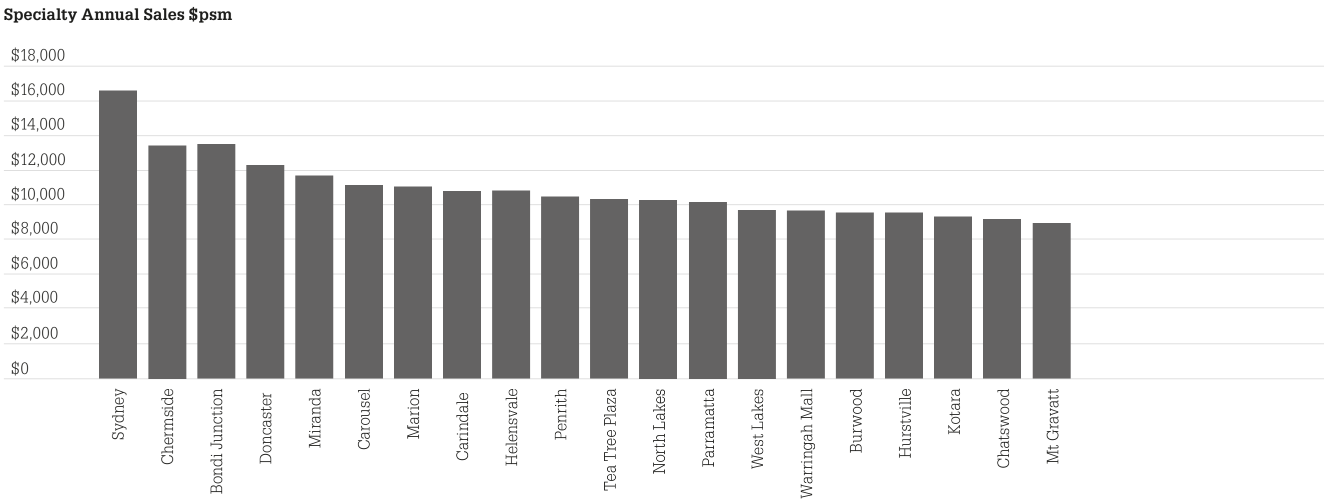
The size and quality of Scentre Group's portfolio will be unrivalled in the Australian market, with over 70% of the portfolio's Australian shopping centres (by book value) achieving annual retail sales in excess of $500 million. The portfolio already achieves high annual sales productivity for retailers, with:

(a) average annual specialty retail sales of $9,901 per square metre, and average specialty rents of $1,537 per square metre for the Australian properties; and

(b) average annual specialty retail sales of NZ$8,542 per square metre, and average specialty rents of NZ$1,128 per square metre for the New Zealand properties.

The chart below shows annual specialty sales per square metre for the top 20 shopping centres in Scentre Group's Australian portfolio for the 12 month period to 31 December 2013:

CHART 5.6.2: AUSTRALIAN ANNUAL SPECIALTY SALES $PSM (12 MONTHS TO 31 DECEMBER 2013)



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The table below shows annual sales for Scentre Group's Australian portfolio for the 12 month period to 31 December 2013. Over 70% of the Australian shopping centres (by value) generate annual sales over $500 million.

Table 5.6.5: Australian annual sales (12 month period to 31 December 2013)

					Proportion of Australian Portfolio
>$800m	Bondi Junction	$1,006.3m	Chermside	$874.3m	40%
	Carindale	$908.5m	Fountain Gate	$872.3m	
	Westfield Sydney	$885.8m	Doncaster	$855.6m	
$700m – $800m	Marion	$794.0m	Parramatta	$705.7m	11%
	Southland	$791.5m			
	Warringah Mall	$710.0m			
$600m – $700m	Knox	$685.4m			8%
	Hornsby	$626.3m			
	Miranda	$614.1m			
$500m – $600m	Penrith	$596.0m	Mt Gravatt	$508.9m	14%
	Carousel	$584.0m	Belconnen	$507.7m	
	Whitford City	$517.6m			
$400m – $500m	Chatswood	$493.4m	Kotara	$446.7m	17%
	Liverpool	$484.8m	Burwood	$430.8m	
	Tea Tree Plaza	$478.1m	Hurstville	$413.6m	
	Tuggerah	$474.9m	North Lakes	$408.8m	
<$400m	Mt Druitt	$392.7m	Airport West	$289.6m	10%
	West Lakes	$375.2m	Geelong	$278.8m	
	Woden	$369.0m	Strathpine	$267.2m	
	Helensvale	$360.8m	Warrawong	$216.2m	
	Plenty Valley	$319.0m	Figtree	$180.2m	
	Innaloo	$308.4m	North Rocks	$147.1m	

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The portfolio includes approximately 12,500 retail outlets covering the whole spectrum of retail, leisure and lifestyle. The two charts below show Australian annual sales by trading category and Australian annual specialty sales by trading category:

CHART 5.6.3: AUSTRALIAN ANNUAL SALES BY TRADING CATEGORY (12 MONTHS TO 31 DECEMBER 2013)

Department Stores	10%
Discount Department Stores	10%
Supermarkets	18%
Other Majors	2%
Mini Majors	12%
Specialties	39%
Cinemas	1%
Other Specialties	8%

CHART 5.6.4: AUSTRALIAN ANNUAL SPECIALTY SALES BY TRADING CATEGORY (12 MONTHS TO 31 DECEMBER 2013)

Fashion	28%
Footwear	7%
Jewellery	8%
Leisure	10%
General Retail	8%
Homewares	4%
Other	3%
Retail Services	9%
Food Retail	7%
Food Catering	16%

The two charts below show Australian and New Zealand lease expiry by year, based on total store area and specialty store area:

CHART 5.6.5: LEASE EXPIRY BY YEAR – AUSTRALIA AND NEW ZEALAND – TOTAL STORE AREA (AS AT 31 DECEMBER 2013)

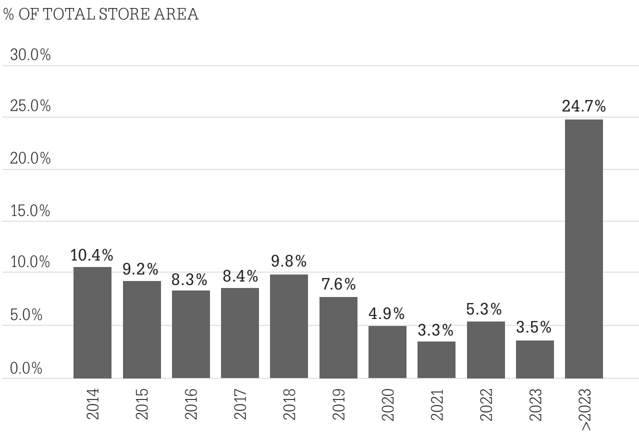
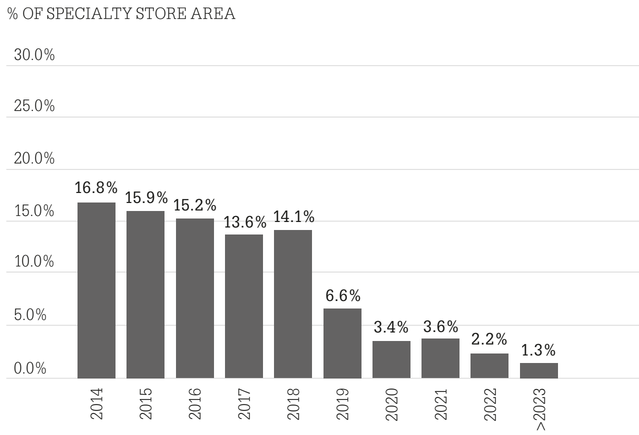


CHART 5.6.6: LEASE EXPIRY BY YEAR – AUSTRALIA AND NEW ZEALAND – SPECIALTY STORE AREA (AS AT 31 DECEMBER 2013)



PORTFOLIO OPERATING INFORMATION

(A) LEASE STRUCTURE

Approximately 83% of total annual rental income in Scentre Group's shopping centre portfolio is derived from specialty stores. Standard specialty shop lease terms are five to seven years with current annual contracted rent increases of either CPI plus a fixed percentage or fixed percentage rent increases. The remainder comes from anchor tenants which generally have lease terms of 15 to 25 years with stepped rent increases throughout the term which can be fixed, CPI based or sales turnover based.

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(B) OPERATING DATA

Anchor tenants

Generally, anchor tenants are major stores whose merchandise appeals to a broad range of consumers and traditionally they have been a significant factor in attracting consumers to shopping centres. The following table lists anchor tenants within their broad trading categories, the number of stores leased by each anchor tenant, anchor tenant GLA and anchor tenant GLA as a percentage of total GLA:

Table 5.6.6: Anchor tenant key statistics – Australia and New Zealand (as at 31 December 2013)

Anchor	Number of anchor stores	Anchor GLA (000's sqm)	Anchor GLA as a % of Total GLA	Average lease term remaining (years)
Department Stores				
Myer	22	413.8	11.6%	10.3
David Jones	16	236.1	6.6%	13.5
Farmers	8	56.3	1.6%	11.0
Harris Scarfe	9	26.9	0.8%	7.3
Subtotal	**55**	**733.1**	**20.5%**	**11.3**
Discount Department Stores				
Target	33	242.7	6.8%	11.5
Kmart	25	177.6	5.0%	5.6
BIG W	19	154.3	4.3%	12.4
The Warehouse	3	18.4	0.5%	1.3
Subtotal	**80**	**593.0**	**16.6%**	**9.6**
Supermarkets				
Coles	36	136.0	3.8%	10.4
Woolworths	31	127.6	3.6%	9.2
Countdown	8	32.7	0.9%	4.8
Aldi	17	24.3	0.7%	6.3
Progressive Supa IGA	2	7.9	0.2%	6.6
Pak N Save	1	6.3	0.2%	10.5
Franklins	1	2.2	0.1%	11.0
New World	1	3.4	0.1%	8.7
Food for Less	1	1.3	0.0%	0.0
Subtotal	**98**	**341.7**	**9.5%**	**9.0**
Cinemas				
Event Cinemas	14	84.2	2.3%	8.4
Hoyts	10	48.1	1.3%	5.7
Village	5	30.2	0.8%	11.5
Birch Carroll & Coyle	3	15.4	0.4%	5.6
Greater Union	2	7.0	0.2%	0.0
Reading Cinemas	1	4.3	0.1%	5.9
Grand Cinemas	1	3.2	0.1%	0.9
Subtotal	**36**	**192.5**	**5.4%**	**7.5**
Other				
Toys R Us	11	32.3	0.9%	3.0
Bunnings Warehouse	4	30.0	0.8%	4.8
Harvey Norman	6	24.3	0.7%	3.3
Dan Murphy's	7	9.8	0.3%	6.2
Kmart Garden	1	4.2	0.1%	4.9
Subtotal	**29**	**100.5**	**2.8%**	**4.0**
Total	**298**	**1,960.8**	**54.7%**	**9.6**

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Anchor tenants occupied approximately 54.7% of the total GLA as at 31 December 2013, and contributed approximately 17.0% of the total rental income on a pro forma Scentre Group basis for the year ended 31 December 2013, with no single tenant contributing more than 2.6% of such total rental income.

Specialty stores

The following table sets out, with respect to the ten largest specialty store retailers, by way of either common trading name or through their various operating divisions, the number of specialty stores leased, their specialty store GLA and their specialty store GLA as a percentage of total store GLA:

Specialty stores consist of mini-majors and specialty shops (retail stores occupying less than 400 square metres of GLA).

Table 5.6.7: Specialty store key statistics – Australia and New Zealand (as at 31 December 2013)

Specialty Retailer	Number of Specialty Stores Leased	Specialty Store GLA (000's sqm)	% of Total GLA
Super Retail Group(1)	32	45.3	1.3%
Cotton On Group(2)	199	36.0	1.0%
JB Hi Fi	31	34.0	1.0%
Just Group(3)	224	31.2	0.9%
Best & Less(4)	27	25.3	0.7%
Dick Smith(5)	35	23.0	0.6%
Specialty Fashion Group(6)	137	20.9	0.6%
Australian Pharmaceutical Industries(7)	45	18.9	0.5%
James Pascoe Group(8)	117	18.3	0.5%
BB Retail Capital(9)	160	18.2	0.5%
Total	**1,007**	**271.0**	**7.6%**

(1) Super Retail Group includes Rebel Sport, Ray's Outdoors and Supercheap Auto.

(2) Cotton On Group includes Cotton On, Cotton On Kids, Cotton On Body, Typo, Rubi Shoes, Factorie, T Bar and Supre.

(3) Just Group includes Just Jeans, Jay Jays, Jacqui E, Peter Alexander, Portmans, Dotti and Smiggle.

(4) Best & Less includes The Kidstore.

(5) Dick Smith includes Dick Smith Electronics and Dick Smith Powerhouse.

(6) Specialty Fashion Group includes Millers, Katies, Autograph, City Chic, Crossroads and Rivers.

(7) Australian Pharmaceutical Industries includes Priceline, Priceline Pharmacy and Soul Pattinson.

(8) James Pascoe Group includes Prouds Jewellers, Angus & Coote, Goldmark, Pascoes the Jewellers, Stevens, Stewart Dawsons Jewellers, Whitcoulls, Kids by Farmers and Borders (NZ).

(9) BB Retail Capital includes Diva, Bras N Things, Dusk, Adairs, Lovisa and Honey Birdette.

The 10 largest specialty store retailers occupied approximately 7.6% of the total GLA as of 31 December 2013 and contributed approximately 10.3% of the total rental income on a pro forma Scentre Group basis for the year ended 31 December 2013, with no single retailer contributing more than 2.0% of such total rental income.

5.7 BOARD AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Following implementation of the Proposal, the Scentre Group Board will comprise the boards of directors of Scentre Group Limited and the Scentre Group Responsible Entities, each of which have a common membership.

The Scentre Group Board will comprise the following directors:

Mr Frank Lowy AC	Chairman
Mr Brian Schwartz AM	Deputy Chairman
Mr Peter Allen	Chief Executive Officer
Mr Laurence Brindle	Non Executive Director
Mr Richard Egerton-Warburton AO, LVO	Non Executive Director
Mr Andrew Harmos	Non Executive Director
Mr Michael Ihlein	Non Executive Director
Mr Steven Lowy AM	Non Executive Director
Ms Sandra McPhee AM	Non Executive Director

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The profiles of the Scentre Group directors are as follows:

Mr Frank Lowy AC, Chairman
Mr Lowy is the Chairman and Co-Founder of the Westfield group. Having served as Westfield Group's Chief Executive Officer for over 50 years, Mr Lowy assumed a non executive role in May 2011. He is the Founder and Chairman of the Lowy Institute for International Policy and Chairman of Football Federation Australia.

Mr Brian Schwartz AM, Deputy Chairman
Mr Schwartz was appointed as a Non Executive Director of Westfield Group in May 2009 and became Deputy Chairman in May 2011. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996 to 1998) and then Chief Executive Officer of the firm from 1998 to 2004. From 2005 to 2009, Mr Schwartz was the Chief Executive Officer of Investec Bank (Australia) Limited. He is Chairman of Insurance Australia Group Limited, Deputy Chairman of Football Federation Australia, a director of Brambles Limited and is a Fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants.

Mr Peter Allen
Mr Allen was appointed as an Executive Director of Westfield Group in May 2011 and is currently Westfield Group's Group Chief Financial Officer. Mr Allen worked for Citibank in Melbourne, New York and London before joining Westfield in 1996 as Director for Business Development. From 1998 to 2004, he was based in London as Chief Executive Officer of UK/Europe and was responsible for establishing Westfield Group's presence in the UK. Mr Allen is also currently a director of Westfield Retail Trust and is on the board of the Kolling Foundation. He is also an associate member of the Australian Property Institute.

Mr Laurence Brindle
Mr Brindle was appointed as a director of Westfield Retail Trust in December 2010. He has extensive experience in property investment. From 1988 to 2009, Mr Brindle served as an executive with Queensland Investment Corporation (**QIC**) where he held various positions including Head of Global Real Estate as well as serving as a long term member of QIC's Investment Strategy Committee. Mr Brindle is Chairman of the National Storage REIT. He is the former Chairman of the Shopping Centre Council of Australia and the Chief Executive Officer of Trinity Limited. Mr Brindle holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland and a Master of Business Administration from Cass Business School, London.

Mr Richard Egerton-Warburton AO, LVO
Mr Egerton-Warburton was appointed as a director of Westfield Retail Trust in December 2010 and is currently Chairman of Westfield Retail Trust. Prior to becoming a professional director, he was the Chairman and Chief Executive Officer of DuPont Australia and New Zealand where he was responsible for DuPont's petro-chemical business operations in Australia and New Zealand. Mr Egerton-Warburton is currently Chairman of Magellan Flagship Fund, Renewable Energy Target Review Panel and Citigroup Pty Limited. He was previously Chairman of David Jones Limited, AurionGold Limited, Caltex Australia Limited and the Board of Taxation, and a director of Tabcorp Holdings Limited, Southcorp Limited, Nufarm Limited and the Reserve Bank of Australia. Mr Egerton-Warburton is a Fellow (and former National President) of the Australian Institute of Company Directors.

Mr Andrew Harmos
Mr Harmos was appointed as a director of Westfield Retail Trust in December 2010. He is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals and strategic and board corporate legal advice. He was formerly a senior partner of Russell McVeagh and a director of Westfield New Zealand Group. Mr Harmos is Chairman of the New Zealand Stock Exchange, a director of AMP Life Limited, The National Mutual Life Association of Australasia and Elevation Capital Management Limited. He is also a Trustee of the Arts Foundation of New Zealand. Mr Harmos holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from the University of Auckland.

Mr Michael Ihlein
Mr Ihlein was appointed as a director of Westfield Retail Trust in December 2010. He is a highly experienced corporate and finance executive. Mr Ihlein had a long career with Coca-Cola Amatil Limited (and related companies), where he was Managing Director, Poland (1995 to 1997) and Chief Financial Officer (1997 to 2004). He joined Brambles as Chief Financial Officer in March 2004 and held the position of Chief Executive Officer from July 2007 until his retirement in November 2009. Mr Ihlein is currently a director of CSR Limited, Snowy Hydro Limited and Murray Goulburn Co-operative Co. Limited. He is a Fellow of the Australian Institute of Company Directors, CPA Australia and the Financial Services Institute of Australasia (Finsia). He is also Chair of Australian Theatre for Young People. Mr Ihlein holds a Bachelor of Business Studies (Accounting) from University of Technology, Sydney.

Mr Steven Lowy AM
Mr Lowy was appointed Managing Director of Westfield Holdings in 1997 and currently serves as Co-Chief Executive Officer of Westfield Group. He holds a Bachelor of Commerce (Honours) from the University of New South Wales. Prior to joining Westfield in 1987, Mr Lowy worked in investment banking in the US. He is a director of Westfield Retail Trust and the Lowy Institute for International Policy and a member of the Prime Minister's Business-Government Advisory Group on National Security. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales and Chairman, Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management.

Ms Sandra McPhee AM
Ms McPhee was appointed as a director of Westfield Retail Trust in December 2010. She has extensive international experience as a non executive director and senior executive in consumer facing industries including retail, funds management and transport and logistics, most recently with Qantas Airways Limited. Ms McPhee serves on the boards of AGL Energy Limited, Fairfax Media Limited, Tourism Australia and Kathmandu Limited. She is Chairman of St Vincent's and Mater Health Sydney Advisory Council and was previously Deputy President of the Board of Trustees of the Art Gallery of New South Wales. Her previous non executive director roles include Coles Group Limited, Australia Post, Perpetual Limited, Primelife Corporation, CARE Australia and Deputy Chairman of South Australian Water. She is a Fellow of the Australian Institute of Company Directors.

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SCENTRE GROUP SENIOR MANAGEMENT

The Scentre Group senior management team will include:

Mr Peter Allen	Chief Executive Officer
Mr Mark Bloom	Chief Financial Officer
Mr John Batistich	Director, Marketing
Ms Janine Frew	Director, Human Resources
Mr Paul Giugni	General Counsel
Mr Andy Hedges	Director, Shopping Centre Management
Mr Ian Irving	Director, Design & Construction
Mr Peter Leslie	Director, Leasing
Mr Justin Lynch	Director, New Zealand
Mr John Widdup	Chief Operating Officer of Development, Design & Construction
Mr Richard Williams	Treasurer

The profile of Mr Peter Allen is set out above in this Section 5.7. The profiles of the remaining key members of the senior management team are as follows:

Mr Mark Bloom

Mr Bloom was appointed Deputy Group Chief Financial Officer of Westfield Group in 2005. Mr Bloom has over 30 years' experience in senior finance roles at large listed financial corporations. Prior to joining Westfield Group, Mr Bloom was Finance Director and a member of the board of Liberty Group in Johannesburg where he was responsible for all aspects of Finance including Group Strategy, Legal, Treasury, Investor Relations and Mergers and Acquisitions. At Westfield Group, he is currently responsible for Group Treasury, Financial Reporting, Global IT and the Operational Finance functions across the Westfield Group. Mr Bloom holds a Bachelor of Commerce and Bachelor of Accounting from the University of Witwatersrand and is a member of the Institute of Chartered Accountants in Australia.

Mr John Batistich

Mr Batistich was appointed Director, Marketing at Westfield Group in October 2011. Mr Batistich holds a Masters in Management from Macquarie Graduate School of Management majoring in Human Resources, a Bachelor of Business (marketing) from the University of Western Sydney and a Certificate in Digital Marketing from Australian Direct Marketing Association. Mr Batistich has been a member of the Australian Market & Social Research Society Client Advisory Board and is also a member of the Board of Governors for The Heart Research Institute. Mr Batistich joined Westfield Group in 2007 as General Manager, Marketing. Prior to joining Westfield Group, he had experience with Lion Nathan, Kimberley Clark, PepsiCo and the Wrigley Company.

Ms Janine Frew

Ms Frew was appointed Director of Human Resources of Westfield Group in December 2012. Ms Frew is a highly skilled Human Resources professional with over 25 years' experience. She has extensive involvement across all disciplines of Human Resources including Employee Relations, OH&S, Training and Development, Recruitment and HR Planning in both the Retail and FMCG industries. Ms Frew joined Westfield Group in 2007 as the HR Business Partner for Shopping Centre Management and has held various positions including Human Resources Director UK. Prior to joining Westfield Group, Ms Frew held the position of Head of HR, Australia and New Zealand with Coca-Cola Company as well as a long tenure with the Coles Myer Group.

Mr Paul Giugni

Mr Giugni was appointed General Counsel – Australia and New Zealand of Westfield Group in January 2012. He holds a Bachelor of Economics and a Bachelor of Laws (Honours) from the University of Sydney. Mr Giugni joined Westfield in September≈1998. Mr Giugni is responsible for the Australian and New Zealand operating divisions legal advice, matters and transactions. Prior to joining Westfield, Mr Giugni was a solicitor at Freehill Hollingdale and Page (now Herbert Smith Freehills).

Mr Andy Hedges

Mr Hedges was appointed Director, Shopping Centre Management & Marketing of Westfield Group in October 2007. Mr Hedges is an Associate Member of the Chartered Institute of Management Accountants (UK) and is a Fellow of the Australian Institute of Management. Prior to Westfield Group, he was employed with Reckitt Benckiser for 20 years in various management roles, most recently as Senior Vice President and Regional Director for Australia and New Zealand. During his 20 years with Reckitts, he worked in senior management roles in both Canada and the UK. In 2011, Mr Hedges was appointed as Director of Shopping Centre Management.

Mr Ian Irving

Mr Irving was appointed Director, Design & Construction of Westfield Group in 2009. He holds a Bachelor of Science (Building) from the University of Technology Sydney and an MBA (Executive) from the Australian Graduate School of Management. Mr Irving brings 25 years' working experience in the construction industry to Westfield Group. He joined Westfield Group in 2004 as General Manager of Westfield Design & Construction, responsible for the delivery of a number of major Westfield Group projects throughout Australia including the management of the Westfield Sydney project. Prior to joining Westfield Group, he held a number of senior management positions with national construction companies within Australia. Mr Irving commenced his career with BHP Billiton at Australian Iron and Steel, Port Kembla.

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Mr Peter Leslie
Mr Leslie commenced with Westfield in October 2001 as General Manager, Leasing. In March 2002, he was promoted to Director of Leasing. Mr Leslie transferred to Westfield Group's US business as Senior Executive Vice President, Leasing in 2009 and spent four years with the US Leasing team. Early 2013 saw Mr Leslie return to the Australian business to once again head Westfield Group's Leasing Division. Prior to joining Westfield, Mr Leslie was employed at Gandel Group as General Manager – Leasing. Mr Leslie completed a Bachelor of Commerce at the University of Queensland.

Mr Justin Lynch
Mr Lynch was appointed as Director, New Zealand for Westfield Group in August 2007. He holds a property degree specialising in construction management from University of New South Wales and a MBA from Macquarie University. Mr Lynch joined Westfield in October 2000 as a Development Executive based in Sydney. In 2004, Mr Lynch relocated to New Zealand to take up the role of General Manager, Development. Mr Lynch has over 20 years of experience in property in both Australia and New Zealand specialising in construction project management, development and investment funds management.

Mr John Widdup
Mr Widdup joined Westfield in 1994 as Development Executive in Australia. He was appointed Asset General Manager for Queensland in 1996, Director, New Zealand in 2000 and Chief Operating Officer, US in 2007, responsible for all aspects of the group's business in the US. In 2011, Mr Widdup was appointed Chief Operating Officer–Development Design & Construction, Australia and is currently responsible for all development, design and construction initiatives undertaken by Westfield Group in Australia. Prior to joining Westfield, he was Managing Director at PMA, a property development company in South Africa. He has an extensive property development, finance and legal background with a successful management track record over the past 20 years. Mr Widdup has a Bachelor of Arts and Bachelor of Law from University of Natal in South Africa.

Mr Richard Williams
Mr Williams joined Westfield Group in 2005 and has held the position of Group Treasurer for the past seven years. Mr Williams has over 28 years of treasury and financial markets experience and has previously held senior treasury roles at AMP, where he was Head of Capital Markets, and Australian Industry Development Corporation.

5.8 CORPORATE GOVERNANCE

It is recognised that good corporate governance and the commitment to complying with high standards of corporate governance are important.

The corporate governance framework for Scentre Group will be underpinned by the ASX Guidelines. The ASX Guidelines are for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The recommendations are not prescriptions, but guidelines. Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Guidelines in the reporting period and to disclose why they have not adopted an ASX Guideline if they consider it to be inappropriate to do so in their particular circumstances. Scentre Group will be required to report against the ASX Guidelines.

The Scentre Group Board will include additional details of its corporate governance regime, including board and committee charters and relevant corporate policies and codes which will be available on the Scentre Group website once established, and a corporate governance statement will be included in Scentre Group's annual report outlining Scentre Group's system of governance during that reporting period and the extent of Scentre Group's compliance.

The key elements of Scentre Group's governance framework are set out below. Except as set out below, the Scentre Group Board does not anticipate that it will depart from the ASX Guidelines; however, it may do so in the future if it considers that such departure is reasonable.

ROLE OF THE SCENTRE GROUP BOARD

The Scentre Group Board will be accountable to Scentre Group Securityholders. Under its charter, the Scentre Group Board will seek to ensure that the business objectives of Scentre Group are aligned with the expectations of Scentre Group Securityholders and that Scentre Group is effectively managed in a manner that is properly focused on its business objectives as well as conforming to regulatory and ethical requirements.

In addition to the responsibilities outlined above, the primary objectives of the Scentre Group Board in discharging its functions will be to:

- oversee the effective management and control of Scentre Group, including the composition, performance and remuneration of the management team;
- set and review the strategic direction of Scentre Group;
- approve and monitor key budgets, business plans, financial statements and financial policies;
- approve all material transactions;
- establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;
- develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;

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- ensure that Scentre Group Securityholders receive high quality, relevant and accurate information in a timely manner;
- determine and adopt Scentre Group's distribution policy in accordance with the constitutions of Scentre Group; and
- ensure compliance with Scentre Group's Australian financial services licences, the compliance plans (see below) and other rules and regulations.

INDEPENDENCE OF THE SCENTRE GROUP BOARD

The membership of Scentre Group Board will reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of Scentre Group, and non executive members who have outstanding track records and reputations attained at the highest levels of business and commerce generally, and who are able to bring to the Scentre Group Board a broad range of general commercial expertise and experience.

For the purposes of the Scentre Group Board, an independent director is a non executive director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be inferred to materially interfere with, the independent exercise of their judgement.

A non executive director will not be regarded as an independent director if that director:

- is a substantial securityholder of Scentre Group or an officer of, or otherwise associated directly with, a substantial securityholder of Scentre Group;
- within the last three years has been employed in an executive capacity by any member of Scentre Group, or has been a director after ceasing to hold any such employment;
- within the last three years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of Scentre Group;
- within the last three years has been a principal, employee or consultant of a material professional adviser to any member of Scentre Group – for this purpose a material professional adviser is an adviser whose billings to Scentre Group exceed 1% of the adviser's total revenues;
- is a principal, employee or associate of a material supplier to, or material customer of, any member of Scentre Group – for this purpose a material supplier to Scentre Group means a supplier whose revenues from Scentre Group exceed 5% of the supplier's total revenues. A material customer is a customer whose payments to Scentre Group exceeds 1% of the customer's operating costs;
- has a material contractual relationship with any member of Scentre Group other than as a director of the Scentre Group Board; and
- has any interest or business or other relationship which could materially interfere with the director's ability to act in the best interests of Scentre Group and independently of management.

With respect to the non executive directors, applying the criteria set out in the Board Charter, it is determined that Mr Brian Schwartz AM, Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM are considered to be independent directors. This determination has been made on the basis of the above factors, as they apply to those directors in relation to Westfield Group and Westfield Retail Trust at the date of this Securityholder Booklet.

The recommendation in the ASX Guidelines that listed entities should have an independent director as chairman is noted. Mr Lowy is considered the most appropriate person to act as Chairman of the Scentre Group Board. It is intended that Mr Lowy assume the role of Chairman of both Scentre Group and Westfield Corporation.

Mr Lowy is the co-founder of Westfield and has overseen the success of Westfield since 1960. With over 50 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's extensive knowledge, experience and reputation is unrivalled in the industry.

Mr Lowy's exposure to and knowledge of the industry will be of significant value to the Scentre Group Board. Mr Lowy's status as a leading industry figure is widely acknowledged.

Apart from Mr Lowy's industry experience and knowledge, it is expected that Mr Lowy's assumption of the role of Chairman will provide an important element of continuity in dealings with all stakeholders, including over 2,000 employees who will continue in their current roles in Westfield Group's Australian and New Zealand business, but under the Scentre Group banner.

For these reasons, the Independent Westfield Retail Trust Directors and Westfield Group Directors unanimously support Mr Lowy as Chairman of Scentre Group.

There will be a majority of independent directors serving on the Scentre Group Board (six out of the nine directors on the Scentre Group Board), all of whom are senior individuals who are currently directors of either Westfield Retail Trust or Westfield Group who have experience with the business that will be conducted by Scentre Group.

Mr Brian Schwartz AM will act as Deputy Chairman.

At such a time as Mr Lowy resigns from his role as Scentre Group Chairman, his successor will be chosen by the then current members of the Scentre Group Board.

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CONSTITUTIONS AND COMPLIANCE PLANS

Scentre Group will be governed by its constitutions as outlined in Section 11.7.

The compliance plans for Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 set out the measures that the Scentre Group Responsible Entities will apply in operating Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 to ensure compliance with the Corporations Act, the constitutions, any disclosure documents, their Australian financial services licences and how these procedures will be monitored.

The compliance plans are required to contain adequate measures for ensuring that the property of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 is clearly identified and held separately, that the properties are valued at regular intervals, the compliance plan is audited annually and adequate trust records are kept. The compliance plans are already in place and the operations of Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 will continue to be governed by their compliance plans.

CONTINUOUS DISCLOSURE POLICY AND SECURITYHOLDER COMMUNICATIONS

The Scentre Group Board will be committed to providing relevant information to Scentre Group Securityholders about the operations of Scentre Group and to fulfil its duties to comply with its continuous disclosure obligations to the market generally.

The Scentre Group Board will adopt a continuous disclosure policy which is designed to ensure compliance with the Listing Rules and continuous disclosure obligations.

The Scentre Group Board will establish a Continuous Disclosure Committee comprising appropriate senior executives which will be responsible for:

- making decisions on what information should be disclosed to the market; and
- ensuring disclosure is made in a timely and efficient manner.

Scentre Group Securityholders will receive an annual report. Newsletters and updates may also be sent to Scentre Group Securityholders from time to time.

SECURITIES TRADING POLICY

Scentre Group will adopt a Securities Trading Policy which details Scentre Group's policy, and rules, for trading in its securities (which includes Scentre Group Securities). The policy will apply to directors, officers, persons located in Scentre Group's head offices or personnel located in another office who have a corporate function or role, and other specified persons, and is additional to the legal prohibitions on insider trading in Australia.

AUDIT AND RISK COMMITTEE

The objective of the Audit and Risk Committee is to assist the Scentre Group Board in fulfilling its corporate governance responsibilities. The duties and responsibilities of the Audit and Risk Committee are contained in the Audit and Risk Committee charter. The duties and responsibilities will include:

- monitoring and reviewing compliance with laws and regulations (including Scentre Group's compliance plans);
- monitoring and reviewing the accuracy and reliability of management and financial reporting;
- reporting to the Scentre Group Board on the half-year and annual reports and financial statements of Scentre Group;
- facilitating an effective and efficient audit (including making recommendations regarding the appointment, evolution and removal of Scentre Group's external auditor);
- monitoring and reviewing the effectiveness of Scentre Group's internal control environment, including the effectiveness of internal control procedures;
- overseeing the internal audit function; and
- monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of Scentre Group.

The Audit and Risk Committee will meet with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The external auditors will have a direct line of communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the Scentre Group Board.

The Audit and Risk Committee must comprise at least three non executive independent directors. The chairperson will be appointed by the Audit and Risk Committee and must be a non executive independent director and not the chairperson of the Scentre Group Board. The chairperson will report the activities of the Audit and Risk Committee to the Scentre Group Board after each meeting.

The external auditors, the internal auditors, Scentre Group's Chief Executive Officer and Chief Financial Officer will be invited to attend Audit and Risk Committee meetings at the discretion of the committee. At least twice annually, the Audit and Risk Committee will meet with the external auditors without management being present.

The members of the Audit and Risk Committee will initially comprise Mr Michael Ihlein (Chair), Mr Laurence Brindle and Mr Richard Egerton-Warburton AO, LVO.

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HUMAN RESOURCES COMMITTEE

The primary objective of the Human Resources Committee will be to provide advice to the Scentre Group Board relating to the effectiveness, integrity and legal compliance of Scentre Group's remuneration programmes. The responsibilities of the Human Resources Committee will include:

- determining and reviewing remuneration policies to apply to executives of Scentre Group;
- reviewing contractual rights of termination for members of the senior executive team;
- oversight of Scentre Group's diversity policies and programme;
- reviewing and approving the policy for participation by senior executives in any equity linked plans implemented in the future;
- reviewing the remuneration reporting in the financial statements of Scentre Group;
- reviewing and approving management's recommendations of the total proposed awards to be issued under any future plan; and
- administering any future equity linked plans as required in accordance with the rules of the plans.

Scentre Group's Human Resources Committee will comprise three non executive, independent directors. The chairperson will be appointed by the Human Resources Committee and must not be the chairperson of the Scentre Group Board. The chairperson will report the activities of the Human Resources Committee to the Scentre Group Board after each meeting.

The members of the Human Resources Committee will initially comprise Mr Brian Schwartz AM (Chair), Mr Andrew Harmos and Ms Sandra McPhee AM.

NOMINATION COMMITTEE

Consistent with the ASX Guidelines Scentre Group will have a Nomination Committee. The objectives of the Nomination Committee will include:

- to evaluate the performance of the Scentre Group Board, its committees and directors;
- to monitor and evaluate the necessary and desirable competencies of the directors including the range of skills and experience of the directors; and
- to assess and ensure appropriate succession planning processes and plans for the Scentre Group Board.

The members of the Nomination Committee will initially comprise Mr Richard Egerton-Warburton AO, LVO, (Chair), Mr Andrew Harmos and Mr Brian Schwartz AM.

5.9 EMPLOYMENT ARRANGEMENTS AND REMUNERATION

TRANSITION TO SCENTRE GROUP

Following implementation of the Proposal, the executive team and staff of Scentre Group (numbering approximately 2,000) will comprise a combination of employees who are currently employed by either a Westfield Group entity or a Westfield Retail Trust entity which (in both cases) will form part of Scentre Group following implementation.

Those employees will generally continue to be employed in the same roles and on the same terms and conditions as applied prior to implementation of the Proposal.

EXECUTIVE REMUNERATION

As the vast majority of Scentre Group employees will be former employees of Westfield Group, it is expected that the remuneration structure for Scentre Group will broadly follow that of Westfield Group. A full description of the remuneration policies and practices of Scentre Group will be included in its initial Annual Financial Report.

Remuneration for the senior executive team is expected to comprise the following elements:

BASE SALARY

Base salary or fixed remuneration will be reviewed annually and advised to the executive.

SHORT TERM INCENTIVES (STI)

For the senior executive team, each STI has two components:

- a cash performance bonus paid shortly after the end of the relevant financial year; and
- the grant of awards under the Short Term Equity Linked Plan (**STEL Plan**) (see below) whereby 25% to 35% (depending on seniority) of the STI is deferred for a period, currently three years. The value of the deferred awards will fluctuate with movements in the market price of Scentre Group Securities and the value ultimately received by the executive will depend on the market price of Scentre Group Securities at the end of the deferral period.

STIs will be closely linked to the performance of the executive measured against objectives (**KPIs**) which are established each year pursuant to a performance review and development system. KPIs will be designed to recognise and reward both financial and non-financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets.

Prior to the commencement of each financial year, each member of the senior executive team will be advised of a target STI. The executive is also advised of a maximum STI. The maximum STI will typically exceed the target STI by 25%.

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STEL PLAN

Eligibility	Participation will be offered to identified senior employees in the STEL Plan. The awards issued are a pre-determined percentage of the total STI paid to that employee in that year and represent a deferred component of 25% to 35% of the total STI.
Securities	Participants will receive rights to Scentre Group Securities to be delivered following a deferral period (i.e. the vesting date), currently three years from the date of grant subject to meeting specified service conditions and otherwise satisfying the terms of the STEL Plan.
Lapse/early vesting	Subject to certain exceptions in the case of retirement, death or permanent disablement, awards will typically vest early or lapse if the participant ceases to be employed by Scentre Group before the vesting date.
Performance hurdles	The awards represent a deferred component of an executive's total STI. As the STI is determined by reference to performance by the executive against agreed KPIs, the awards themselves are not subject to hurdles.
Voting and dividends	Awards do not carry either voting rights or a right to a cash dividend prior to the vesting date.
Other terms	The STEL Plan will also contain customary terms dealing with administration and variation of the STEL Plan and mechanical terms regulating the issue of awards and Scentre Group Securities under the STEL Plan.

LONG TERM INCENTIVES (LTI)

Only the senior leadership team of Scentre Group will participate in the Long Term Equity Linked Plan (**LTI Plan**).

As was the case with the Westfield Group long term incentive plan, the LTI Plan will be designed to encourage a "partnership" amongst the senior leadership team of Scentre Group which emphasises the strategic leadership role of that team. Through the LTI Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of Scentre Group Securityholders. The performance hurdles applicable under the LTI Plan will be determined annually by the Scentre Group Board. Currently the performance hurdles under the Westfield Group long term incentive plan relate to an operational measure, being FFO per security, and a financial measure, being return on contributed equity.

Prior to the commencement of each financial year, each participant in the LTI Plan will be advised of a target LTI. The participant is also advised of a maximum LTI. The maximum LTI will typically exceed the target LTI by 50%.

LTI PLAN

Eligibility	Participation will be offered to the senior leadership team members in Scentre Group to encourage a strategic partnership within that team.
Securities	Participants will receive rights to Scentre Group Securities which will vest and be delivered in equal tranches on the date that is four and five years from the date of grant (i.e. the vesting date) subject to meeting specified service conditions and otherwise satisfying the terms of the LTI Plan.
Lapse/early vesting	Other than in special circumstances awards granted under the LTI Plan will lapse if the executive ceases to be employed by Scentre Group before the vesting date. The special circumstances include death, redundancy or retirement, and in those circumstances some or all of the awards may vest immediately or remain on issue as if the executive remained an employee.
Performance hurdles	Applicable performance hurdles will be determined annually in conjunction with the grant of awards. Hurdles will relate to both operational performance (e.g. FFO per security) and financial or capital management matters (e.g. return on contributed equity). More than one hurdle may be set in any year. Actual performance over a qualifying period applicable to each hurdle will determine the level of vesting against that hurdle.
Voting and dividends	Awards do not carry either voting rights or a right to any cash distributions prior to the vesting date.
Other terms	The LTI Plan will also contain customary and usual terms for dealing with administration, variation, acceleration and termination of the LTI Plan and/or awards issued under the Plan.

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TREATMENT OF EXISTING AWARDS GRANTED UNDER WESTFIELD GROUP PLANS

Westfield Group currently operates four equity linked incentive plans (**Westfield Group Plans**). The Executive Deferred Award Plan (**EDA Plan**) and the Partnership Incentive Plan (**PIP Plan**) were introduced following the merger in 2004 and the Executive Performance Rights Plan (**EPR Plan**) and the Partnership Incentive Rights Plan (**PIR Plan**) were introduced in 2008 to provide Westfield Group with the flexibility to issue equity settled rights where considered appropriate. The EPR Plan and PIR Plan have subsequently been amended to provide Westfield Group with an election as to whether to settle awards with a cash payment or with Westfield Group equity. Typically, Westfield Group has elected to settle awards with equity. This Section deals with the manner in which awards issued under these various plans prior to 31 December 2013 will be treated following implementation of the Proposal.

Although awards were due to be issued to participants in the Westfield Group Plans in January 2014, the issue of those awards has been deferred pending consideration by securityholders of the Proposal. On implementation of the Proposal, the awards that would otherwise have been issued to Scentre Group employees in January 2014 under the Westfield Group Plans will instead be issued under the Scentre Group plans outlined above. The usual terms of these awards will be modified so as to ensure that participants are not adversely impacted by the delay in issuing these awards.

Awards granted under the current Westfield Group Plans prior to 31 December 2013 will remain on foot following implementation of the Proposal. It is not proposed that the vesting of any awards be accelerated as a consequence of implementation of the Proposal.

Immediately following implementation, existing awards in the Australian versions of the Westfield Group Plans will be modified such that, at the option of the Plan participant, the awards will relate to either:

- securities in Scentre Group (rather than Westfield Group as is currently the case).

  The number of awards to which prior grants relate will be adjusted in accordance with a formula which is designed to maintain the value of the awards held by participants in the various Westfield Group Plans, but over a greater number of securities given that the participant will no longer have an interest in those entities which currently own and operate the international business which, following implementation, will form part of Westfield Corporation.

  The adjustment will be made in accordance with the following formula:

  $$\frac{\textit{(VWAP of a Scentre Group Security x 1.246)} + \textit{VWAP of a Westfield Corporation Security}}{\textit{VWAP of a Scentre Group Security}}$$

  Where the VWAP or Volume Weighted Average Price is calculated by taking the average of the daily volume weighted average of the selling price of the relevant securities traded on the ASX on each of the 20 trading days on and from the first day that both Scentre Group Securities and Westfield Corporation Securities commence trading as separately quoted securities on the ASX.

  Using this formula will ensure that any adjustment to existing awards will take into account the relative value of Westfield Corporation Securities, which reflects the same value outcome for Westfield Group Securityholders who, after implementation of the Proposal, will hold Westfield Corporation Securities in addition to Scentre Group Securities; or

- securities in both Scentre Group and Westfield Corporation in the same proportions and on the same terms as implied through the application of the Merger Ratio to the holders of Westfield Group Securities. If participants elect this option, following implementation of the Proposal, their unvested awards will relate to securities in both Scentre Group and Westfield Corporation and they will effectively be put in the same position as Westfield Group Securityholders in respect of those existing awards.

For awards issued after 31 December 2013, which includes the 2014 awards which are to be issued under the new Plans for Scentre Group described above, all awards under those plans will relate solely to Scentre Group Securities.

In 2012 and 2013, Westfield Group issued awards under the PIR Plan which vest on the basis of a return on contributed equity (ROCE) hurdle. In 2012, those awards vesting on the basis of the ROCE hurdle constituted 25% of the total number of PIR Plan awards (2013: 50%). A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 remuneration reports published by Westfield Group. Essentially, vesting was to be determined by reference to the average annual ROCE of Westfield Group tested over a four year period. The actual level of vesting depended on performance against a graduated scale set by the Westfield Group Directors.

Given the fundamental restructuring of Westfield Group, the Westfield Group Directors have agreed that these ROCE hurdles for 2012 and 2013 should be waived and an appropriate level of vesting determined by the Westfield Group Directors having regard to actual performance to the implementation of the Proposal (expected to be in June 2014) and Westfield Group Directors' assessment of expected performance over the balance of the testing period. A decision as to the appropriate level of vesting will be made shortly after implementation when the ROCE for Westfield six month period to 30 June 2014 is known. As noted in Westfield Group's recent results presentation, Westfield Group's ROCE improved from 11.4% in 2012 to 11.8% in 2013.

TREATMENT OF EXISTING AWARDS GRANTED UNDER THE WESTFIELD RETAIL TRUST PLAN

Westfield Retail Trust has four employees who are participants under Westfield Retail Trust's equity linked incentive plan, the Westfield Retail Trust Executive Deferred Award Plan (dated June 2011) (**Westfield Retail Trust Plan**).

The Westfield Retail Trust Plan provides participating employees with benefits comparable to, or comprising an allocation, transfer or issue of Westfield Retail Trust Securities in the form of "Awards" (being an entitlement to either the allocation, transfer or issue of a number of Westfield Retail Trust Securities or a cash payout in an amount equal to the market value of those Westfield Retail Trust Securities). The Westfield Retail Trust Directors have a discretion as to whether Awards are to be satisfied by a cash payout or the

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delivery of Westfield Retail Trust Securities. The Westfield Retail Trust Directors have determined that all existing Awards granted to participants in the Westfield Retail Trust Plan will be satisfied by a cash payout.

The four employees who participate under the Westfield Retail Trust Plan will not automatically qualify for a payout as a result of the Proposal. An employee will, however, qualify for a payout in respect of their Awards in certain circumstances specified in the Westfield Retail Trust Plan including if they cease to be an employee, officer or director of Westfield Retail Trust, other than by reason of retirement, and they do not become an employee, officer or director of Scentre Group.

The amount of the payout to which a participating employee is entitled is calculated in accordance with a formula set out in a schedule to the Westfield Retail Trust Plan. Currently the payout is calculated by reference to the trading price of Westfield Retail Trust Securities. Following the Implementation Date, the payout amount will be calculated by reference to the trading price of Scentre Group Securities.

In addition, pursuant to the existing terms of the Westfield Retail Trust Plan, certain adjustments will be required to be made to the determinants of the payout for the Awards for each of the participating employees to take account of the various changes to the capital structure of Westfield Retail Trust occurring under the Proposal, as reasonably determined by the Westfield Retail Trust Directors to ensure the employees are affected in the same way as Securityholders.

EXECUTIVE SERVICE AGREEMENTS AND TERMINATION ARRANGEMENTS

Having regard to the transitional arrangements described above, the executive service agreements between Scentre Group and members of the senior executive team will be a combination of continuing employment arrangements inherited from both Westfield Group and Westfield Retail Trust. To the extent that there are differences in the terms of those agreements, it is expected that the terms of the Westfield Retail Trust executive service agreements will be amended so as to make them consistent with the terms described below.

The Scentre Group executive service agreements will not have a fixed term. Subject to local laws, Scentre Group will be able to terminate on one month's notice and the executives on three months' notice.

Payments to executives on termination will depend on the circumstances of the termination and will be subject to existing contractual arrangements and the requirements of the Corporations Act. The benefits that will be paid in the following circumstances, in addition to all accrued base salary and statutory entitlements, are:

- Resignation (excluding retirement) and termination by Scentre Group for cause:
  - pro rata bonus for the relevant year may be considered in exceptional circumstances; and
  - all unvested entitlements under Scentre Group's equity linked incentive plans are forfeited, without payment, on termination.
- Redundancy or termination by Scentre Group (other than for cause):
  - a pro rata performance bonus to the date of termination;
  - a redundancy payment of between 12 and 24 months' base salary depending on the length of service of the executive plus one month's base salary in lieu of notice; and
  - pro rata vesting of outstanding awards under Scentre Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle).
- Death or permanent disability:
  - a pro rata performance bonus to the date of termination; and
  - full vesting of outstanding awards under Scentre Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) other than "retention awards" which vest pro rata to the date of termination.
- Retirement:[38]
  - a pro rata performance bonus to the date of retirement; and
  - the right to continue in Scentre Group's equity linked incentive plans until the date of vesting of outstanding awards granted at least six months prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the equity linked incentive plans is not permitted under the terms of the equity linked incentive plans, the executive is entitled to a cash payment from Scentre Group equal to the amount that would have been received had the executive been permitted to continue in the equity linked incentive plans.

38 Scentre Group recognises that if an executive satisfies the retirement conditions described below, the termination of employment should be treated in a different manner to a resignation in the ordinary course. The retirement conditions are that the executive must have reached the age of 55 years with at least five years' continuous service or the aggregate of the age of the participant and the number of years of service with Scentre Group (which will include prior service with a Westfield Group or Westfield Retail Trust entity) is equal to or greater than 70. Where permitted by law, the executive will also be required to comply with a continuing non-compete obligation which, if not satisfied, will result in forfeiture of all equity linked awards then outstanding.

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REMUNERATION OF THE CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In addition to the contractual terms noted above, the following table sets out the proposed (annualised) remuneration of the Chief Executive Officer and Chief Financial Officer for 2014:

	Mr Peter Allen Chief Executive Officer	**Mr Mark Bloom Chief Financial Officer**
Fixed Remuneration (including superannuation)	$2,000,000	$1,100,000
Target STI for year ending 31 December 2014	127%	132%
Target LTI grant value for year ending 31 December 2014[39]	110%	77%
Termination	See above	
Post-employment restraints	No contractual post-employment restraints are in place for the Chief Executive Officer and Chief Financial Officer provided that the equity linked plans provide for forfeiture of outstanding awards in circumstances where a retiring executive (who is entitled to maintain unvested awards in the plan) competes with Scentre Group.	

Further information on the remuneration and employment terms of additional key personnel will be disclosed in the 2014 Scentre Group Annual Report.

NON EXECUTIVE DIRECTOR REMUNERATION

Non executive directors will be paid fees for service on the Scentre Group Board and its Committees and will be reimbursed for out of pocket expenses. No other bonuses or benefits will be paid either during the tenure of a non executive director or on retirement. Non executive directors will not participate in any of Scentre Group's short or long term incentive plans.

Non executive director remuneration will comprise a base fee (which is inclusive of superannuation guarantee contributions) and where relevant, a Committee fee and an additional fee for the role of deputy chair of the Scentre Group Board and for Committee chair.

The aggregate pool available for payment of fees to non executive directors of Scentre Group is currently a maximum of $3.5 million being the same amount that was approved by securityholders at the annual general meeting of Westfield Holdings on 25 May 2011. On the assumption that there are eight non executive directors appointed to the Scentre Group Board from the Implementation Date, it is expected that the total annualised fees paid to the non executive directors (including fees for membership on board committees) will not exceed $2.1 million. It is expected that after the Proposal is implemented the Scentre Group Board will obtain advice from an external remuneration consultant as to the appropriate level of fees to be paid to the Scentre Group non executive directors before they are fixed.

The remuneration of the non executive directors will be determined by the Scentre Group Board (within the set limit), acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate high calibre non executive directors to serve on the Scentre Group Board.

Mr Frank Lowy AC currently serves as non executive Chairman of Westfield Group and in that capacity, receives an annual fee of $750,000. Following implementation of the Proposal, it is proposed that Mr Lowy assume the role of non executive Chairman of both Scentre Group and Westfield Corporation. Mr Lowy has agreed that his annual fee for each group should be set at $500,000. For his respective roles as Chairman of Scentre Group and Westfield Corporation, Mr Lowy will receive a fee of $500,000 each resulting in a total from two groups of $1 million.

39 See above for a discussion on the terms of the STI Plan and the LTI Plan.

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FINANCIAL INFORMATION FOR SCENTRE GROUP

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6. FINANCIAL INFORMATION FOR SCENTRE GROUP

6.1 OVERVIEW

This Section contains a summary of the pro forma historical financial information and pro forma forecast financial information of Scentre Group, comprising the Australian and New Zealand operations of Westfield Group, Westfield Retail Trust 1 and Westfield Retail Trust 2. Scentre Group will operate on a financial year ending 31 December, and all figures within this Section are for years ended or ending 31 December unless otherwise noted.

The pro forma historical financial information and pro forma forecast financial information (Financial Information) have been prepared to reflect the implementation of the Proposal as described in Section 3.

The pro forma historical financial information for Scentre Group (Pro Forma Historical Financial Information) comprises:

(i) pro forma historical income statements (before interest and tax) for the years ended 31 December 2011 (FY11), 31 December 2012 (FY12) and 31 December 2013 (FY13), which have been prepared in accordance with the basis as described in Section 6.2(a) and are set out in Table 6.3.1 (Pro Forma Historical Income Statements);

(ii) pro forma historical funds from operations (before interest and tax) for FY11, FY12 and FY13, which have been prepared in accordance with the basis as described in Section 6.2(c) and are set out in Table 6.4.1 (Pro Forma Historical FFO); and

(iii) pro forma historical statement of net assets, which has been prepared in accordance with the basis as described in Section 6.2(a) and is set out in Table 6.10.1 (Pro Forma Historical Statement of Net Assets).

The pro forma forecast financial information for Scentre Group (Pro Forma Forecast Financial Information) comprises:

(i) pro forma forecast income statement for the year ending 31 December 2014 (FY14) prepared on the basis described in Section 6.2(b) and is set out in Table 6.3.1 (Pro Forma Forecast Income Statement); and

(ii) pro forma forecast funds from operations and pro forma forecast adjusted FFO for FY14, prepared on the basis described in Section 6.2(c) and is set out in Table 6.4.1 (Pro Forma Forecast FFO).

Also summarised in this Section are:

(i) Scentre Group's distribution policy and forecast distribution (refer to Section 6.6);

(ii) management's discussion and analysis of the Pro Forma Historical Income Statements and Pro Forma Forecast Income Statement, Pro Forma Historical FFO and Pro Forma Forecast FFO (refer to Section 6.7); and

(iii) the Westfield Group Directors' and Westfield Retail Trust Directors' best estimate assumptions underlying Scentre Group's Pro Forma Forecast Financial Information and an analysis of related sensitivities (refer to Sections 6.8 and 6.9).

The user should read the information in this Section in conjunction with the risk factors for Scentre Group in Section 7, the sensitivities set out in Section 6.9 and other information set out in this Securityholder Booklet.

Scentre Group's Pro Forma Historical Financial Information and Scentre Group's Pro Forma Forecast Financial Information have been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Independent Limited Assurance Report is set out in Annexure C. The user should note the scope and limitations of the Independent Limited Assurance Report.

6.2 BASIS OF PREPARATION

Scentre Group's Financial Information included in this Section has been prepared in a manner consistent with the recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with International Financial Reporting Standards (IFRS) and Interpretations issued by the International Accounting Standards Board (IASB)).

Significant accounting policies relevant to Scentre Group Financial Information have been disclosed in note 2 to the financial statements in Westfield Group's and Westfield Retail Trust's 2013 Annual Reports which have been lodged with ASIC and are available at www.westfieldgroup.com and www.westfieldretailtrust.com.

Scentre Group's Financial Information is based on the operations of Westfield Group's Australian and New Zealand shopping centre interests, property management and development operations and the operations of Westfield Retail Trust. The shopping centre interests of Scentre Group are set out in Section 5.

(A) PREPARATION OF PRO FORMA HISTORICAL INCOME STATEMENTS AND PRO FORMA HISTORICAL STATEMENT OF NET ASSETS

The Pro Forma Historical Income Statements are presented to earnings before interest and tax. Westfield Group has undertaken a number of significant asset sales in FY11, FY12 and FY13, the proceeds of which were used to repay debt and fund the buy-back of approximately 10% of Westfield Group Securities. As a result, there has been a significant change in Westfield Group's capital and debt structure over the historic period. Further significant debt restructuring will take place on implementation of the Proposal, including the repayment of substantially all of Westfield Group's existing unsecured debt facilities and the repurchase of all outstanding bonds. Scentre Group will have a significantly different debt structure from Westfield Group. Therefore the Westfield Group Directors and the Westfield Retail Trust Directors do not consider the disclosure of historic interest expense meaningful in assessing the historic performance of Scentre Group on a pro forma basis as the debt structure in place during the historic periods was significantly different from the intended debt structures under the Proposal.

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The Pro Forma Historical Statement of Net Assets reflects the merged net assets of the Australian and New Zealand operations of Westfield Group's and Westfield Retail Trust adjusted for transaction costs, estimated acquisition fair value accounting and refinancing. The Pro Forma Historical Statement of Net Assets has been prepared on the basis that the proposed demerger of Westfield Corporation and the accounting acquisition of Westfield Retail Trust was completed on 31 December 2013.

The Westfield Group Directors and Westfield Retail Trust Directors believe that this presentation is useful information as it permits investors to examine:

(i) the Pro Forma Historical Income Statements in a manner consistent with the Pro Forma Forecast Income Statement; and

(ii) the impact on the Pro Forma Historical Statement of Net Assets of the Proposal and related refinancing.

A reconciliation of the Pro Forma Historical Income Statements for FY11, FY12 and FY13 to the audited historical statutory income statements has been included at Section 6.13. A reconciliation of the Pro Forma Historical Statement of Net Assets to the audited historical net assets as at 31 December 2013 is set out in Section 6.10.

The statutory financial statements of Westfield Group and Westfield Retail Trust have been audited by Ernst & Young and unqualified audit opinions were issued. Adjustments have been made to the historical statutory income statements as if the current operations of the Australian and New Zealand operations of Westfield Group and Westfield Retail Trust had been merged prior to 1 January 2011 to derive the Pro Forma Historical Income Statement.

(B) PREPARATION OF PRO FORMA FORECAST INCOME STATEMENT

The Pro Forma Forecast Income Statement, to the extent relevant, has been prepared by the Westfield Group Directors and the Westfield Retail Trust Directors based on an assessment of current economic and operating conditions and has been based on the best estimate assumptions of the Westfield Group Directors and the Westfield Retail Trust Directors as set out in Section 6.8. The Westfield Group Directors and the Westfield Retail Trust Directors believe that they have prepared the Pro Forma Forecast Income Statement with due care and attention, and consider the best estimate assumptions to be reasonable at the time of preparing this Securityholder Booklet.

The Pro Forma Forecast Income Statement for FY14 has been prepared to demonstrate the implications of the Proposal as if it had been implemented on 31 December 2013 and accordingly demonstrate the implications of the Proposal over a full financial year. The Pro Forma Forecast FFO has been the basis for the calculation of the Merger Ratio outlined in Section 3.6.

The actual result will differ from the Pro Forma Forecast Income Statement presented in this document, as described below.

On the Implementation Date, Westfield Group will demerge its international operations and merge with Westfield Retail Trust. This stapled entity will then become Scentre Group. For accounting purposes, the merger of the Australian and New Zealand operations of Westfield Group and Westfield Retail Trust will be treated as a business combination. Westfield Holdings is deemed the acquiring entity in the accounting for this business combination, such that the Scentre Group financial statements will be a continuation of the Westfield Group financial statements as Westfield Holdings is the parent entity of Westfield Group and will be the parent entity of Scentre Group. Westfield Holdings is considered the accounting acquirer as:

(i) Westfield Holdings initiated the Proposal for the restructure and merger with Westfield Retail Trust;

(ii) the Chairman and the Deputy Chairman of Westfield Holdings will assume the role of Chairman and Deputy Chairman of Scentre Group;

(iii) the executive management team, including the Chief Executive Officer and the Chief Financial Officer of Scentre Group comprises existing executives of Westfield Group; and

(iv) wholly owned subsidiaries of Westfield Holdings act as the responsible entities for Westfield Retail Trust 1 and Westfield Retail Trust 2, and as the property manager and developer for the shopping centre interests owned by Westfield Retail Trust.

Therefore the final statutory profit after tax for FY14 for the newly formed Scentre Group (assuming the Proposal is approved) will be comprised as follows:

(i) pre implementation profit – Westfield Group's results (including the international operations) until the Implementation Date;

(ii) post implementation profit – the Australian and New Zealand operations of Westfield Group post the Implementation Date;

(iii) post implementation profit – Westfield Retail Trust operations post the Implementation Date;

(iv) transaction costs allocated to Scentre Group as described in Section 11.21. This will include the impact of the refinancing described in Section 3.7; and

(v) any profit/loss as a result of the demerger.

The value of the international net assets of approximately US$7.4 billion transferred by the Westfield Group to Westfield Corporation will be recorded as a charge to the Westfield Group Securityholders' equity. Should the initial market capitalisation of Westfield Corporation differ from the value of the net assets transferred by Westfield Group, the charge to securityholders' equity shall be adjusted to be equivalent to the "initial market value", and the difference recorded as income or expense in the Westfield Group's income statement. Any amount recorded in the income statement in respect of this adjustment is considered to be a capital item and does not affect Westfield Group's FFO or distribution.

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A statutory forecast for FY14 on the above basis has not been prepared due to the uncertainty in relation to the timing and the complexity of items (i) to (v) as described above. The actual Implementation Date of the Proposal will have a significant impact on the quantum of reported income and expenses for the restructured group for FY14. For example, if the Proposal was to occur on 30 June 2014 then the actual Scentre Group results will comprise six months of pre implementation profit and six months of post implementation profit in the 31 December 2014 financial statements rather than the 12 months of post implementation profit presented in the Pro Forma Forecast Income Statement. Accordingly the preparation of a statutory forecast for FY14 is considered not relevant to the users assessing the Proposal.

(C) PREPARATION OF PRO FORMA HISTORICAL FFO AND PRO FORMA FORECAST FFO

(i) Background

FFO is a non IFRS performance measure which is considered to be a useful supplemental measure of operating performance.

FFO is a measure that is widely accepted in offshore and domestic real estate markets, gaining further importance in the Australian market as more property trusts adopt FFO reporting.

The National Association of Real Estate Investment Trusts (**NAREIT**), a US based representative body for publicly traded real estate companies with an interest in US real estate and capital markets, defines FFO as net income (computed in accordance with United States Generally Accepted Accounting Principles), including interest capitalised on property development and excluding gains (or losses) from sales of property, plus depreciation and amortisation, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.

Scentre Group's measure of FFO is based upon the NAREIT definition, adjusted to reflect that Scentre Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and IFRS.

Scentre Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances from the reported profit after tax. Scentre Group's adjusted FFO comprises the Scentre Group's FFO adjusted to exclude the impact of non cash mark to market adjustments relating to fixed rate debt and derivatives.

(ii) Basis of Scentre Group's Pro Forma Historical FFO and Pro Forma Forecast FFO

Scentre Group's Pro Forma Historical FFO and Pro Forma Forecast FFO have been calculated in Section 6.4 from the pro forma earnings before interest and tax (**EBIT**). This has then been adjusted to add back unrealised currency gain/loss, gain/loss in respect of capital transactions, property revaluations, equity accounted – property revaluations, equity accounted – net interest expense, realised income hedging currency gain/loss and the amortization of tenant allowances to derive funds from operations before interest and tax. For the pro forma forecast net interest expense, current tax expense and FFO attributable to external non controlling interests have been deducted to determine FFO. To calculate pro forma forecast adjusted FFO, the impact of the non cash mark to market adjustments relating to Westfield Retail Trust's fixed rate debt and derivatives have been deducted (**Pro Forma Forecast Adjusted FFO**).

(iii) Proportionate Format

The Pro Forma Historical FFO and Pro Forma Forecast FFO are presented on a proportionate format. This format consolidates Scentre Group's ownership share of revenues and expenses from its equity accounted investments (**Proportionate Format**).

The Proportionate Format is used by management in assessing and understanding the performance and results of operations of Scentre Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio wide basis. Management considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), most of the shopping centres are under common management, and therefore the drivers of their results are similar, the Proportionate Format provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the Proportionate Format aggregates both revenue and expense items across the whole portfolio, rather than netting the revenue and expense items for equity accounted shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

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6.3 SCENTRE GROUP'S PRO FORMA HISTORICAL INCOME STATEMENTS AND PRO FORMA FORECAST INCOME STATEMENTS

Table 6.3.1: Pro Forma Historical Income Statements and Pro Forma Forecast Income Statements

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Revenue				
Property revenue	1,966.5	2,076.3	2,138.4	2,173.0
Property development and management revenue	185.0	236.1	370.1	650.6
	2,151.5	2,312.4	2,508.5	2,823.6
Share of after tax profits of equity accounted entities				
Property revenue	137.5	125.8	116.5	106.6
Property revaluations(1)	39.8	37.4	14.8	
Property expenses, outgoings and other costs	(31.7)	(28.6)	(25.4)	(24.8)
Net interest expense	(1.8)	(2.0)	0.1	–
	143.8	132.6	106.0	81.8
Expenses				
Property expenses, outgoings and other costs(2)	(431.2)	(467.9)	(485.6)	(473.6)
Property development and management costs(2)	(110.9)	(158.0)	(292.7)	(517.5)
Overheads(2)	(103.8)	(101.4)	(104.0)	(98.0)
	(645.9)	(727.3)	(882.3)	(1,089.1)
Currency gain/(loss)(3)	(80.8)	(17.8)	192.1	(0.7)
Gain/(loss) in respect of capital transactions	34.6	5.5	39.3	
Property revaluations(1)	717.7	867.0	425.9	
Earnings before interest and tax (EBIT)	2,320.9	2,572.4	2,389.5	1,815.6
Net interest expense(4)(5)				(593.6)
Mark to market of interest rate derivatives(4)(6)				30.0
Profit before tax				1,252.0
Current tax expense(4)(7)				(90.2)
Deferred tax expense(4)(7)				(12.6)
Profit after tax(8)				1,149.2
External non controlling interest				(11.5)
Profit after tax attributable to members of Scentre Group				1,137.7

(1) Revaluation gains or losses from the revaluation of property investments have not been forecast due to their unpredictability. Revaluation gains and losses have no impact on the Pro Forma Forecast FFO nor the Pro Forma Forecast Adjusted FFO of Scentre Group.

(2) Property management and leasing overheads previously reported as part of property expenses, outgoings and other costs and property management costs in the Westfield Group have been reclassified as part of overheads for FY11, FY12 and FY13, consistent with the presentation of overheads in the FY14 Pro Forma Forecast Income Statement. With the exception of corporate overheads, overheads have been allocated in Westfield Group between the Australian and New Zealand operations of Westfield Group and Westfield Corporation on the same basis as the segment note in the Westfield Group financial statements. Corporate overheads have been allocated based on which entity receives the benefit for the expenditure.

(3) Currency gain/(loss) in the FY14 pro forma forecast relates to the New Zealand operations. The mark to market gain or loss of currency derivatives has not been forecast as the calculation is dependent on the closing exchange rate at 31 December 2014. Mark to market gain or loss on currency derivatives has no impact on the Pro Forma Forecast FFO nor the Pro Forma Forecast Adjusted FFO of Scentre Group. Realised currency gains/losses from income hedging have been included in the Pro Forma Forecast Income Statement.

(4) Westfield Group has undertaken a number of asset dispositions in FY11, FY12 and FY13. The proceeds from these dispositions were mainly used to repay debt and fund the buy-back of 10% of Westfield Group Securities resulting in a significant change in Westfield Group's debt/capital structure. In addition, significant debt restructuring will occur as part of the implementation of the Proposal. As a consequence, the disclosure of historical interest expense and tax does not provide an appropriate comparison to Scentre Group's future capital structure and consequently has not been shown.

(5) Pro forma forecast net interest expense includes $29.0 million benefit from mark to market of fixed rate debt and interest rate derivative financial instruments.

(6) Pro forma forecast mark to market of interest rate derivative financial instruments represents the reversal of brought forward mark to market balances relating to interest cash flows that are included in net interest expense in the Pro Forma Forecast Income Statement. This has no impact on Scentre Group's Pro Forma Forecast FFO.

(7) Pro forma forecast current tax expense represents the tax expense on underlying operations and excludes any taxation on capital gains/losses, property revaluations and mark to market of interest rate and currency derivatives. Pro forma forecast deferred tax expense represents the potential deferred tax impact of estimated property depreciation in New Zealand.

(8) Pro forma forecast profit after tax excludes any transaction and refinancing costs as a result of the Proposal as described in Section 6.10.

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6.4 SCENTRE GROUP'S PRO FORMA HISTORICAL FFO AND PRO FORMA FORECAST FFO

Table 6.4.1: Pro Forma Historical FFO and Pro Forma Forecast FFO (Proportionate Format)

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Net property income	1,675.2	1,744.3	1,785.4	1,829.9
– Project income – the Australian and New Zealand operations of Westfield Group	79.3	117.4	125.7	139.2
– Project income – attributable to Westfield Retail Trust	(50.3)	(86.6)	(100.6)	(61.9)
Project income	29.0	30.8	25.1	77.3
Property management income	45.1	47.3	52.3	55.8
Overheads	(103.8)	(101.4)	(104.0)	(98.0)
Realised income hedging currency gain/loss	1.4	5.6	0.8	(0.7)
Funds from operations before interest and tax	**1,646.9**	**1,726.6**	**1,759.6**	**1,864.3**
Net interest expense(1)				(593.6)
Current tax expense				(90.2)
FFO attributable to external non controlling interest				(11.5)
Funds from operations				**1,169.0**
Adjustment to exclude mark to market of Westfield Retail Trust fixed rate debt and derivatives(2)				(29.0)
Adjusted funds from operations				**1,140.0**
Adjusted basic FFO per security attributable to members of Scentre Group (cents)				**21.5**

(1) Net interest expense includes coupons on the Property Linked Notes of $84.5 million, interest capitalised of $34.0 million and $29.0 million of estimated non cash mark to market accounting adjustment Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013 and in accordance with acquisition accounting requirements.

(2) Represents an estimate of the non cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013. The estimated mark to market amount may differ from the actual amount depending upon interest rates prevailing at Implementation Date.

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Table 6.4.2: Reconciliation of pro forma EBIT to pro forma FFO

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Pro forma EBIT	2,320.9	2,572.4	2,389.5	1,815.6
Add back:				
– Currency gain/loss	80.8	17.8	(192.1)	0.7
– Gain/loss in respect of capital transactions	(34.6)	(5.5)	(39.3)	
– Property revaluations	(717.7)	(867.0)	(425.9)	
– Equity accounted – property revaluations	(39.8)	(37.4)	(14.8)	
– Equity accounted – net interest expense	1.8	2.0	(0.1)	–
– Realised income hedging currency gain/loss	1.4	5.6	0.8	(0.7)
	1,612.8	1,687.9	1,718.1	1,815.6
Add back:				
– Amortisation of tenant allowances	34.1	38.7	41.5	48.7
Funds from operations before interest and tax	1,646.9	1,726.6	1,759.6	1,864.3
Net interest expense(1)				(593.6)
Current tax expense				(90.2)
FFO attributable to external non controlling interest				(11.5)
Funds from operations				1,169.0
Adjustment to exclude mark to market of Westfield Retail Trust fixed rate debt and derivatives(2)				(29.0)
Adjusted funds from operations				1,140.0

(1) Net interest expense includes coupons on the Property Linked Notes of $84.5 million, interest capitalised of $34.0 million and $29.0 million of estimated non cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013 and in accordance with acquisition accounting requirements.

(2) Represents an estimate of the non cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013. The estimated mark to market amount may differ from the actual amount depending upon interest rates prevailing at Implementation Date.

Table 6.4.3: Average exchange rate for the period and forecast weighted average number of Stapled Securities

	FY11	FY12	FY13	FY14
Average exchange rate for the period				
– A$/NZ$	1.3058	1.2787	1.1795	1.1500
Forecast weighted average number of Stapled Securities (million)(1)				5,311.5

(1) Forecast weighted average number of Stapled Securities used in the calculation of adjusted basic FFO per security.

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6.5 SCENTRE GROUP'S DETAIL OF FY14 PRO FORMA FORECAST FFO

The below table shows the Pro Forma Forecast FFO for the Australian and New Zealand operations of Westfield Group and Westfield Retail Trust (adjusted for the capital return) with eliminations and adjustments as described below. This forms the basis of the Merger Ratio described earlier in the Securityholder Booklet.

Table 6.5.1: Detail of FY14 Pro Forma Forecast FFO (Proportionate Format)

	The Australian and New Zealand operations of Westfield Group $million	Westfield Retail Trust $million	Eliminations and Adjustments(1) $million	Pro Forma Forecast FFO $million
Net property income	938.1	837.2	54.6[1(a)]	1,829.9
Project income	92.2[2]	–	(14.9)[1(b)]	77.3
Property management income	106.7	–	(50.9)[1(a)]	55.8
Overheads	(74.2)	(33.0)	9.2[1(c)]	(98.0)
Realised income hedging currency gain/loss	–	(0.7)	–	(0.7)
Funds from operations before interest and tax	**1,062.8**	**803.5**	**(2.0)**	**1,864.3**
Net interest expense[3]	(429.9)	(211.6)	47.9[1(d)]	(593.6)
Current tax expense	(79.6)	(18.3)	7.7	(90.2)
FFO attributable to external non controlling interest	(11.5)	–	–	(11.5)
Pro forma funds from operations	**541.8**	**573.6**	**53.6**	**1,169.0**
Adjustment to exclude mark to market of Westfield Retail Trust fixed rate debt and derivatives[4]	–	–	(29.0)	(29.0)
Adjusted funds from operations	**541.8**	**573.6**	**24.6**	**1,140.0**

(1) Adjustments represent:

(a) Property management income earned by Westfield Group from Westfield Retail Trust now reclassified as net property income.

(b) Project income earned by Westfield Group from Westfield Retail Trust no longer recognised in Pro Forma Forecast FFO upon consolidation.

(c) Planned overheads synergies upon implementation of the Proposal.

(d) Impact of interest efficiencies and interest hedging in relation to the proposed refinancing and includes $29.0 million of estimated non cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013. The estimated mark to market amount may differ from the actual amount depending upon interest rates prevailing at Implementation Date.

(2) Excludes $47.0 million of project income relating to completed projects now 100% owned by Scentre Group including Fountain Gate and Sydney and variations to third party projects.

(3) Net interest expense includes coupons on the Property Linked Notes of $84.5 million and excludes refinancing costs.

(4) Represents an estimate of the non cash mark to market accounting adjustment to Westfield Retail Trust fixed rate debt and derivatives based on market interest rates at 31 December 2013 and in accordance with acquisition accounting requirements. The estimated mark to market amount may differ from the actual amount depending upon interest rates prevailing at Implementation Date.

Note: Assumes implementation on 1 January 2014, exchange rate of AUD/NZD: 1.15 and current market interest rate curve.

6.6 SCENTRE GROUP'S DISTRIBUTION POLICY AND FORECAST DISTRIBUTION

DISTRIBUTION POLICY AND FORECAST DISTRIBUTION

Distributions to be paid by Scentre Group will comprise dividends from Westfield Holdings and distributions from each of Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2. Scentre Group's proposed distribution policy will be to pay out up to 100% of FFO after allowing for retentions to fund capital expenditure requirements as determined from time to time, and is subject to review by the Scentre Group Board at its discretion, including in relation to general business and financial conditions. However, it is expected that over time Scentre Group will retain sufficient earnings to finance its operational and leasing capital expenditure requirements.

The Scentre Group Board may determine in the future to revise its distribution policy based on a number of factors, including the financial condition and future earnings of Scentre Group, capital requirements and future prospects.

Based on the above policy the pro forma forecast distribution for Scentre Group in respect of FY14 is $0.204 per security. It is the intention of Scentre Group Board that the distributions will increase from year to year.

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6.7 MANAGEMENT DISCUSSION AND ANALYSIS ON SCENTRE GROUP'S FINANCIAL INFORMATION

(A) KEY COMPONENTS OF SCENTRE GROUP'S FINANCIAL INFORMATION AND THEIR DRIVERS

Management's discussion and analysis on Scentre Group's Financial Information, addresses among other items, the key factors and operational measures summarised below. These are the key factors that Westfield Group and Westfield Retail Trust expects may continue to affect the operating and financial performance of Scentre Group during the forecast period. This discussion together with the discussion of general factors affecting the operating results of Scentre Group should be read in conjunction with the description of the basis upon which Scentre Group's Financial Information has been prepared and the pro forma adjustments described in Section 6.2, and best estimate assumptions underlying Scentre Group's Pro Forma Forecast Financial Information in Section 6.8.

In addition to the items described below, FFO as described in Section 6.2 above, is also a key financial metric of the Scentre Group.

(i) Property revenue and property expenses and outgoings

Scentre Group is expected to derive the majority of its revenue from leases with retail tenants at shopping centres. Property revenue includes minimum base rents, cart and kiosk rentals, expense recoveries and percentage rent based on tenants' sales volumes. Property expenses and outgoings consist of costs in connection with the ownership and operation of retail shopping centres such as property rates and taxes, repairs and maintenance, cleaning, security, advertising and promotions, insurance, ground rent, utilities and leasing expenses. A significant portion of these expenses and outgoings are recovered from Scentre Group's tenants. Key factors that affect the level of property revenue and property expenses and outgoings include:

(i) the ability to negotiate minimum base rents from existing or new tenants;

(ii) Scentre Group's ability to lease its shopping centres at near full or full occupancy; and

(iii) the level of acquisitions and dispositions as well as the level of development and redevelopment of its existing shopping centres, which changes the size and nature of its property portfolio.

The excess of property revenue over property expenses and outgoings is referred to as "Net property income" (refer also to "Net property income" under "Key operational measures" below).

(ii) Property revaluations

Investment properties include freehold and leasehold land, buildings, leasehold improvements and redevelopment and development projects. In accordance with IFRS, Scentre Group will carry its property investments on its balance sheet at their fair market values. At each reporting date, the Scentre Group Board will assess the carrying value of the investment property portfolio, and where the carrying value differs from the Scentre Group Board's assessment of fair value, Scentre Group will record an adjustment to the carrying value as appropriate. The Scentre Group Board's assessment of fair value of each shopping centre takes into account the latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable shopping centres. Investment properties undergoing redevelopment are independently valued on completion. The independent valuations are conducted using two methods, the "capitalisation of net income" method and/or the "discounting of future cash flows to their present value" method. See "Investment Properties" in Annexure E.

The "capitalisation of net income" method involves directly capitalising stabilised net income based on the yields (calculated as the ratio of net income to sale price) produced by sales of comparable property investments, which are referred to as "capitalisation rates", and subtracting an amount equal to the forecast capital expenditure for the property for a one to three year period.

To determine stabilised net income, valuers adjust the budgeted net income for the next 12 months from the valuation date to incorporate:

(i) adjustments to the rental revenues achieved as of the valuation date for any expiring tenancies that will occur within the next year, thereby taking into account the opportunity (or risk) of adjusting these revenues to the current market conditions;

(ii) adjustments to take into account vacancy allowances; and

(iii) adjustments to the level of tenant allowances that have been forecast to be spent during the period.

Factors that affect capitalisation rates include:

(i) the underlying financial and operational performance of the property and comparable properties;

(ii) the general economic conditions in the areas where the comparable properties are located;

(iii) the level of competition in the trade area that the comparable properties are located; and

(iv) availability of funding.

Capitalisation rates are a useful tool for identifying industry wide conditions. Rising capitalisation rates may indicate higher initial property yields due to rising rents, falling property prices or both.

The "discounting of future cash flows to their present value" approach involves calculating the present value of estimated future net cash flows (i.e. property receipts less property payments and an assumed end of period sale) over a ten year period discounted at an appropriate risk adjusted rate.

Property revaluations may be affected by the size of the development and redevelopment programme.

Because investment properties are carried at fair value on the balance sheet, changes in the fair market value of investment properties from period to period may result in significant non-cash gains or write-downs, resulting in significant periodic fluctuations in the reported income statements.

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(iii) Property development and project management revenue and property development and project management costs
Scentre Group's development and redevelopment programme is expected to provide long term earnings growth for Scentre Group. Revenue is earned from joint venture partners and third parties for property development and project management services Scentre Group provides at jointly owned and third party properties that it is developing. The key driver for property development and project management revenue and costs is the level of development activity undertaken at jointly owned and third party properties for which Scentre Group derives income. If the number of joint ventures and third party properties within the property portfolio increases, Scentre Group would expect its property development and project management revenue from joint venture partners and third parties, and associated costs, to increase correspondingly..

(iv) Property management income and property management costs
Scentre Group will manage certain assets on behalf of institutions and other investors for which it receives management fees. The income and costs that are recorded relate to the third parties' share of the costs of managing these joint venture properties. These fees are affected by the number of joint venture shopping centres held, the level of development activity with Scentre Group's joint venture partners and the gross income generated by its properties. If the number of joint ventures across its property portfolio increases, Scentre Group would expect its property management income from management fees, and associated costs, to increase correspondingly.

(v) Property acquisitions and divestments
Scentre Group will acquire properties that satisfy its investment criteria and divest assets that no longer meet its investment criteria. These acquisitions can take the form of a direct property acquisition or the acquisition of investment vehicles. The accounting treatment of acquired properties and the impact of property acquisitions on Scentre Group financial results are more fully described under Annexure E.

(vi) Interest expense
Interest expense includes the cost of debt on borrowings and other financial liabilities and is impacted by the variable interest rate on Scentre Group's floating rate borrowings, the interest rate on fixed rate debt and the coupon payable on Scentre Group's other financial liabilities. Interest rate risk is managed by interest rate hedging.

Interest rate hedging reflects the objectives for the overall business and Scentre Group's financial goals, including financial covenant compliance and management of the impact of interest rate movements on earnings. It is expected that the interest rate exposure on borrowings will be actively hedged on a portfolio basis using a combination of fixed rate debt and derivative financial instruments. Interest expense is reduced by any capitalisation of interest on debt relating to properties under development. Refer to "Derivative and other financial instruments" in Annexure E for further details.

(vii) Taxation
Scentre Group will comprise taxable and non taxable entities. A liability for current and deferred taxation is only recognised in respect of taxable entities that are subjected to income and CGT.

Under current Australian income tax legislation Westfield Trust and Westfield Retail Trust are not liable for Australian income tax, including CGT, provided that members are presently entitled to the income of the trust as determined in accordance with the constitutions of these entities. Certain incidental non rental retail earnings of Scentre Group derived in Australia are subject to Australian income tax.

Project profits and management fees earned by Westfield Holdings are subject to corporate income tax.

(B) KEY OPERATIONAL MEASURES

(i) Net property income and comparable net property income
Net property income measures the rental revenue from shopping centres less the expenses in operating those shopping centres, including the share of rental revenues less expenses in operating equity accounted shopping centres. Comparable net property income is the equivalent measure on a same shopping centre basis (i.e. excluding shopping centres that became operational or are impacted by redevelopment activities or were sold during the comparative prior period and any abnormal items), measured in local currency. Management will use net property income as a measure of the underlying operational performance of its property assets, without regard to its capital structure, tax position and the real estate value of Scentre Group's shopping centres. Net property income is also a key measure used by valuers in determining the valuation of Scentre Group's shopping centres.

(ii) Gross lettable area (GLA)
GLA generally measures the amount of space in Scentre Group's shopping centres that it can lease to tenants, expressed in square metres. GLA includes the space leased, or available for lease, to anchor tenants.

(iii) Leased rate
Leased rate measures the percentage of total GLA that is leased at a point in time. Anchors typically lease their stores and, therefore, the calculation of leased rate includes anchor GLA together with specialty stores but excludes shopping centres or sites which are development impacted.

(iv) Average specialty shop rent
Average specialty shop rent measures the average rent (excluding any portion that relates to a reimbursement of expenses) Scentre Group earns per square metre that it leases to specialty shop retailers (excluding anchor tenants and larger format specialty stores occupying in excess of 400 square metres) in Scentre Group's shopping centres during the period.

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(v) Specialty shop sales growth

Specialty shop sales growth measures the period on period change in the sales of the specialty shops. Because it measures the sales of the retailers, it is not a measure of revenue that Scentre Group expects to earn, except to the limited extent that certain of Scentre Group's lease agreements entitle Scentre Group to a percentage of its tenants' revenue. However, it is an indirect measure of the performance of Scentre Group's business because higher sales at Scentre Group shopping centres will generally correlate over time with higher demand for retail space in the shopping centres, resulting in higher leased rates and/or higher rents.

Scentre Group provides data on GLA, portfolio leased percentage, average specialty shop rents and same store specialty sales growth with respect to its shopping centre portfolio (including part owned shopping centres on a 100% basis) on a geographical basis in Section 5 "Profile of Scentre Group".

(C) PRO FORMA FORECAST EBIT AND PRO FORMA HISTORICAL EBIT

Pro forma forecast EBIT compared to pro forma historical EBIT FY13

The pro forma forecast EBIT for FY14 is $1,815.6 million compared to the pro forma historical EBIT for FY13 of $2,389.5 million. The FY14 EBIT assumes no property revaluations, currency movements and capital transactions. If the FY13 EBIT is adjusted for these items the comparable FY13 EBIT is $1,718.1 million resulting in an increase of $97.5 million or 5.7%. This is mainly due to increases in net property income (property revenue less property expenses, outgoings and other costs) along with overhead savings.

Pro forma historical EBIT FY13 compared to pro forma historical EBIT FY12

The pro forma historical EBIT is $2,389.5 million for FY13 compared to $2,572.4 million for FY12, a decrease of $182.9 million or 7.1%. The decrease is mainly due to a decrease in property revaluations as compared to FY12, partially offset by increases in net property income and currency gains.

Pro forma historical EBIT FY12 compared to pro forma historical EBIT FY11

The pro forma historical EBIT is $2,572.4 million for FY12 compared to $2,320.9 million for FY11, an increase of $251.5 million or 10.8%. The increase is mainly due to an increase in property revaluations and net property income.

(D) PRO FORMA FORECAST FFO AND PRO FORMA HISTORICAL FFO

Pro Forma Forecast FFO compared to Pro Forma Historical FFO FY13

The Pro Forma Forecast FFO before interest and tax for FY14 is $1,864.3 million compared to the Pro Forma Historical FFO before interest and tax for FY13 of $1,759.6 million, an increase of $104.7 million or 6.0%. The increase is mainly attributable to increases in net property income, project income and property management income along with overhead savings.

Pro Forma Historical FFO FY13 compared to Pro Forma Historical FFO FY12

The Pro Forma Historical FFO before interest and tax for FY13 is $1,759.6 million compared to $1,726.6 million for FY12, an increase of $33.0 million or 1.9%. The increase is mainly attributable to increases in net property income and property management income.

Pro Forma Historical FFO FY12 compared to Pro Forma Historical FFO FY11

The Pro Forma Historical FFO before interest and tax for FY12 is $1,726.6 million compared to $1,646.9 million for FY11, an increase of $79.7 million or 4.8%. The increase is mainly attributable to increases in net property income.

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(E) NET PROPERTY INCOME
Table 6.7.1: Property revenue and net property income

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Property revenue				
– Australia – Consolidated	1,718.6	1,824.7	1,888.6	1,917.7
– Australia – Equity accounted	137.5	125.8	116.5	106.6
	1,856.1	1,950.5	2,005.1	2,024.3
– New Zealand – Consolidated	247.9	251.6	249.8	255.3
Total	2,104.0	2,202.1	2,254.9	2,279.6
Net property income				
– Australia – Consolidated	1,347.8	1,417.3	1,461.9	1,503.6
– Australia – Equity accounted	105.8	97.2	91.1	81.8
	1,453.6	1,514.5	1,553.0	1,585.4
– New Zealand – Consolidated	187.5	191.1	190.9	195.8
Total	1,641.1	1,705.6	1,743.9	1,781.2
Add back:				
– Amortisation of tenant allowances	34.1	38.7	41.5	48.7
	1,675.2	1,744.3	1,785.4	1,829.9

Pro forma forecast compared to pro forma historical FY13
Net property income is forecast to increase $37.3 million or 2.1% from $1,743.9 million in FY13 to $1,781.2 million in FY14. Tenant allowances amortisation is forecast to increase from $41.5 million in FY13 to $48.7 million in FY14. This increase is consistent with the growth in rent across the portfolio and new tenant allowances on recently completed developments.

In Australia net property income for FY14 is forecast to be $1,585.4 million compared to $1,553.0 million for FY13, an increase of $32.4 million or 2.1%. This increase is mainly attributable to the forecast comparable net operating income (NOI) growth of 2.0% to 2.5% offset by the sale of Karrinyup in 2013 and the expected impact of developments at Miranda and Mt Gravatt. The forecast comparable NOI growth is based on the FY14 assumptions that shopping centre interests continue to be in excess of 99.5% leased, average CPI for FY14 of 2.5% for Australia applies to specialty tenant rent escalations resulting in CPI linked rental increases.

In New Zealand, net property income for FY14 is forecast to be $195.8 million compared to $190.9 million for FY13, an increase of $4.9 million or 2.6%. This movement reflects the forecast comparable NOI growth of 0.0% to 0.5% and forecast change in average exchange rate from A$1/NZ$1.1795 in FY13 to NZ$1.15 forecast for FY14. The forecast growth in comparable NOI is based on the FY14 assumptions that shopping centre interests continue to be approximately 99.5% leased, average CPI for FY14 of 1.0% for New Zealand applies to specialty tenant rent escalations resulting in CPI linked rental increases.

Pro forma historical FY13 compared to pro forma historical FY12
Net property income has increased $38.3 million or 2.2% from $1,705.6 million in FY12 to $1,743.9 million in FY13. Tenant allowances amortisation has increased from $38.7 million in FY12 to $41.5 million in FY13. This increase is consistent with the growth in rent across the portfolio and new tenant allowances on completed developments.

In Australia net property income for FY13 is $1,553.0 million compared to $1,514.5 million for FY12, an increase of $38.5 million or 2.5%. This increase is primarily due to the growth in average specialty shop rental rates of approximately 1.8% which contributed to the overall increase in comparable NOI growth of 2.0%; the completion in 2012 of the developments at Sydney, Fountain Gate and Carindale, partially offset by a reduction in net property income from the transaction with AMP in 2012 (where additional interests were acquired in Knox, Warringah Mall and Mt Gravatt and interests were sold in Booragoon, Macquarie Centre and Pacific Fair) and the sale of Karrinyup in 2013.

In New Zealand, net property income for FY13 is $190.9 million compared to $191.1 million for FY12, a decrease of $0.2 million. This movement reflects the impact of the 2012 asset dispositions of Downtown, Pakuranga and Shore City, partially offset by the strengthening of the New Zealand dollar by 7.8% due to the change in the average exchange rate from A$1/NZ$1.2787 in FY12 to $1.1795 in FY13; and comparable NOI growth of 0.3% for the year which was primarily due to the 0.4% increase in average specialty store rent.

Refer Section 5 for further information with respect to movement in leased rates and average specialty shop rental rates as well as operating statistics for FY13 and FY12.

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Pro forma historical FY12 compared to pro forma historical FY11
Net property income has increased $64.5 million or 3.9% from $1,641.1 million in FY11 to $1,705.6 million in FY12. Tenant allowances amortisation has increased from $34.1 million in FY11 to $38.7 million in FY12. This increase is consistent with the growth in rent across the portfolio and new tenant allowances on completed developments.

In Australia net property income for FY12 is $1,514.5 million compared to $1,453.6 million for FY11, an increase of $60.9 million or 4.2%. This increase is mainly attributable to the completion in 2012 of the developments at Sydney, Fountain Gate and Carindale and comparable NOI growth of 3.0% which includes an increase in average specialty store rent of 2.8% for the year, partially offset by a reduction in net property income from the transaction with AMP in 2012 (where additional interests were acquired in Knox, Warringah Mall and Mt Gravatt and interests were sold in Booragoon, Macquarie Centre and Pacific Fair) and the sale of Cairns in 2011.

In New Zealand, net property income for FY12 is $191.1 million compared to $187.5 million for FY11, an increase of $3.6 million. The increase is mainly due to comparable NOI growth of 2.4% which was primarily due to a 0.6% increase in specialty store rent for the year and the strengthening of the New Zealand dollar by 2.1% due to the change in the average exchange rate from A$1/NZ$1.3058 in FY11 to $1.2787 in FY12; partially offset by the disposal of assets in 2012 including Downtown, Pakuranga and Shore City.

Refer to Section 5 for further information with respect to movement in leased rates and average specialty shop rental rates as well as operating statistics for FY12 and FY11.

(F) PROJECT INCOME

Table 6.7.2: Project income

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	**FY12 $million**	**FY13 $million**	**FY14 $million**
The Australian and New Zealand operations of Westfield Group	79.3	117.4	125.7	139.2
Elimination of project profits earned by Westfield Group from Westfield Retail Trust:	(50.3)	(86.6)	(100.6)	(61.9)
Project income	29.0	30.8	25.1	77.3
Development Gains				
The Australian and New Zealand operations of Westfield Group	86.6	322.4	10.7	
Westfield Retail Trust	26.2	107.7	–	
Recognition of development gains on projects completed by Westfield Group for Westfield Retail Trust eliminated above	50.3	86.6	100.6	
Development Gains	163.1	516.7	111.3	

Development gains include the profits recognised by Scentre Group on development projects. This will include revaluation increments on completed developments where the asset is owned by Scentre Group. Development profits previously recorded on projects undertaken for Westfield Retail Trust will now be recorded as property revaluation increments for Scentre Group.

Pro forma forecast compared to pro forma historical FY13
Project income forecast is $77.3 million for FY14 compared to $25.1 million for FY13, an increase of $52.2 million. The increase is due to expected project income on third party projects at Macquarie Centre and Pacific Fair and project income at Miranda and Carindale. Refer to Section 5.3 for further details of the Scentre Group's development projects and pipeline.

Revaluation gains or losses including development gains from the revaluation of property investments have not been forecast due to their unpredictability. Revaluation gains and losses have no impact on the Pro Forma Forecast FFO nor the Pro Forma Forecast Adjusted FFO of Scentre Group.

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Pro forma historical FY13 compared to pro forma historical FY12
Project income was $25.1 million for FY13 compared to $30.8 million for FY12, a decrease of $5.7 million or 18.5% and includes reduced project income post project completions partly offset by income on the third party project at Macquarie Centre and project income at West Lakes and Miranda.

Development gains for FY13 primarily relate to Sydney. For FY12 the development gains include revaluations on Sydney, Fountain Gate and Carindale.

Refer to Section 5.3 for further details of the Scentre Group's development projects and pipeline.

Pro forma historical FY12 compared to pro forma historical FY11
Project income of $30.8 million for FY12 was comparable to FY11 project income of $29.0 million.

For FY12 the development gains include revaluations on Sydney, Fountain Gate and Carindale. The development gains for FY11 include revaluations on Sydney and Belconnen.

Refer to Section 5.3 for further details of the Scentre Group's development projects and pipeline.

(G) PROPERTY MANAGEMENT INCOME

Table 6.7.3: Property management income

		Pro Forma Historical		Pro Forma Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
The Australian and New Zealand operations of Westfield Group[1]	91.1	96.1	104.5	110.4
Consolidation adjustments attributable to Westfield Retail Trust[1]	(46.0)	(48.8)	(52.2)	(54.6)
Property management income	**45.1**	**47.3**	**52.3**	**55.8**

(1) Excludes corporate service charge earned by Westfield Group from Westfield Retail Trust.

Pro forma forecast compared to pro forma historical FY13
Property management income is expected to increase by $3.5 million or 6.7% from $52.3 million in FY13 to $55.8 million in FY14. This increase is mainly due to forecast growth in net property income from joint venture shopping centres.

Pro forma historical FY13 compared to pro forma historical FY12
Property management income has increased by $5.0 million or 10.6% from $47.3 million in FY12 to $52.3 million in FY13. This increase is mainly due to growth in net property income from joint venture shopping centres and management income on Knox and Warringah Mall following the transaction with AMP in 2012.

Pro forma historical FY12 compared to pro forma historical FY11
Property management income has increased by $2.2 million or 4.9% from $45.1 million in FY11 to $47.3 million in FY12. This increase is mainly due to growth in net property income from joint venture shopping centres.

(H) OVERHEADS (REFER TABLE 6.3.1)

Pro forma forecast compared to pro forma historical FY13
Overheads are forecast to decrease from $104.0 million in FY13 to $98.0 million in FY14 as a result of savings on the merger of the Australian and New Zealand operations of Westfield Group with Westfield Retail Trust.

Pro forma historical FY13 compared to pro forma historical FY12
Overheads remained consistent from FY12 to FY13 with a small increase over that period.

Pro forma historical FY12 compared to pro forma historical FY11
Overheads remained consistent from FY11 to FY12 with a small decrease over that period predominantly as a result of cost saving initiatives from an overheads efficiency programme undertaken.

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(I) PROPERTY REVALUATIONS

Table 6.7.4: Property revaluations

	Pro Forma Historical			Pro Forma Forecast
	FY11 $million	**FY12 $million**	**FY13 $million**	**FY14 $million**
Consolidated	717.7	867.0	425.9	
Equity accounted	39.8	37.4	14.8	
	757.5	904.4	440.7	

Pro forma forecast

Gains or losses from the revaluation of property investments have not been forecast due to their unpredictability. Revaluation gains and losses have no impact on the Pro Forma Forecast FFO or Pro Forma Forecast Adjusted FFO of Scentre Group.

Pro forma historical FY13 compared to pro forma historical FY12

Property revaluations were $904.4 million for FY12 compared to $440.7 million for FY13, a decrease of $463.7 million or 51.3%. The decrease was primarily due to development gains in 2012 from the completion of developments at Westfield Sydney, Fountain Gate and Carindale; and the impact of the increase in the valuation of the stable shopping centre portfolio which was mainly due to growth in net operating income. There was no change in the portfolio cap rate of 5.9% between FY13 and FY12.

Pro forma historical FY12 compared to pro forma historical FY11

Property revaluations were $757.5 million for FY11 compared to $904.4 million for FY12, an increase of $146.9 million or 19.4%. The increase was primarily due to development gains from completion of developments at Westfield Sydney, Fountain Gate and Carindale in 2012; and the impact of the increase in the valuation of the stable shopping centre portfolio which was mainly due to growth in net operating income and a 10 basis point firming of cap rates from 6.0% for FY11 compared to 5.9% for FY12.

(J) CURRENCY GAIN/(LOSS) (REFER TO TABLE 6.3.1 AND TABLE 6.4.1)

Pro forma forecast

The mark to market gain or loss of currency derivatives have not been forecast as the calculation is dependent on the closing exchange rate at 31 December 2014. Mark to market gain or loss on currency derivatives has no impact on the Pro Forma Forecast FFO or Pro Forma Adjusted FFO of Scentre Group.

Currency gain/loss on an FFO basis (which excludes the mark to market of derivatives) has reduced by $1.5 million from a $0.8 million gain in FY13 to a forecast loss of $0.7 million in FY14, reflecting less derivatives on hand due to the settlement of the New Zealand currency hedging contracts in FY13.

Pro forma historical FY13 compared to pro forma historical FY12

Currency gain/(loss) was a loss of $17.8 million for FY12 compared to a gain of $192.1 million for FY13. The movement of $209.9 million is mainly due to the impact of movements in exchange rates on the mark to market of derivatives.

Currency gains on an FFO basis have reduced $4.8 million from $5.6 million in FY12 to $0.8 million in FY13, reflecting the settlement of the New Zealand currency hedging contracts.

Pro forma historical FY12 compared to pro forma historical FY11

Currency gain/(loss) was a loss of $80.8 million for FY11 compared to a loss of $17.8 million for FY12. The movement of $63.0 million is mainly due to the impact of movements in exchange rates on the mark to market of derivatives.

Currency gains on an FFO basis have increased $4.2 million from $1.4 million in FY11 to $5.6 million in FY12, reflecting the settlement of the New Zealand currency hedging contracts.

(K) NET INTEREST EXPENSE (REFER TO TABLE 6.3.1)

Pro forma forecast

The net interest expense forecast for FY14 of $593.6 million primarily represents the forecast net interest on existing Westfield Retail Trust bonds, bank loan facilities and derivatives together with the cost of a bridge facility, new bank loan facilities, new derivatives and the progressive raising of new bonds under a funding plan that will pay down the bridge facility. The interest expense is shown net of interest capitalised of $34 million and includes $29.0 million benefit of estimated non cash mark to market accounting adjustments to Westfield Retail Trust fixed rate debt and derivatives in accordance with acquisition accounting requirements.

Pro forma forecast mark to market of interest rate derivative financial instruments of $30.0 million represents the reversal of brought forward mark to market balances relating to interest cash flows included in the FY14 Pro Forma Forecast net interest expense in the Pro Forma Forecast Income Statement. This has no impact on Scentre Group's Pro Forma Forecast FFO nor its Pro Forma Forecast Adjusted FFO.

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(L) TAX EXPENSE (REFER TO TABLE 6.3.1)

Pro forma forecast

The tax expense forecast of $90.2 million for FY14 primarily represents tax on project income, property management income and, in New Zealand, net operating income on property partially offset by tax deductions for overheads and interest expense.

The deferred tax expense forecast of $12.6 million for FY14 represents the potential deferred tax impact of estimated property depreciation in New Zealand.

6.8 BEST ESTIMATE ASSUMPTIONS UNDERLYING THE PRO FORMA FORECAST INCOME STATEMENT AND PRO FORMA FORECAST FFO (INCLUDING PRO FORMA FORECAST ADJUSTED FFO)

The Pro Forma Forecast Income Statement and Pro Forma Forecast FFO (including Pro Forma Forecast Adjusted FFO) are based on various best estimate assumptions set out below.

(A) KEY ASSUMPTIONS

The key assumptions underlying the Pro Forma Forecast Income Statement and Pro Forma Forecast FFO for the year ending 31 December 2014 include the following:

(i) the Proposal is implemented on 1 January 2014;

(ii) the Australian and New Zealand operations of Westfield Group merges with Westfield Retail Trust in a business combination;

(iii) average CPI for FY14 of 2.5% for Australia and 1.0% for New Zealand applied to specialty tenant rent escalations;

(iv) shopping centre interests in Australia and New Zealand continue to be in excess of 99.5% leased;

(v) development activities including Miranda and Mt Gravatt are underway as well as design and construction projects at Macquarie Centre and Pacific Fair for AMP Group, being third party contracts in which Scentre Group has no ownership interest. The FY14 pro forma forecast assumes capital expenditure of approximately $460 million on development activities;

(vi) average A$/NZ$ exchange rate of 1.15 for FY14, approximating the average rate for the last 12 months;

(vii) $850 million capital return to Securityholders as part of the Proposal;

(viii) assumption of $7.1 billion of debt net of cash attributable to the Australian and New Zealand operations of Westfield Group business;

(ix) the Australian and New Zealand operations of Westfield Group enters into bridge facilities and new bank loan facilities with the bridge facility being progressively replaced with new bonds (refer to Section 6.12);

(x) average gross interest rates (including the impact of derivative financial instruments) of approximately 5.0% for FY14 based upon market interest rates consistent with the announcement on 4 December 2013 and including the impact of bridge facilities, bank loan facilities, existing Westfield Retail Trust bonds and progressive raising of new bonds; and

(xi) taxation on relevant entities at local tax rates currently prevailing at 30% for Australia and 28% for New Zealand.

(B) GENERAL ASSUMPTIONS

In preparing the Pro Forma Forecast Income Statement and Pro Forma Forecast FFO, the following general best estimate assumptions have been adopted:

(i) no significant amendment to any material agreement or arrangement relating to Scentre Group's businesses. The parties to those agreements and arrangements are assumed to continue to comply with the terms of all material agreements and arrangements and maintain all relevant licenses and approvals;

(ii) no material business or property acquisitions or disposals;

(iii) no material changes in the competitive operating environment;

(iv) no material changes in capital expenditure requirements;

(v) macroeconomic and industry conditions as described in Section 7;

(vi) no material contract disputes or litigation;

(vii) no change in Scentre Group's capital structure other than as set out in, or contemplated in, this Securityholder Booklet;

(viii) no significant change in the legislative regimes and regulatory environments in the jurisdictions in which Scentre Group or its key customers operate which will materially affect Scentre Group's Pro Forma Forecast Financial Information (including in the areas of taxation and various state retail tenancy legislation);

(ix) no changes in accounting standards or the Corporations Act and to other relevant foreign equivalents of the Corporations Act that would have a material effect on Scentre Group's financial performance, cash flows or financial position and the way in which they are reported;

(x) no property revaluations or mark to market of financial instruments in relation to a movement in interest or exchange rates; and

(xi) consistency of Scentre Group's significant accounting policies over the forecast period.

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6.9 SENSITIVITY ANALYSIS

The Pro Forma Forecast Income Statement and Pro Forma Forecast FFO (including Pro Forma Forecast Adjusted FFO) are based on certain economic and business assumptions about future events that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Scentre Group, Westfield Group Directors, Westfield Group management, Westfield Retail Trust Directors and Westfield Retail Trust management. A summary is provided below of the sensitivity of Scentre Group's Pro Forma Forecast Adjusted FFO to variations in a number of key assumptions for FY14. The changes in the key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the Pro Forma Forecast Adjusted FFO is discussed below.

Table 6.9.1: Pro Forma Forecast Adjusted FFO sensitivity

	Pro Forma Forecast	
Pro Forma Forecast Adjusted FFO sensitivity	**$million**	**cents/security**
Pro Forma Forecast Adjusted FFO	1,140.0	21.5
Incremental impact of change from assumptions		
Change in average CPI by 0.25% p.a.	+/– 1.0	+/– 0.02
Change in average portfolio leased by 0.1% p.a.	+/– 1.9	+/– 0.04
Change in average NZ$ exchange rate by 5 cents	+/– 5.3	+/– 0.10
Change in average interest rate by 0.25% p.a.	+/– 7.4	+/– 0.14

Current debt and credit market conditions are more favourable than when the Pro Forma Forecast Financial Information for FY14 was prepared. If these conditions are maintained and continue, there will be a reduction in Pro Forma Forecast FY14 net interest expense of approximately $27.0 million. The achievement of this reduction is not guaranteed as it is dependent on interest rates and credit margins at the time of implementation and the final interest rate hedging and funding plan adopted by Scentre Group.

Care should be taken in interpreting these sensitivities. The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables over the full year. In practice, changes in variables may offset each other or may be cumulative, and it is likely that Scentre Group's management would respond to any adverse change in one variable by taking action to minimise the net effect on Scentre Group's earnings.

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6.10 PRO FORMA HISTORICAL STATEMENT OF NET ASSETS

The Pro Forma Historical Statement of Net Assets set out for Scentre Group below has been prepared on the basis that the Proposal was implemented on 31 December 2013.

Table 6.10.1: Pro Forma Historical Statement of Net Assets

31 December 2013	Historical Audited Westfield Group[1] $million	Westfield Group's Net Assets Attributable to Westfield Corporation[2] $million	Refinancing costs[3] $million	Intercompany, derivatives and debt update[4] $million	Westfield Group's Net Assets Attributable to Scentre Group[5] $million	Historical Audited Westfield Retail Trust[6] $million	Reclassification of previously equity accounted entities[7] $million	Consolidation adjustments and eliminations[8] $million	Westfield Retail Trust capital return[9] $million	Transaction costs[10] $million	Scentre Group Pro Forma Historical Statement of Net Assets $million
Current assets											
Cash and cash equivalents	1,153.0	(963.0)	–	–	190.0	21.4	40.1	–	–	–	251.5
Receivables and other assets	842.9	(652.5)	–	(39.8)	150.6	41.9	31.7	(16.9)	–	–	207.3
Receivable from Westfield Corporation	–	1,233.5	–	(1,233.5)	–	–	–	–	–	–	–
Total current assets	**1,995.9**	**(382.0)**	**–**	**(1,273.3)**	**340.6**	**63.3**	**71.8**	**(16.9)**	**–**	**–**	**458.8**
Non current assets											
Shopping centre investments	15,405.7	(8,149.0)	–	–	7,256.7	6,571.7	12,949.1	–	–	–	26,777.5
Development projects and construction in progress	1,056.3	(902.1)	–	–	154.2	104.9	251.8	(4.1)	–	–	506.8
Equity accounted investments											
– Cash	146.4	(124.9)	–	–	21.5	21.3	(40.1)	–	–	–	2.7
– Shopping centre investments	16,820.6	(9,674.8)	–	–	7,145.8	7,060.3	(12,949.1)	–	–	–	1,257.0
– Development projects and construction in progress	749.7	(623.6)	–	–	126.1	142.1	(251.8)	(7.4)	–	–	9.0
– Other assets	105.9	(88.4)	–	–	17.5	16.9	(31.7)	–	–	–	2.7
– Payables	(307.0)	195.0	–	–	(112.0)	(127.0)	224.2	4.7	–	–	(10.1)
– Interest bearing liabilities	(1,925.5)	1,903.2	–	–	(22.3)	(22.2)	44.5	–	–	–	–
– Deferred tax liabilities	(106.2)	–	–	–	(106.2)	(106.2)	212.4	–	–	–	–
Other non current assets	966.2	(750.4)	–	(39.6)	176.2	67.4	–	24.3	–	–	267.9
Total non current assets	**32,912.1**	**(18,215.0)**	**–**	**(39.6)**	**14,657.5**	**13,729.2**	**409.3**	**17.5**	**–**	**–**	**28,813.5**
Total assets	**34,908.0**	**(18,597.0)**	**–**	**(1,312.9)**	**14,998.1**	**13,792.5**	**481.1**	**0.6**	**–**	**–**	**29,272.3**
Current liabilities											
Trade creditors and other payables	2,010.2	(1,439.9)	–	(16.0)	554.3	133.9	224.2	(12.2)	–	75.0	975.2
Interest bearing liabilities	3.8	(3.5)	–	–	0.3	246.1	0.1	–	–	–	246.5
Total current liabilities	**2,014.0**	**(1,443.4)**	**–**	**(16.0)**	**554.6**	**380.0**	**224.3**	**(12.2)**	**–**	**75.0**	**1,221.7**
Non current liabilities											
Interest bearing liabilities	12,314.8	(8,332.8)	266.0	3,034.9	7,282.9	2,902.7	44.4	69.0	850.0	–	11,149.0
Other non current liabilities	1,880.2	(356.7)	–	(121.1)	1,402.4	34.5	–	–	–	–	1,436.9
Deferred tax liabilities	3,358.3	(3,314.7)	–	–	43.6	–	212.4	–	–	–	256.0
Total non current liabilities	**17,553.3**	**(12,004.2)**	**266.0**	**2,913.8**	**8,728.9**	**2,937.2**	**256.8**	**69.0**	**850.0**	**–**	**12,841.9**
Total liabilities	**19,567.3**	**(13,447.6)**	**266.0**	**2,897.8**	**9,283.5**	**3,317.2**	**481.1**	**56.8**	**850.0**	**75.0**	**14,063.6**
Net assets	**15,340.7**	**(5,149.4)**	**(266.0)**	**(4,210.7)**	**5,714.6**	**10,475.3**	**–**	**(56.2)**	**(850.0)**	**(75.0)**	**15,208.7**

(1) Westfield Group's net assets as at 31 December 2013 extracted from the statutory financial statements of Westfield Group which have been audited by Ernst & Young and on which an unqualified audit opinion was issued on 26 February 2014.

(2) Westfield Group's US and UK net assets as at 31 December 2013 attributable to Westfield Corporation.

(3) Relates to $266.0 million estimated cost associated with the refinancing of borrowings in Westfield Group entities attributable to Scentre Group. These costs will be expensed in the actual FY14 income statement. The actual costs will differ from the above estimates predominantly due to changes in the prevailing interest and exchange rates at the time of refinancing.

(4) Estimated debt adjustments to reflect the settlement of inter-group balances at the Implementation Date and the additional interest bearing liabilities (compared to amounts at 31 December 2013) attributable to Scentre Group at the Implementation Date. The actual debt adjustments will differ from the above estimate depending on actual transactions in the normal course of business (such as capital expenditure, net operating cash flows, payment of dividends/distributions and tax instalments).

(5) Consists of Westfield Group's Australia and New Zealand net assets as at 31 December 2013 attributable to Scentre Group.

(6) Westfield Retail Trust's net assets as at 31 December 2013 extracted from the statutory financial statements of Westfield Retail Trust which have been audited by Ernst & Young and on which an unqualified audit opinion was issued on 26 February 2014.

(7) Pro forma adjustments relating to the reclassification of investments that were jointly controlled by Westfield Group and Westfield Retail Trust from equity accounted investments to consolidated assets and liabilities. There is no impact to the income statement.

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(8) Consolidation adjustments and eliminations include:

(a) Pro forma adjustments relating to the elimination of receivables and payables between Westfield Group and Westfield Retail Trust. There is no impact to the income statement.

(b) Pro forma elimination of $11.5 million of profits on development projects currently in progress.

(c) Pro forma acquisition accounting adjustments to fair value certain assets and liabilities of Westfield Retail Trust, principally the estimated non cash mark to market of $69.0 million to Westfield Retail Trust fixed rate debt based on market interest rates at 31 December 2013. This mark to market amount amortises over the remaining term of the fixed rate debt.

(d) Pro forma adjustments of $24.3 million relating to the elimination of 5.9 million Westfield Retail Trust Securities held by Westfield Group, and the recognition of 5.9 million Westfield Corportation Securities to be held by Scentre Group on implementation of the Proposal.

(9) $850.0 million capital return to Securityholders on implementation of the Proposal.

(10) Relates to $75.0 million estimated transaction costs for professional services and other associated costs related to the implementation of the Proposal. These costs will be expensed in the actual FY14 income statement.

Table 6.10.2: Attribution of Pro Forma Historical Net Assets to Scentre Group Securityholders and to external non controlling interests

	$million
Pro Forma Historical Net Assets attributable to Scentre Group Securityholders	14,979.5
Pro Forma Historical Net Assets attributable to external non controlling interests	229.2
Pro Forma Historical Net Assets (Table 6.10.1)	15,208.7

Table 6.10.3: Effect of non cash acquisition adjustments on Pro Forma Historical Net Assets attributable to Scentre Group Securityholders

	$million
Pro Forma Historical Net Assets attributable to Scentre Group Securityholders (Table 6.10.2)	14,979.5
Add back:	
Non cash mark to market of Westfield Retail Trust fixed rate debt(1)	69.0
Pro Forma Historical Net Assets attributable to Scentre Group Securityholders excluding non cash acquisition adjustments	15,048.5

(1) Pro forma acquisition accounting adjustments to fair value certain assets and liabilities of Westfield Retail Trust, representing the estimated non cash mark to market of $69.0 million to Westfield Retail Trust fixed rate debt based on market interest rates at 31 December 2013 and in accordance with acquisition accounting requirements. This mark to market amount amortises over the remaining term of the fixed rate debt.

Table 6.10.4: Pro forma historical gearing

The estimated gearing for Scentre Group based on the above Pro Forma Historical Statement of Net Assets is 38.4%. Gearing is calculated as follows:

Pro Forma Historical Total Assets	$million	Pro Forma Historical Net Debt	$million
Consolidated total assets	29,272.3	Consolidated interest bearing liabilities	
Add back:		– current	246.5
Equity accounted liabilities		– non current	11,149.0
– Payables	10.1	Equity accounted interest bearing liabilities	–
Less:		Less:	
Consolidated cash	(251.5)	Consolidated cash	(251.5)
Equity accounted cash	(2.7)	Equity accounted cash	(2.7)
	29,028.2		11,141.3

Pro Forma historical gearing (net debt/total assets) 38.4%

The above pro forma historical gearing will differ from the actual gearing at the Implementation Date as the actual balance sheet at the Implementation Date will include transactions during the period from 1 January 2014 to the Implementation Date by Westfield Group and Westfield Retail Trust in the normal course of business (such as capital expenditure, net operating cash flows, payment of dividends/distributions and tax instalments), as well as market movements including changes in fair value due to exchange and interest rate movements and property revaluations.

Refer to Section 6.12 for further details of Scentre Group's liquidity, financing facilities and gearing policy.

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Table 6.10.5: Details of pro forma historical net debt

31 December 2013	Pro Forma Interest bearing liabilities $million	Pro Forma Cash $million	Pro Forma Net Debt $million
Attributable to Westfield Retail Trust:			
Interest bearing liabilities			
– Consolidated – current	246.1		
– Consolidated – non current	2,902.7		
– Equity accounted	22.2		
– Capital Return	850.0		
– Mark to market of fixed rate debt	69.0		
Less:			
Consolidated cash		(21.4)	
Equity accounted cash		(21.3)	
Westfield Retail Trust	4,090.0	(42.7)	4,047.3
Attributable to the Australian and New Zealand operations of Westfield Group:			
Interest bearing liabilities			
– Consolidated – current	0.3		
– Consolidated – non current	7,282.9		
– Equity accounted	22.3		
Less:			
Consolidated cash		(190.0)	
Equity accounted cash		(21.5)	
The Australian and New Zealand operations of Westfield Group	7,305.5	(211.5)	7,094.0
Total	11,395.5	(254.2)	11,141.3

6.11 FINANCIAL RISK MANAGEMENT

Scentre Group will have the following financial risk management policies:

(i) maintain a target gearing ratio (net debt/total assets) in the 30% to 40% range. Scentre Group will have gearing of 38.4% on a pro forma basis as at 31 December 2013 and interest cover of 3.3 times on a pro forma forecast basis for FY14;

(ii) target interest rate exposure to be more highly hedged in the near term, with declining hedge bands over a 10 year horizon;

(iii) sufficient liquidity to cover all debt maturities for 12 months and all committed capital expenditure to completion and an additional buffer of $300 million; and

(iv) hedging may be undertaken to reduce the impact of exchange rate movements on income statement and balance sheet items.

6.12 FINANCING ARRANGEMENTS

BACKGROUND

At implementation of the Proposal, Scentre Group will have approximately $12.85 billion of unsecured financing arrangements within a financing structure that incorporates the existing financing arrangements of Westfield Retail Trust of approximately $3.8 billion (**Westfield Retail Trust Facilities**), together with new committed unsecured revolving bank loan facilities and an unsecured bridge facility for the equivalent in total of $9.05 billion (to be drawn in A$ and NZ$).

These bridge and bank loan facilities will finance Scentre Group's effective assumption of $6.8 billion and NZ$0.6 billion of Westfield Group's unsecured debt, being the portions allocated to the Australian and New Zealand business, and a $300 million portion of the Westfield Retail Trust capital return under the proposal that is not funded by existing Westfield Retail Trust Facilities.

The Westfield Group Directors and the Westfield Retail Trust Directors believe that the bridge and bank loan facilities and the Westfield Retail Trust Facilities, together with the cash flow expected to be generated by Scentre Group, will be sufficient to allow Scentre Group to carry out its business and stated objectives immediately following implementation of the Proposal, and is appropriate having regard to the financial and investment profile of Scentre Group following implementation of the Proposal.

At least one of the parent entities in Scentre Group will borrow funds under the new bridge and bank loan facilities and the Westfield Retail Trust Facilities and on-lend them to entities within Scentre Group. Certain finance subsidiaries, known as treasury subsidiaries, being special purpose companies incorporated in Australia and New Zealand, may also borrow under the revolving bank loan facilities. The treasury subsidiaries will also enter into derivative contracts to hedge Scentre Group's interest rate and foreign currency risks. Some other entities within Scentre Group will also continue to borrow, including in the form of secured debt, for instance mortgages, in respect of which they may also hedge any associated interest rate risk.

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DOCUMENTATION STRUCTURE

For the purposes of the Westfield Retail Trust Facilities, Westfield Retail Trust has entered into a Master Negative Pledge which contains the representations and warranties, undertakings, financial covenants, review events and events of default which are intended to be common, to the extent practicable, across all unsecured bank debt borrowing facilities provided to Westfield Retail Trust. The Master Negative Pledge is given for the benefit of each present and future finance party of Westfield Retail Trust. Westfield Retail Trust has also entered into a Master Guarantee, which is a deed poll containing the main guarantee for all of the Westfield Retail Trust's unsecured bank debt borrowing facilities.

Under the terms of the Proposal, amendments have been agreed with Westfield Retail Trust's existing financiers to amend the Master Negative Pledge and Master Guarantee so that they apply to Scentre Group on and from implementation. It is intended that the majority of unsecured lenders to Scentre Group will have the benefit of the Master Negative Pledge and the Master Guarantee or substantially similar arrangements that are standalone.

Following implementation of the Proposal:

(a) under the **Master Guarantee** Westfield Holdings, Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 and their respective treasury subsidiaries, on a joint and several basis, agree to guarantee the obligations of each other.

Each lender which has the benefit of the Master Guarantee may enforce it; and

(b) under the **Master Negative Pledge**, Westfield Holdings, Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 are bound by representations and warranties, undertakings, financial covenants, review events and events of default which are intended to be common, to the extent practicable, across all unsecured bank loan facilities provided to Scentre Group.

Each lender who benefits from the Master Negative Pledge is able to enforce it. The Master Negative Pledge may be amended and waived on the instructions of the majority of these lenders (with certain exceptions, where the consent of all such lenders will be required).

In addition to standard events of default relating to non-payment, breach of undertaking or warranty, cross default, insolvency and ceasing business, it is an event of default if a trustee or responsible entity of Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 ceases to be sole trustee or responsible entity and is not replaced within 60 business days by an entity which is a member of Scentre Group or one which is approved by the requisite majority of the applicable lenders.

It is also a review event (which can lead to demand for repayment) if, except in limited circumstances, the Scentre Group Securities cease to be listed on the ASX.

The Master Negative Pledge contains the following financial covenants, determined in accordance with Scentre Group's statutory financial statements:

(a) **gearing:** the ratio of net debt to net assets as at each reporting date shall not exceed 0.65:1;

(b) **unencumbered pool:** unencumbered assets shall not be less than 150% of outstanding unsecured debt at all times;

(c) **cash flow to fixed charges:** the ratio of operating cash flow to fixed charges for the 12 month period ending on a reporting date is to be at least 1.50:1;

(d) **priority debt:** secured debt and certain other debt incurred directly by operating subsidiaries must not exceed 40% of total assets at any time; and

(e) **unencumbered interest cover:** if on a reporting date priority debt exceeds 25% of total assets, the ratio of unencumbered operating cash flow to unencumbered interest expense for the 12 months ending on that reporting date must be at least 1.50:1.

The status of the financial covenants and ratios for Scentre Group as at 31 December 2013 on a pro forma basis are set out in the table below.

Table 6.12.1: Financial covenants and key ratios

	Financial covenants	Pro forma as at 31 December 2013 /Pro forma forecast FY14
Gearing (net debt to net assets)	Not exceeding 0.65:1	0.40:1
Unencumbered pool of assets	Not less than 150% of outstanding unsecured debt	242.9%
Cash flow to fixed charges	At least 1.50:1	3.28:1
Priority debt	Not exceeding 40% of total assets	0.7%
Unencumbered interest cover	At least 1.50:1	3.28:1

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Scentre Group bridge and new bank loan facilities
Scentre Group's new financing facilities will be constituted under several agreements between various banks and Westfield Trust, Westfield Retail Trust 1, RE(NZ) Finance Limited and Westfield Finance (Aust) Limited as borrowers.

They comprise a $5.0 billion bridge facility and unsecured revolving bank loan facilities totalling $4.05 billion, of which $1.8 billion and NZ$0.6 billion will be drawn together with full drawing of the bridge facility, to finance Scentre Group's effective assumption of the $6.8 billion and NZ$0.6 billion portions of Westfield Group's unsecured debt.

The bridge facility is repayable two years from the date of execution (with an option for Scentre Group to extend for one year). The net proceeds of any equity capital raising or debt capital markets raising (other than refinancing of maturing bonds) must be used to pay down this facility. Scentre Group is expected to be in a position to be able to refinance the bridge facility with new financing prior to its maturity.

The revolving facilities are for terms of two to six years from the date of either first drawdown or signing and have the flexibility to be repaid and subsequently redrawn as required. These facilities can be repaid with any equity capital or debt capital market raisings after the bridge facility has been fully repaid and can be renewed subject to negotiation with each financier.

The banks that are party to the bridge facility and revolving facilities have the benefit of Scentre Group's Master Guarantee and the Master Negative Pledge.

The bridge facility and revolving facilities contain certain conditions precedent to drawdown, including (other than in respect of drawings under certain revolving facilities made to fund the capital return by Westfield Retail Trust 1 and Westfield Retail Trust 2 to holders of their securities) evidence that the Effective Date (as defined in the facilities) has occurred (i.e. that the Scheme has taken effect) and that the Implementation Date has occurred, or will occur, on the first drawdown date. As is usual in such facilities there is no draw stop for the occurrence of an event of default unless that default constitutes a certain funds default (being defaults relating to insolvency, structural changes or a breach of a material representation or undertaking). It is expected that Scentre Group will be in a position to satisfy all such conditions precedent.

Other facilities
The existing unsecured revolving bank loan facilities totalling $1.9 billion of Westfield Retail Trust will also migrate to Scentre Group. These facilities will have the benefit of Scentre Group's Master Guarantee and Master Negative Pledge.

Bonds previously issued by Westfield Retail Trust are not required to be redeemed. These bonds, denominated in A$ and EUR with total face value of $1.08 billion and EUR 0.5 billion respectively, will continue to remain outstanding on existing terms as obligations of Scentre Group.

Overall effect
The proposed Scentre Group financing facilities referred to above will ensure that Scentre Group has sufficient facilities to refinance that portion of Westfield Group debt that Scentre Group is effectively assuming as well as to allow Scentre Group to carry out its business and stated objectives immediately following implementation of the Proposal.

Based on the Scentre Group's Pro Forma Historical Statement of Net Assets as at 31 December 2013 (see Section 6.10), the gearing of Scentre Group, calculated as a percentage of net debt to total assets, was 38.4% and interest cover calculated as a multiple of FFO before interest and tax to net interest expense plus interest capitalised and excluding coupons on the Property Linked Notes, will be 3.3 times on a pro forma forecast basis for FY14. While actual gearing on the Implementation Date may be higher or lower than this, it is the current intention to maintain gearing of Scentre Group over the long term within the range of 30% to 40%. Scentre Group may be prepared to exceed this level for a major acquisition so long as it can return to its desired gearing in the short term.

Liquidity and financing facilities
In addition to funding a portion of Westfield Group's debt, Scentre Group's primary requirement for cash is expected to arise from funding the redevelopment and expansion of its shopping centres and funding acquisitions. Significant amounts of cash are also expected to be used to pay distributions and repay principal and pay interest on debt. Details on the distribution policy for Scentre Group are included in Section 6.6.

Diversity of funding sources
Through the refinancing of the bridge facility over two years (or three years at the option of Scentre Group), and as result of ongoing funding requirements, Scentre Group's financing facilities are expected to encompass a diversity of financing sources which may include committed unsecured bank loan facilities on a syndicated and bilateral basis, bonds and hybrid instruments. These bank loan facilities and bonds are expected to be with a number of lenders and have various maturities to minimise credit risk and refinancing risk. Scentre Group may also raise debt finance through secured borrowings, including secured investment loans over individual properties or groups of properties and secured construction loans.

In addition to the public equity and secured and unsecured loan and debt capital markets, Scentre Group may also obtain funding by accessing private equity from institutional investors, through hybrid equity capital raisings or the disposal or joint venturing of properties.

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6.13 RECONCILIATION OF SCENTRE GROUP'S PRO FORMA HISTORICAL INCOME STATEMENTS TO AUDITED CONSOLIDATED FINANCIAL STATEMENTS

The information in this Section provides the reconciliation of key financial information to the audited consolidated financial statements.

(A) EARNINGS BEFORE INTEREST AND TAX (EBIT)

Table 6.13.1: Reconciliation of EBIT

	FY11 $million	FY12 $million	FY13 $million
Westfield Group profit before tax(1)	1,574.6	1,962.6	1,906.5
Less: Westfield Group interest income(1)	(52.6)	(57.4)	(26.5)
Add: Westfield Group financing costs(1)	851.9	830.0	795.4
Westfield Group EBIT	**2,373.9**	**2,735.2**	**2,675.4**
Pro forma adjustments for EBIT relating to:			
– Divestment of United States centres(2)	(272.4)	(157.2)	(3.2)
– Divestment of United Kingdom centres(3)	1.5	(1.5)	–
– Divestment of Brazil centres(4)	(2.4)	30.7	2.5
– Reversal of gain/loss in respect of capital transactions(5)	(12.3)	45.1	146.2
Westfield Group pro forma historical EBIT	**2,088.3**	**2,652.3**	**2,820.9**
Westfield Group pro forma historical EBIT attributable to Westfield Corporation(6)	(817.3)	(1,138.9)	(1,386.1)
Westfield Group pro forma historical EBIT attributable to Scentre Group	**1,271.0**	**1,513.4**	**1,434.8**
Westfield Retail Trust EBIT(7)	**1,012.4**	**1,028.9**	**925.3**
Consolidation adjustments attributable to Westfield Retail Trust(8)			
– Net property income8(a)	45.4	41.4	45.0
– Project income8(b)	(50.3)	(86.6)	(100.6)
– Management income – Shopping centre8(a)	(46.0)	(48.8)	(52.2)
– Management income – Corporate service charge8(c)	(23.0)	(23.0)	(20.0)
– Overheads8(c)	23.0	23.0	20.0
– Property revaluations8(b)	50.8	89.9	95.8
– Reclassification of previously equity accounted entities8(d)	37.6	34.2	41.4
Scentre Group Pro Forma Historical EBIT	**2,320.9**	**2,572.4**	**2,389.5**

(1) Extracted from the statutory financial statements of Westfield Group which have been audited by Ernst & Young and on which unqualified audit opinions were issued.

(2) The historical audited income statements have been adjusted for the net operating income, property management fee and property revaluations impact of the following transactions such that they are reflected as having occurred prior to 1 January 2011:

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.64 billion in FY13;

– Divestment of Westfield Group's 50% interest in 6 regional malls in Florida, United States to O'Connor Capital Partners resulting in net proceeds of US$700 million in FY13;

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.154 billion in FY12; and

– Divestment of Westfield Group's 45% interest in 12 properties in the United States to Canada Pension Plan Investment Board resulting in net proceeds of US$2.1 billion in FY12.

(3) Adjusted for the divestment of Westfield Group's interest in 3 non-core shopping centres in the United Kingdom for net proceeds of £159 million in FY12 and divestment of 1 non-core shopping centre in the United Kingdom for net proceeds of £55 million in FY11.

(4) Adjusted for the disposal of Westfield Group's 50% interest in Westfield Almeida Junior Shopping Centres S.A. (Brazil) in FY13.

(5) Reversal of capital profit (gain/loss on divestment) relating to pro forma adjustments detailed in footnotes 2 – 4 above.

(6) Relates to Westfield Group's United States and United Kingdom operations.

(7) Extracted from the statutory financial statements of Westfield Retail Trust which have been audited by Ernst & Young and on which unqualified audit opinions were issued.

(8) Adjustments represent:

(a) Property management income earned by Westfield Group from Westfield Retail Trust now eliminated on consolidation and reclassified to net property income.

(b) Project income earned by Westfield Group from Westfield Retail Trust eliminated upon consolidation, which is offset by property revaluations from properties as a result of the increased proportionate ownership after the implementation of the Proposal.

(c) Elimination of corporate service charge earned by Westfield Group from Westfield Retail Trust offset against management income.

(d) Reclassification of net interest and tax expense from equity accounted net interest and tax expense to consolidated net interest and tax expense as a result of the increased proportionate ownership on the implementation of the Proposal.

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(B) REVENUE

Table 6.13.2: Reconciliation of Revenue

	FY11 $million	FY12 $million	FY13 $million
Westfield Group revenue(1)	3,950.1	2,220.2	2,385.1
Pro forma adjustments for revenue relating to:(2)			
– Divestment of United States centres(3)	(774.6)	(438.5)	(206.3)
Westfield Group pro forma historical revenue	**3,175.5**	**1,781.7**	**2,178.8**
Westfield Group pro forma historical revenue attributable to Westfield Corporation(4)	(2,060.0)	(767.0)	(897.8)
Westfield Group pro forma historical revenue attributable to Scentre Group	**1,115.5**	**1,014.7**	**1,281.0**
Westfield Retail Trust revenue(5)	468.7	514.6	534.3
Consolidation adjustments attributable to Westfield Retail Trust(6)			
– Property revenue 6(a)	(429.9)	(237.4)	(341.9)
– Reclassification of previously equity accounted entities6(b)	997.2	1,020.5	1,035.1
Scentre Group Pro Forma Historical revenue	**2,151.5**	**2,312.4**	**2,508.5**

(1) Extracted from the statutory financial statements of Westfield Group which have been audited by Ernst & Young and on which unqualified audit opinions were issued.

(2) Pro forma adjustments are not required for the divestment of the interest in the United Kingdom centres and Brazil portfolio as these investments were previously equity accounted and therefore not included in revenue.

(3) The historical audited income statements have been adjusted for the following transactions such that they are reflected as having occurred prior to 1 January 2011:

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.64 billion in FY13;

– Divestment of Westfield Group's 50% interest in 6 regional malls in Florida, United States to O'Connor Capital Partners resulting in net proceeds of US$700 million in FY13;

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.154 billion in FY12; and

– Divestment of Westfield Group's 45% interest in 12 properties in the United States to Canada Pension Plan Investment Board resulting in net proceeds of US$2.1 billion in FY12.

(4) Relates to Westfield Group's United States and United Kingdom operations.

(5) Extracted from the statutory financial statements of Westfield Retail Trust which have been audited by Ernst & Young and on which an unqualified audit opinions were issued.

(6) Adjustments are represented by:

(a) Project revenue and property management revenue earned by Westfield Group from Westfield Retail Trust now eliminated as a result of the increased proportionate ownership on the implementation of the Proposal.

(b) Reclassification of property revenue from equity accounted property revenue to consolidated property revenue as a result of the increased proportionate ownership after the implementation of the Proposal.

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(C) FUNDS FROM OPERATIONS BEFORE INTEREST AND TAX

Table 6.13.3: Reconciliation of FFO before interest and tax (FFO EBIT)

	FY11 $million	FY12 $million	FY13 $million
Westfield Group FFO EBIT(1)	2,051.5	2,129.4	2,165.4
Pro forma adjustments for FFO EBIT relating to:			
– Divestment of United States centres(2)	(345.7)	(222.9)	(125.5)
– Divestment of United Kingdom centres(3)	(14.3)	(1.5)	–
– Divestment of Brazil centres(4)	(3.9)	(10.0)	(1.2)
Westfield Group pro forma historical FFO EBIT	**1,687.6**	**1,895.0**	**2,038.7**
Westfield Group pro forma historical FFO EBIT attributable to Westfield Corporation(5)	(720.4)	(846.0)	(953.1)
Westfield Group pro forma historical FFO EBIT attributable to Scentre Group	**967.2**	**1,049.0**	**1,085.6**
Westfield Retail Trust FFO EBIT(6)	**730.6**	**771.6**	**781.8**
Consolidation adjustments attributable to Westfield Retail Trust(7)			
– Net property income7(a)	45.4	41.4	45.0
– Project income7(b)	(50.3)	(86.6)	(100.6)
– Management income – Shopping centre7(a)	(46.0)	(48.8)	(52.2)
– Management income – Corporate service charge7(c)	(23.0)	(23.0)	(20.0)
– Overheads7(c)	23.0	23.0	20.0
Scentre Group Pro Forma Historical FFO EBIT	1,646.9	1,726.6	1,759.6

(1) Extracted from the statutory financial statements of Westfield Group which have been audited by Ernst & Young and on which unqualified audit opinions were issued.

(2) The historical audited income statements have been adjusted for the following transactions such that they are reflected as having occurred prior to 1 January 2011:

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.64 billion in FY13;

– Divestment of Westfield Group's 50% interest in 6 regional malls in Florida, United States to O'Connor Capital Partners resulting in net proceeds of US$700 million in FY13;

– Divestment of 8 non-core shopping centres in the United States, including 7 centres to Starwood Capital Group for net proceeds of US$1.154 billion in FY12; and

– Divestment of Westfield Group's 45% interest in 12 properties in the United States to Canada Pension Plan Investment Board resulting in net proceeds of US$2.1 billion in FY12.

(3) Adjusted for the divestment of Westfield Group's interest in 3 non-core shopping centres in the United Kingdom for net proceeds of £159 million in FY12 and divestment of 1 non-core shopping centre in the United Kingdom for net proceeds of £55 million in FY11.

(4) Adjusted for the disposal of Westfield Group's 50% interest in Westfield Almeida Junior Shopping Centres S.A. (Brazil) in FY13.

(5) Relates to Westfield Group's United States and United Kingdom operations.

(6) Extracted from the statutory financial statements of Westfield Retail Trust which have been audited by Ernst & Young and on which unqualified audit opinions were issued.

(7) Adjustments are represented by:

(a) Property management income earned by Westfield Group from Westfield Retail Trust now eliminated on consolidation and reclassified to net property income.

(b) Project income earned by Westfield Group from Westfield Retail Trust eliminated as a result of the increased proportionate ownership on the implementation of the Proposal.

(c) Elimination of corporate service charge earned by Westfield Group from Westfield Retail Trust offset against management income.

7

RISK FACTORS – SCENTRE GROUP

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7. RISK FACTORS – SCENTRE GROUP

This Section describes the potential risks associated with Scentre Group's business and risks associated with an investment in Scentre Group Securities. It does not purport to list every risk that may be associated with an investment in Scentre Group Securities now or in the future, and the occurrence of consequences of some of the risks described in this Section are partially or completely outside the control of Scentre Group, the Scentre Group Board and the senior management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. The assessment is based on the knowledge of the Westfield Group Directors and the Westfield Retail Trust Directors as at the date of this Securityholder Booklet, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge.

Returns from an investment in Scentre Group's shopping centres depend largely upon the amount of rental income generated from the properties and the expenses incurred in the operations, including the management and maintenance of the properties as well as changes in the market value of the properties. In addition, returns from Scentre Group's investment in shopping centres could be affected by its property development, design and construction activities which form a substantial component of its business.

Some risks below may adversely affect Scentre Group's revenues and operating income, particularly the rental income of Scentre Group's properties or project income from its development activities. Other risks may adversely affect Scentre Group's business, without necessarily affecting its revenues and operating income.

7.1 PROPERTY OWNERSHIP RISKS

(A) TENANT DEFAULT AND OCCUPANCY RISK IN SHOPPING CENTRES

As a significant portion of Scentre Group's earnings will be derived from rental income, Scentre Group's performance will depend significantly on the level of tenant default and on its ability to continue to lease space in its shopping centres (including its redeveloped shopping centres) on market terms. Scentre Group's results of operations may be adversely affected if a significant number of tenants or anchor tenants are unable to meet their rent obligations under their leases or if there is a decrease in demand for retail space in shopping centres so that Scentre Group is unable to renew existing leases or find new tenants on acceptable terms.

If the retail sales of stores operating in Scentre Group's shopping centres decline significantly due to economic conditions, closure of anchor stores or for other reasons, tenants might be unable to pay their existing base rents or service charges (since these fixed rents and charges would represent a high percentage of their sales). Further, if retail sales decline, tenants would be less willing to pay minimum rent at previous levels and existing tenants will seek a lower rent on renewal. During times of low economic growth, such as those experienced in Australia and New Zealand in recent years, the risks associated with declining retail sales increase.

(B) ANCHOR TENANTS DEFAULT OR CLOSURE RISK

Anchor tenants occupy a significant percentage of the total GLA of Scentre Group's shopping centres.

The bankruptcy, insolvency or a downturn in the business of any of Scentre Group's anchor tenants or the failure of any anchor tenant to renew its lease when it expires or continue to operate its store, could adversely affect Scentre Group's results of operations, especially where an anchor tenant accounts for a significant amount of Scentre Group's total rental income.

In addition, closure of anchor stores could adversely affect retail sales of other stores operating in the shopping centres because anchor tenants play an important part in generating customer traffic and making the shopping centres desirable locations for retailers generally.

David Jones and Myer are the two major department store chains in Australia. In early 2014 it emerged Myer had approached David Jones regarding a potential merger. In February 2014, David Jones confirmed it will consider any proposal from Myer which is in the best interests of David Jones shareholders. However, there is no certainty any transaction will eventuate.

David Jones and Myer act as anchor tenants in 28 of the 38 Australian Westfield shopping centres, and as at 31 December 2013 contributed approximately 4.2% of gross rent, 8.7% of annual retail sales and 18.1% of GLA in the Scentre Group portfolio. Scentre Group owns some of David Jones' and Myer's highest grossing stores.

A rationalisation of the ownership structure of department stores in Australia and any subsequent reduction in the total GLA for department stores would create opportunities to improve the quality of shopping centres through introducing additional retailers, increasing the sales productivity of department store space and remixing the tenancy mix at existing shopping centres. Any potential vacant space resulting from a rationalisation of department store tenancies could be re-leased to other retailers, such as discount department stores and international retailers, who are motivated to expand in Australia.

A negative change in the financial condition of any of Scentre Group's anchor tenants could result in a substantial decrease in the revenues directly or indirectly contributed by such tenants and have a negative impact on the overall performance of the affected shopping centre(s).

(C) CHANGES IN CONSUMER SENTIMENT OR SHOPPING PREFERENCES

A significant proportion of Scentre Group's revenues will depend on rental income from tenants whose ability to pay rent depends on their ability to generate and maintain retail sales. Retail sales are subject to rapid and occasionally unpredictable changes in consumer sentiment or preferences, including due to changes in economic conditions, interest rates, levels of disposable income and consumer confidence. If Scentre Group, or its tenants, misjudge consumer sentiment or preferences, or fails to respond to changing consumer sentiment or preferences, this may result in a decline in rental income for Scentre Group leading to a decline in financial performance.

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(D) EMERGENCE OF ALTERNATIVE RETAIL CHANNELS, ESPECIALLY ONLINE RETAILING

As shopping patterns change, consumers may prefer alternative retail outlets (for example, "big box" shopping centres, discount shopping centres and clubs, outlet malls, catalogues, video and home shopping networks, direct mail order, telemarketing and online retailers) over conventional shopping centres. If Scentre Group fails to offer a superior, convenient, safe and appealing experience to consumers who visit its shopping centres, compared to alternative retail outlets, consumer traffic through its shopping centres may decline. This in turn may lead to a decline in demand for retail space and adversely impact Scentre Group's financial performance. The demand for retail space may also decline if Scentre Group is unable to meet the needs of its retailers who are changing the way they do business in response to the change in shopping patterns, including by embracing alternative retail outlets.

In particular, with the advent of e-commerce and mobile technology, online retailing has emerged as the main challenge to conventional "bricks and mortar" retailing in recent years. With consumers increasingly preferring to shop online, retailers are developing their own online shopping platforms to decrease their dependence on traditional retail channels. Many retailers are as advanced as the consumers in adopting digital and mobile technology. Scentre Group's shopping centres may gradually lose their appeal and relevance for new age consumers and retailers. Whether Scentre Group is able to meet this challenge depends on its ability to execute its strategy to connect both groups of consumers and retailers (and the digital world) to its physical shopping centres and ensure its shopping centres continue to play a significant role in modern day life.

(E) CONFLICTS OF INTEREST WITH CO-OWNERS OF PROPERTIES

A number of shopping centres in Scentre Group's portfolio are held through joint ventures or co-ownership arrangements. In a number of these arrangements, Scentre Group does not have exclusive control over certain aspects of the shopping centres including development, financing, leasing and management.

From time to time, Scentre Group will be required to make major decisions in respect of co-owned properties, including ongoing capital expenditure, redevelopment and refurbishment, the sale of shopping centres or surplus land and the purchase of additional land. Co-owners may be competitors and/or have economic or other business interests or goals which are inconsistent with Scentre Group's business interests or goals, and may be in a position to take actions contrary to Scentre Group's objectives. Disputes between Scentre Group and co-owners may result in litigation or arbitration that would increase expenses and prevent the Scentre Group Board and senior managers from focusing their time and effort on Scentre Group's business.

In addition, pre-emptive provisions or rights of first refusal may apply to sales or transfers of interests in these co-owned properties. These provisions may work to Scentre Group's disadvantage because, among other things, Scentre Group may be disadvantaged in its sale process by the need to comply with these provisions.

There is also the risk that co-owners might become bankrupt or default on their obligations, resulting in their interest in one or more shopping centres becoming subject to external administration, transferred to creditors or sold to third parties, or otherwise act in a manner that adversely affects Scentre Group, or which forces Scentre Group to take an action (e.g. purchase of that interest pursuant to pre-emptive rights) which it would not otherwise have taken.

7.2 PROPERTY MANAGEMENT AND DEVELOPMENT RISKS

(A) DEVELOPMENT ACTIVITIES RISK

Scentre Group's financial performance will depend in part upon the continued redevelopment and growth of its properties. Details of Scentre Group's development activities are set out at Section 5.3.

Scentre Group will be subject to the risks associated with its expansion and redevelopment activities, including risks resulting from:

(i) construction not being completed on budget and on schedule;

(ii) properties not being leased to the level or otherwise on the terms anticipated by the feasibility study prepared for the particular project especially if the income derived from the redeveloped shopping centres is lower than expected; or

(iii) the inability of Scentre Group or its joint venture partners to obtain funding on acceptable terms, or at all, for Scentre Group's proposed development and redevelopment programme.

Development, redevelopment and expansion activities may also involve the following risks:

(i) failure to obtain, or delay in obtaining, required permits, licences or approvals;

(ii) changes in laws and governmental regulations including zoning, planning and environmental laws;

(iii) changes in the political or economic environments;

(iv) industrial disputes which may delay projects and/or add to the cost of developments;

(v) construction costs of a project which may exceed original estimates or available financing;

(vi) temporary disruption of income from an existing shopping centre which is being redeveloped;

(vii) failure to maintain leased rates for existing retail space, the inability to lease new retail space, rent abatements, and termination of lease agreements and pre-sale agreements;

(viii) loss of consumers due to inconvenience caused by construction;

(ix) incurrence of substantial expenditures before the redevelopment project produces income; and

(x) delays due to inadequate supply of labour, scarcity of construction materials, lower than expected sales productivity levels, inclement weather conditions, land contamination, difficult site access, objections raised by community interest groups, environmental groups and neighbours, slow decision-making by counterparties, complex construction specifications, changes to design briefs, legal issues and other documentation changes.

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If a development or redevelopment project is unsuccessful or does not proceed, Scentre Group's investment cost may exceed the value of the project on completion or Scentre Group may incur pre-development costs that have to be written off. Scentre Group's financial performance may be adversely affected in these circumstances.

Scentre Group may undertake development or redevelopment activities for a third party (including a co-owner) on a fixed price, fixed time basis. Scentre Group faces additional risks in these arrangements – for example, delays may result in liquidated damages against Scentre Group, design problems or defects may result in rectification or costs or liabilities which Scentre Group cannot recover, Scentre Group may be unable to fulfil its statutory and contractual obligations in relation to the quality of its materials and workmanship, including warranties and defect liability obligations.

Given the size and scale of Scentre Group's expansion and redevelopment activities, Scentre Group may incur additional indebtedness to fund required capital expenditures.

(B) PROPERTY MANAGEMENT ACTIVITIES RISK

Scentre Group will derive a significant portion of its income from property management activities. Property management income is treated as having similar characteristics, risk and growth profile as property net operating income (rent income) given the long term nature of property management income under the property management agreements and direct linkage of property management income to annual gross income.

However, these property management agreements may be terminated by Scentre Group's counterparty if Scentre Group breaches the agreement (subject to specified remedy periods) or under certain other conditions, including a reduction in Scentre Group's ownership of the relevant property to less than a 25% direct or indirect interest or the termination of the co-ownership or development framework agreement relating to such property.[40]

If third parties with whom Scentre Group has management agreements were to terminate those agreements, Scentre Group's income may be adversely affected. In addition, Scentre Group may be liable to third parties for damages if it breaches these property management agreements.

7.3 FINANCING RISKS

(A) REFINANCING RISK

If the Proposal is implemented, Scentre Group will have a $5.0 billion bridge facility and $4.05 billion in revolving loan facilities, in addition to the $3.8 billion of pre-existing Westfield Retail Trust financing facilities comprising $1.9 billion of bonds and $1.9 billion of bank loan facilities. The bridge facility has a two year maturity with an option to extend for a further year. The revolving loan facilities have maturities ranging up to six years. It is intended that the bridge facility will be refinanced in the global debt capital markets within two years of drawing.

Scentre Group's ability to refinance its debt facilities on acceptable terms will depend on a number of factors (some of which are out of its control) including general economic, political and capital market conditions, credit availability and the performance, reputation and financial strength of its business.

An adverse change in one or more of those factors could impact Scentre Group's ability to refinance its debt facilities on acceptable terms. For example, any disruption in global credit markets, such as the disruptions associated with the global financial crisis and the European sovereign debt crisis since 2007, may significantly increase the risks and costs associated with obtaining new funding for Scentre Group's development programme or acquisitions on acceptable terms, or at all.

If Scentre Group is unable to refinance its debt facilities on acceptable terms or at all, Scentre Group may need to seek alternative funding such as asset dispositions or equity capital raisings.

(B) LEVERAGE RISK

Scentre Group will have a significant amount of debt and this will be an increase from the debt levels currently held by Westfield Retail Trust. It is expected that Scentre Group would maintain a leverage ratio in the 30% to 40% range over the long term. Upon implementation of the Proposal, Scentre Group will have $11.1 billion of net debt and 38.4% gearing on a pro forma basis as at 31 December 2013 and interest cover of 3.3 times, on a pro forma forecast basis for FY14. This is compared to $12.9 billion of net debt and a 35.8% gearing ratio for Westfield Group and $3.1 billion of net debt and a 22.4% gearing ratio for Westfield Retail Trust reported as at 31 December 2013.

The material consequences of having significant debt levels are as follows:

(i) Scentre Group will need to use a substantial portion of cash from its operating activities to pay interest on its debt. Scentre Group's ability to generate sufficient cash from its business to repay its debts is subject to various factors including many which are beyond its control (see Section 7.3(c));

(ii) Scentre Group's flexibility in planning for, or reacting to, changes in its business and the industry in which it operates may be limited because available cash flow after repaying principal and paying interest on debt may not be sufficient to meet the capital and other expenditures needed to address these changes;

(iii) adverse economic, credit or financial market or industry conditions are more likely to have a negative effect on Scentre Group's business because, during periods in which Scentre Group experiences lower earnings and cash flow, it will be required to devote a proportionally greater amount of its cash flow to repaying principal and paying interest on its debt;

(iv) Scentre Group may be at a competitive disadvantage to its competitors that have relatively less debt and have more cash flow available to devote to capital expenditures and other strategic purposes;

40 In a limited number of cases, the minimum ownership interest Scentre Group will be required to hold is lower than 25%. One of the development framework agreements is for a term expiring in September 2017.

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(v) Scentre Group's ability to obtain financing in the future for its development and redevelopment programme, working capital, capital expenditures or other purposes on acceptable terms or at all may be limited because of the restrictions contained in existing debt agreements and debt levels;

(vi) Scentre Group's ability to make acquisitions and take advantage of significant business opportunities may be negatively affected if it needs to obtain the consent of its lenders to take any such action or if, because of existing debt levels, it is not able to obtain additional financing for these opportunities; and

(vii) Scentre Group's credit rating may be adversely affected, which may impact Scentre Group's ability to access new financing and/or the price of any new financing.

In addition, leverage levels may be reviewed and modified from time to time without notice to or any approval of Scentre Group Securityholders. Specifically, Scentre Group may decide to increase its current debt level for a major acquisition or to fund its development programme, provided that it believes it is in keeping with its strategy at that time which may include returning to its desired leverage ratio over a period of time.

If Scentre Group's cash flow and capital resources are not sufficient to make principal repayments and interest payments on its debt and fund its working capital and other business needs, Scentre Group could be forced to:

(i) reduce or delay scheduled capital expenditures, development and redevelopment programme or forgo acquisitions or other business opportunities;

(ii) sell material assets or operations;

(iii) raise additional equity capital (including hybrid equity capital);

(iv) restructure or refinance its debt; or

(v) undertake other protective measures.

Some of these transactions could occur at times or on terms that are disadvantageous to Scentre Group.

Low economic growth conditions such as those recently experienced in Australia and New Zealand, or disruptions in global credit markets such as those associated with the global financial crisis and the European sovereign debt crisis since 2007, could result in a higher than normal risk that, if Scentre Group were required to take such steps in these circumstances, the transaction terms would be disadvantageous to it, or such options may not be available at all.

(C) CASH FLOW RISK

Scentre Group's ability to repay the principal and pay interest on its debt depends on the future performance and cash flow of its business which, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors, many of which are beyond its control. Scentre Group's historical financial results (on a pro forma basis) have been, and it is anticipated that Scentre Group's future financial results will continue to be, subject to fluctuations. Cash flows can vary and Scentre Group's business may not generate sufficient cash flow from operations to enable it to satisfy its debt and other obligations.

Significant expenditures associated with each real estate investment, such as maintenance costs, property rates and taxes, are generally not reduced when circumstances cause a reduction in revenue from the investment. Under these circumstances, the financial performance and value of the relevant property would be adversely affected.

In addition, Scentre Group will have a development pipeline and existing construction projects that require Scentre Group to make substantial expenditures upfront before beginning to earn income from the redeveloped property. This may impair Scentre Group's ability to service its debt.

(D) FUNDING RISK FOR DEVELOPMENT AND REDEVELOPMENT PROGRAMME AND ACQUISITIONS

The real estate investment and development industry is highly capital intensive. Scentre Group's ability to raise funds on acceptable terms, including for its development and redevelopment programme or acquisitions, will depend on many of the same factors affecting Scentre Group's ability to refinance its debt facilities (see Section 7.3(a)).

If funding is unavailable to Scentre Group, it may need to delay or discontinue its development and redevelopment programme or forego growth opportunities from strategic acquisitions.

(E) CREDIT RATING RISK

Rating agencies, to the extent they provide a rating of Scentre Group, will review Scentre Group's credit rating from time to time, including at the half-year periods. Any downgrade of Scentre Group's credit rating or adverse change in credit rating outlook assigned by a credit rating agency, whether engaged by Scentre Group or not, could adversely affect Scentre Group's financial condition and its business operations by increasing the cost of, or limiting or preventing it from securing, additional financing for future business or liquidity needs. There can be no assurance that the credit ratings assigned to Scentre Group will not change in the future.

7.4 MARKET STRUCTURE RISKS

(A) GEOGRAPHICAL CONCENTRATION OF SCENTRE GROUP'S PORTFOLIO

Scentre Group's portfolio will be entirely located in Australia and New Zealand. As at 31 December 2013, on a pro forma basis by asset value, Scentre Group's portfolio had a 49% exposure to New South Wales, 14% exposure to Victoria, 14% exposure to Queensland, 4% exposure to South Australia, 4% exposure to the Australian Capital Territory, 6% exposure to Western Australia and 9% exposure to New Zealand. Any decline in shopping centre values or any event or occurrence which has an effect on the value of shopping centres in Australia or New Zealand, especially in New South Wales, may have a material adverse effect on the business, financial condition, results of operations and/or prospects of Scentre Group.

(B) ACQUISITION RISK

Scentre Group may pursue acquisitions of property assets and related redevelopment projects as opportunities arise that meet its investment criteria and if funding is available. Retail property assets and redevelopment projects may be acquired directly or indirectly through acquisition of entities that own development projects and properties. Such acquisitions involve a number of risks inherent in

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assessing the values, strengths, weaknesses and profitability of the property assets. While Scentre Group's policy will be to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities or contingencies such as the existence of hazardous substances (for example, asbestos or other environmental liabilities) may still emerge.

Additionally, the indirect acquisition of properties and related redevelopment projects through, for example, the takeover of another listed property-owning entity, may not allow for the usual standard of due diligence for a specific property acquisition to be undertaken.

Acquisition activities will also involve the following risks:

(i) the acquired properties may not achieve anticipated rental rates or leased rates;

(ii) assumptions or judgements with respect to improvements to the financial returns (including the leased rates and rents of a completed project) of acquired properties may prove inaccurate;

(iii) Scentre Group may abandon acquisition opportunities that it has used funds to explore and incur transaction costs that cannot be recovered;

(iv) Scentre Group may be unable to obtain anchor tenants, financier and co-owner approvals, if applicable, for expansion activities;

(v) Scentre Group may be unable to obtain necessary regulatory licences and approvals for expansion activities; and

(vi) Scentre Group's ability to take advantage of acquisition opportunities may also be limited by regulatory issues or regulatory intervention based on competition grounds.

By growing through acquisition, Scentre Group will face the operational and financial risks commonly encountered with such a strategy, including continuity or assimilation of operations or employees, dissipation of Scentre Group's management resources and impairment and restructuring of relationships with employees and tenants of the acquired property as a result of changes in ownership and management. In addition, depending on the type of transaction, it can take a period of time to realise the full benefits of the acquisition. Moreover, during a period following such a transaction, Scentre Group's operating results may decrease compared to results prior to the transaction.

(C) COMPETITION FROM OTHER PARTICIPANTS IN THE RETAIL PROPERTY INDUSTRY

Scentre Group will face competition from other Australian and New Zealand property groups and other commercial organisations active in the Australian and New Zealand property markets. Scentre Group will also face the threat of new competitors emerging, both generally and in particular trade areas.

Accordingly, the existence of such competition may have an adverse impact on Scentre Group's ability to secure tenants for its properties at satisfactory rentals and on a timely basis.

In addition, all of Scentre Group's shopping centres will be located in developed retail and commercial areas, many of which compete with other shopping centres or neighbourhood shopping centres within their primary trade area. The amount of rentable space in the relevant primary trade area, the convenience and quality of facilities and the nature of stores at such competing shopping centres could each have an adverse effect on Scentre Group's ability to lease space and on the level of rents it can obtain.

Westfield Corporation is not restricted from owning and operating shopping centres in Australia and New Zealand and may decide to re-enter this market and compete with Scentre Group in the future. However, under the terms of the Trade Mark Licence Agreement, Westfield Corporation would not be permitted to use the Westfield name on any shopping centres that it acquired in Australia and New Zealand.

7.5 OTHER RISKS

(A) PROPERTIES REVALUATION RISK

In accordance with A-IFRS, Scentre Group will carry its property investments on its balance sheet at fair value. At each reporting date, the Scentre Group Board will assess the carrying value of its investment property portfolio, and where the carrying value differs materially from the Scentre Group Board's assessment of fair value, Scentre Group will record an adjustment to the carrying value as appropriate.

The Scentre Group Board's assessment of fair value of each shopping centre will take into account the latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable shopping centres. As a result, Scentre Group may have significant non-cash gains or write-downs depending on the change in fair value of its properties from period to period, whether or not it sells such properties.

If a substantial decrease occurs in the fair value of Scentre Group's properties, the results of operations of Scentre Group could be adversely affected and, as a result, Scentre Group may have difficulty maintaining its desired leverage ratio and other financial measures. This may reduce Scentre Group's flexibility in planning for, or reacting to, changes in its business or industry including its ability to commence new redevelopment projects.

In addition, a number of Scentre Group's financing agreements will contain leverage ratio covenants that are calculated as the ratio of Scentre Group's total borrowings less cash, to total assets less cash. Accordingly, a material reduction in the value of Scentre Group's properties as a result of revaluations will have an adverse impact on the leverage ratios contained in its financing agreements.

(B) RISK OF ILLIQUID INVESTMENTS IN PROPERTY

Investments in property are relatively illiquid, and some of Scentre Group's properties are subject to contractual limitations on transfer. This illiquidity limits Scentre Group's ability to vary its portfolio promptly in response to changes in economic or other conditions. In times of low economic growth or disruption in financial markets, there are fewer potential buyers of shopping centre assets, and it may be difficult for potential buyers to obtain financing on acceptable terms, or at all. There is no assurance that Scentre Group will be able to dispose of a property at the desired time or at a price greater than Scentre Group's total investment in the property.

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(C) LITIGATION AND CLAIMS RISK

Disputes or litigation may arise from time to time in the course of the business activities of Scentre Group, including with respect to the historical activities of Westfield Holdings, Westfield Trust, Westfield Retail Trust 1 or Westfield Retail Trust 2. Any material or costly disputes or litigation could adversely affect the financial performance of Scentre Group or the trading price of the Scentre Group Securities.

(D) INSURANCE RISK

Scentre Group will carry material damage, business interruption and liability insurance on its properties with policy specifications and insured limits that the Scentre Group Board believes are customarily carried for similar properties. However, potential losses of a catastrophic nature such as those arising from floods, earthquakes, terrorism or other similar catastrophic events may be either uninsurable, or, in the judgement of the Scentre Group Board, not insurable on a financially reasonable basis, or may not be insured at full replacement cost or may be subject to larger excesses.

Scentre Group will carry insurance with respect to terrorism and will seek appropriate coverage having regard to the nature of its properties and operations. The renewal of insurance will be dependent on a number of factors such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. In addition, Scentre Group will carry earthquake insurance on its properties located in seismically active areas in an amount and with deductibles that the Scentre Group Board believes are commercially reasonable.

If an uninsured loss occurs, Scentre Group could lose both its invested capital in and anticipated profits from the affected property.

(E) TERRORIST ATTACKS OR OTHER SECURITY INCIDENTS OR WAR

Terrorist attacks or other security incidents or war could damage infrastructure or otherwise inhibit or prevent access to the shopping centres or harm the demand for, and the value of, Scentre Group's shopping centres. Certain Scentre Group properties are well-known landmarks or located near well-known landmarks and may be perceived as more likely terrorist targets than similar, less recognisable properties. Further, terrorist attacks or other security incidents could discourage consumers from shopping in public places like Scentre Group's shopping centres. To the extent that Scentre Group's tenants are impacted by terrorist attacks or other security incidents, their ability to continue to honour their obligations under their existing leases with Scentre Group could be adversely affected.

(F) INFLATION RISK

Inflation can adversely impact Scentre Group's performance through increasing costs and reducing real earnings. Inflation may also adversely impact the general performance of Scentre Group's shopping centres, impacting Scentre Group's rent income and management fees.

Substantially all of Scentre Group's leases with retailers contain provisions designed to lessen the impact of inflation. In Australia and New Zealand, such provisions include clauses enabling Scentre Group to receive periodic index based contractual rent increases during the term of the lease or, to a much lesser extent, percentage rents based on retailer's gross sales, which generally increase as prices rise, or both. Most of the leases require the retailers to pay a proportionate share of operating expenses, including common area maintenance, real estate taxes and insurance, reducing Scentre Group's exposure to increases in costs and operating expenses resulting from inflation.

Inflation may also have a negative effect on Scentre Group's other expenses, including interest costs and overhead expenses. These costs could increase at a rate higher than rents.

(G) INTEREST RATE RISK

Scentre Group will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. Scentre Group will seek to manage all or part of its exposure to adverse fluctuations in floating interest rates by entering into interest rate hedging arrangements, including derivative financial instruments.

Such arrangements involve risk, such as the risk that counterparties may fail to honour their obligations under these arrangements, and that such arrangements may not be effective in reducing exposure to movements in interest rates. To the extent that Scentre Group does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect Scentre Group's results.

Due to documentation, designation and effectiveness requirements under A-IFRS, Scentre Group's derivative financial instruments that will be used for hedging interest rate exposure may not qualify for hedge accounting. As a consequence, Scentre Group may experience volatility in its reported earnings due to changes in the mark to market valuations of its interest rate derivative financial instruments.

Although Scentre Group's interest rate hedging transactions will be undertaken to achieve economic outcomes in line with its treasury policy, there can be no assurance that such transactions or treasury policy will be effective.

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(H) FOREIGN EXCHANGE RISK

Scentre Group will derive A$ and NZ$ denominated earnings from its shopping centre investments in Australia and New Zealand respectively. Scentre Group may manage the impact of exchange rate movements on both its earnings and balance sheet by entering into hedging transactions, including derivative financial instruments. To the extent Scentre Group does not hedge effectively (or at all) against movements in the exchange rate of these currencies, such exchange rate movements may adversely affect its earnings and/or balance sheet.

Due to documentation, designation and effectiveness requirements under A-IFRS, Scentre Group currency derivative financial instruments used for hedging exchange rate exposure (other than cross currency swaps that hedge investments in foreign operations) do not qualify for hedge accounting. As a consequence, Scentre Group may experience volatility in its reported earnings due to changes in the mark-to-market valuations of its currency derivative financial instruments.

Although Scentre Group's exchange rate hedging transactions are undertaken to achieve economic outcomes in line with its treasury policy, there can be no assurance that such transactions or treasury policy will be effective.

(I) DEPOSIT, HEDGE OR INSURANCE COUNTERPARTY CREDIT RISK

Counterparty credit risk is the risk of a loss being sustained by Scentre Group as a result of payment default by the counterparty with whom it has placed funds on deposit or entered into hedging transactions to hedge its interest rate and foreign exchange risks. The extent of Scentre Group's loss could be the full amount of the deposit or, in the case of hedging transactions, the cost of replacing those transactions. Under Scentre Group's proposed treasury risk management policy, it will only deal with counterparties which it believes are of good credit standing, and it has assigned a maximum exposure to each of them according to its assessment of their credit-worthiness. These determinations are based upon each counterparty's credit ratings and other factors. Even banks and financial institutions with high credit ratings can default, and several of them have experienced difficulties in recent years. Counterparty credit risk also arises to the extent that a claim made under an insurance policy is not paid due to the insolvency or illiquidity of the insurance company.

There can be no assurance that Scentre Group will successfully manage this risk or that such payment defaults by counterparties will not adversely affect Scentre Group's financial condition or performance.

(J) CHANGES IN FINANCIAL REPORTING REQUIREMENTS AND ACCOUNTING STANDARDS

Scentre Group will be subject to the usual risk that there may be changes in financial reporting requirements and accounting standards as well as changes in the interpretation of such requirements and standards that may change the basis that Scentre Group is required to use to prepare its financial statements, which may adversely affect Scentre Group's reported earnings and reported financial performance.

(K) CHANGES IN TAX LAWS

Changes in tax laws, or changes in the way tax laws are interpreted in the various jurisdictions in which Scentre Group will operate, may impact Scentre Group's future tax liabilities.

Under the rules governing the taxation of trusts in Division 6 of Part III of the *Income Tax Assessment Act 1936* (Cth) (**ITAA 1936**) and current practice, it is the case that Westfield Trust and Westfield Retail Trust 1 are not liable for Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the trust as determined in accordance with each trust's constitution. If either Westfield Trust or Westfield Retail Trust 1 was to lose its Division 6 trust tax status due to the failure to satisfy the exclusions from the application of the provisions in Division 6B or 6C of Part III of the ITAA 1936, then it would be taxed at the corporate tax rate of 30% of its net taxable income.

In March 2011, the Australian Government released a discussion paper proposing changes to the taxation of trusts and their beneficiaries, which would apply with effect from July 2010. This paper has been followed by multiple announcements and consultation and discussion papers from the Assistant Treasurer and Board of Taxation that have confirmed that other than for specific integrity measures (which should not be relevant for Westfield Trust or Westfield Retail Trust 1), such changes will not have effect until 1 July 2014 at the earliest. Based on the discussion papers and subsequent consultations, it is not expected that the changes will materially adversely affect the tax position of Westfield Trust or Westfield Retail Trust 1. However, until the proposed rules are released, there can be no assurance that these changes will not adversely affect the business of Scentre Group.

(L) COMPLIANCE OR FAILURE TO COMPLY WITH ACCESS REQUIREMENTS FOR DISABLED PEOPLE

A number of Australian and New Zealand laws and regulations exist that may require modifications to existing buildings on Scentre Group's properties or restrict some renovations by requiring improved access to such buildings by disabled persons. Additional legislation or regulations may impose further obligations on owners with respect to improved access by disabled persons. The costs of compliance with such laws and regulations may be substantial, and limits or restrictions on completion of some renovations may limit implementation of Scentre Group's investment strategy in some instances or reduce overall returns on Scentre Group's investments. Scentre Group could be adversely affected by the costs of compliance with such laws and regulations.

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(M) COMPLIANCE WITH ENVIRONMENTAL REGULATIONS

As an owner of real property in Australia and New Zealand, Scentre Group will be subject to extensive regulation under environmental laws. These laws vary by jurisdiction and are subject to change. Current and future environmental laws could impose significant costs or liabilities on Scentre Group.

For instance, under certain environmental laws, current or former owners or operators of real property may become liable for costs and damages resulting from soil or water contaminated by hazardous substances (for example, as a result of leaking underground storage tanks). Under these laws an owner or operator may be liable regardless of whether they knew of, or was responsible for, the presence of such substances. Persons who arrange for the disposal of hazardous substances (for example, at a landfill) also may be liable. In some cases, liability may be joint and several. These laws may result in significant unforeseen costs to Scentre Group, or impair its ability to sell or rent real property or to borrow money using contaminated property as collateral, on acceptable terms or at all.

In addition, the presence of hazardous substances on Scentre Group's properties could result in personal injury claims. These claims could result in costs or liabilities that could exceed the value of the property on which hazardous substances are present. Environmental incidents could adversely affect the operations of a property including its closure.

Asbestos-containing materials are present in a number of the shopping centres that will comprise Scentre Group's portfolio as a consequence of building practices typical at the time the Westfield shopping centres were constructed. Environmental and safety laws regulate these materials and may allow personal injury or other claims for damages due to exposure to such materials. Although the costs and liabilities associated with such laws have not been material to Westfield Group or Westfield Retail Trust in the past, there can be no assurance that they will not be material in the future.

It will be the practice of Scentre Group on acquisition, where considered necessary, to subject the properties to an environmental assessment by independent consultants (commonly referred to as Phase I which generally involves a review of records with no visual inspection of the property, or soil or ground water sampling). However, these assessments may fail to identify all environmental problems. Based on these assessments and past experience of Westfield Group and Westfield Retail Trust, Westfield Group and Westfield Retail Trust are not aware of any environmental claims or other liabilities that would require material expenditures by Scentre Group. However, Scentre Group could become subject to such claims or liabilities in the future.

(N) CHANGES IN GENERAL LAWS

Scentre Group will be subject to the usual business risk that there may be changes in general laws that reduce its income or increase its costs. For example, there could be:

(i) changes in retail tenancy laws that limit Scentre Group's recovery of certain property operating expenses;

(ii) new or revised legislation on climate change and energy such as emissions trading, targets for renewable energy and energy efficiency, the costs of which may not be recoverable from tenants;

(iii) changes or increases in real estate taxes that cannot be recovered from Scentre Group's tenants; or

(iv) changes in environmental or building laws or codes that require significant capital expenditure.

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AUSTRALIAN TAXATION CONSIDERATIONS

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AUSTRALIAN TAXATION CONSIDERATIONS

Greenwoods & Freehills

The Directors
RE1 Limited as responsible entity of
Westfield Retail Trust 1
Level 8, 77 Castlereagh Street
Sydney NSW 2000

9 April 2014

The Directors
RE2 Limited as responsible entity of
Westfield Retail Trust 2
Level 8, 77 Castlereagh Street
Sydney NSW 2000

Dear Directors

Westfield Retail Trust: Proposal to merge Westfield Retail Trust with Westfield Group's Australian and New Zealand business

Australian Taxation Implications

We have been instructed by RE1 as the responsible entity for Westfield Retail Trust 1 and RE2 as the responsible entity for Westfield Retail Trust 2 to prepare this letter to be included in the Securityholder Booklet.

Capitalised terms not otherwise defined in this letter have the meaning given in the Securityholder Booklet.

1 Scope

This letter addresses the Australian income tax and goods and services tax (**GST**) implications of the Proposal for Eligible Securityholders.

This letter deals only with the taxation implications relevant to Eligible Securityholders who hold (or will hold) their Westfield Retail Trust Securities and Scentre Group Securities on capital account for income tax purposes. This letter does not apply to Eligible Securityholders who:

- carry on a business of trading in shares or other securities;
- hold (or will hold) their Westfield Retail Trust Securities and Scentre Group Securities on revenue account for income tax purposes; or
- are subject to the Taxation of Financial Arrangements rules in Division 230 of the *Income Tax Assessment Act 1997* (the **ITAA 97**) in respect of their Westfield Retail Trust Securities and Scentre Group Securities.

The information in this letter is general in nature and is based on the law in force in Australia at the time of issue of this Securityholder Booklet. The precise taxation implications will depend upon each Eligible Securityholder's specific circumstances. Accordingly, all persons should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the Proposal.

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Non-residents of Australia should also consider their domestic tax consequences of the Proposal.

The comments in this letter are generally directed at Eligible Securityholders who are Australian residents and who acquired, or are taken to have acquired, their Westfield Retail Trust Securities after 19 September 1985 (ie, post-capital gains tax (**CGT**) assets). Where relevant, specific comments have been made regarding Eligible Securityholders:

- who are not Australian residents; or
- who are taken to have acquired the Westfield Retail Trust 1 Unit component of their Westfield Retail Trust Securities before 20 September 1985 (ie, pre-CGT assets).

2 Class Ruling

Westfield Retail Trust expects to receive a draft class ruling that sets out the preliminary but considered views of the ATO in respect of the income tax consequences of the Proposal for Eligible Securityholders. These consequences are explained in further detail below.

3 Overview of the key Australian tax issues

In general terms, the Proposal involves Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business to form the Scentre Group (the **Merger Stage**). The Merger Stage will only proceed if approval is given for the Westfield Group to split into two distinct businesses, an international business to be conducted by the new Westfield Corporation, and an Australian and New Zealand business.

The key Australian tax outcomes of the Proposal for Eligible Securityholders are outlined below:

Step	Key Australian tax outcomes
1 Westfield Retail Trust 1 will make a capital distribution of $0.2853 per Westfield Retail Trust 1 Unit to Eligible Securityholders (being the **Capital Return**).	The Capital Return will generally reduce your cost base per Westfield Retail Trust 1 Unit. If your CGT cost base in your Westfield Retail Trust 1 Unit is nil or is less than the amount of the Capital Return, you will make a capital gain that may be eligible for the CGT discount.
2 The number of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units you have will be converted into a lesser number in line with the Merger Ratio (being the **Capital Conversion**).	This is not a taxable event, but you will be required to spread the cost base you have in your Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (as determined after the Capital Return) across the smaller number of securities that you will hold after the Capital Conversion (respectively).

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Step	Key Australian tax outcomes
3 Westfield Retail Trust 1 will make a capital distribution of $0.0011 per converted Westfield Retail Trust 1 Unit to you which will be applied to acquire the following securities: • one Westfield Trust Unit for $0.001; and • one Westfield Holdings Share for $0.0001, (being the **Stapling Distribution**).	The Stapling Distribution will generally reduce your cost base per Westfield Retail Trust 1 Unit (as determined after the Capital Return and the Capital Conversion). If the CGT cost base in your Westfield Retail Trust 1 Units is nil or is less than the Stapling Distribution, you will make a capital gain that may be eligible for the CGT discount. The starting cost base which you will obtain in a Westfield Trust Unit will only be $0.001. A result of having a low cost base in your new Westfield Trust Units is that distributions by Scentre Group on those Westfield Trust Units that are not assessable income (ie, so-called "tax deferred amounts") in excess of $0.001 per Westfield Trust Unit will be taxable as capital gains that may be eligible for the CGT discount.
4 The Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units will be stapled to the Westfield Trust Units and Westfield Holdings Shares to form the Scentre Group.	This step should not result in any tax consequences for you.

The key cost base outcomes for the component securities of the Scentre Group that you will hold just after the Proposal are outlined below:

Westfield Retail Trust 1 Units	Current cost base per Westfield Retail Trust 1 Unit is: • *reduced* by up to $0.2853 per Westfield Retail Trust 1 Unit in respect of the Capital Return (a capital gain may arise if the cost base per Westfield Retail Trust 1 Unit is less than $0.2853); • *increased* (if not nil following the Capital Return) by the Capital Conversion, through the cost base spreading over the converted Westfield Retail Trust 1 Units; and • *reduced* by up to $0.0011 per converted Westfield Retail Trust 1 Unit (if not already nil) in respect of the Stapling Distribution (which may give rise to a further capital gain if the cost base per Westfield Retail Trust 1 Unit is less than $0.0011).
Westfield Retail Trust 2 Units	Current cost base per Westfield Retail Trust 2 Unit is *increased* by the Capital Conversion, through the cost base spreading over the converted Westfield Retail Trust 2 Units.
Westfield Trust Units	Cost base per Westfield Trust Unit will be $0.001.
Westfield Holdings Shares	Cost base per Westfield Holdings Share will be $0.0001.

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Further details of the cost base adjustments are explained below. In addition, information to assist you in determining the cost bases of your Scentre Group Securities will be made available on the Scentre Group website once established.

4 Capital Return

Westfield Retail Trust 1 will make a Capital Return of $0.2853 per Westfield Retail Trust 1 Unit. As the Capital Return will be a distribution of corpus of Westfield Retail Trust 1's trust estate, it will not be assessable income to you.

However, CGT Event E4 will happen with respect to each Westfield Retail Trust 1 Unit as a result of the Capital Return.

The Capital Return will result in the cost base and reduced cost base in each Westfield Retail Trust 1 Unit being reduced by $0.2853. If the cost base in your Westfield Retail Trust 1 Unit is less than $0.2853 or is nil at the time of the payment of the Capital Return, you will make a capital gain to the extent of the shortfall. The capital gain will arise just before the end of the income year in which RE1 pays the Capital Return. If you are an individual, trustee or complying superannuation entity and have held the Westfield Retail Trust 1 Units for at least 12 months at the time of the CGT event, you should be entitled to apply the applicable CGT discount factor to reduce any capital gain (after offsetting capital losses).

The receipt of the Capital Return will not be a taxable event for CGT purposes in respect of Westfield Retail Trust 1 Units that are taken to have been acquired before 20 September 1985 (**pre-CGT Westfield Retail Trust 1 Units**).

5 Capital Conversion

5.1 Conversion of Westfield Retail Trust 1 Units

Westfield Retail Trust 1 Units will be converted on a 0.918 for 1 basis to achieve the Merger Ratio, which will have the following income tax consequences:

- the conversion of Westfield Retail Trust 1 Units will not constitute a CGT event happening in relation to your Westfield Retail Trust 1 Units;
- broadly, the cost base and reduced cost base in your Westfield Retail Trust 1 Units (as reduced by the Capital Return) will be allocated across your converted Westfield Retail Trust 1 Units; and
- for CGT purposes (including for the purposes of determining eligibility for the CGT discount concession on a subsequent capital gain or whether Westfield Retail Trust 1 Units are pre-CGT assets), your converted Westfield Retail Trust 1 Units will be taken to have been acquired on the same date as your corresponding original Westfield Retail Trust 1 Units.

5.2 Conversion of Westfield Retail Trust 2 Units

Westfield Retail Trust 2 Units will be converted on a 0.918 for 1 basis to achieve the Merger Ratio, which will have the following income tax consequences:

- the conversion of Westfield Retail Trust 2 Units will not constitute a CGT event happening in relation to your Westfield Retail Trust 2 Units;
- broadly, the cost base and reduced cost base in your Westfield Retail Trust 2 Units will be allocated across your converted Westfield Retail Trust 2 Units; and
- for CGT purposes (including for the purposes of determining eligibility for the CGT discount concession on a subsequent capital gain), your converted Westfield Retail Trust 2 Units will be taken to have been acquired on the same date as your corresponding original Westfield Retail Trust 2 Units.

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6 Stapling Distribution and acquisition of Westfield Trust Units and Westfield Holdings Shares

6.1 Stapling Distribution

Westfield Retail Trust 1 will make the Stapling Distribution of $0.0011 per converted Westfield Retail Trust 1 Unit to facilitate the acquisition of new units in Westfield Trust and new shares in Westfield Holdings. As the Stapling Distribution will be a distribution of corpus of Westfield Retail Trust 1's trust estate, it will not be assessable income to you.

However, CGT Event E4 will happen with respect to each converted Westfield Retail Trust 1 Unit as a result of the Stapling Distribution.

The Stapling Distribution will result in the cost base and reduced cost base in each converted Westfield Retail Trust 1 Unit being reduced by $0.0011. If the cost base in your converted Westfield Retail Trust 1 Unit is less than $0.0011 or is nil at the Implementation Date, you will make a capital gain to the extent of the shortfall which may be eligible for the CGT discount factor. The capital gain should arise for the 30 June 2014 income year.

The receipt of the Stapling Distribution will not be a taxable event for CGT purposes in respect of converted pre-CGT Westfield Retail Trust 1 Units.

6.2 Cost base and reduced cost base of Westfield Trust Units and Westfield Holdings Shares

On your behalf, Westfield Retail Trust 1 will apply 100% of the Stapling Distribution towards the acquisition of new Westfield Trust Units and new Westfield Holdings Shares.

The first element of your cost base and reduced cost base for each new Westfield Trust Unit will be $0.001 and for each new Westfield Holdings Share will be $0.0001.

6.3 Acquisition date of Westfield Trust Units and Westfield Holdings Shares

You will be taken to have acquired the Westfield Trust Units and Westfield Holdings Shares acquired under the Merger Stage on the Implementation Date. This is the case even if you receive the Stapling Distribution in respect of pre-CGT Westfield Retail Trust 1 Units.

6.4 Stapling of Scentre Group Securities

There should be no income tax implications for you as a result of the stapling of one Westfield Holdings Share, one Westfield Trust Unit, one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit to form a Scentre Group Security.

7 Non-resident Eligible Securityholders

The Capital Return, Capital Conversion and Stapling Distribution will have no practical consequences for you if your Westfield Retail Trust Securities are not taxable Australian property.

Your Westfield Retail Trust Securities will be taxable Australian property if:

- you are a former Australian resident who elected to treat your Westfield Retail Trust Securities as taxable Australian property when you ceased to be an Australian resident; or
- you hold, or have held, your Westfield Retail Trust Securities through a permanent establishment in Australia.

For other non-resident Eligible Securityholders:

- your Westfield Retail Trust 1 Units should not be taxable Australian property unless you (and your associates) either:
  - (1) at the time of the CGT event, hold 10% or more of the issued units in Westfield Retail Trust 1; or

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(2) prior to the time of the CGT event, held 10% or more of the issued units in Westfield Retail Trust 1 throughout a 12 month period that began no earlier than 24 months before the time of the disposal and ended no later than that time; and

- your Westfield Retail Trust 2 Units should not be taxable Australian property if, as expected, the underlying value of Westfield Retail Trust 2 is not principally derived from Australian real property. If the underlying value of Westfield Retail Trust 2 is principally derived from Australian real property, the 10% ownership requirements (as outlined above for Westfield Retail Trust 1 Units) will apply.

8 Holding and disposing of Scentre Group Securities: Australian residents

8.1 Holding of Scentre Group Securities

Each Scentre Group Security will comprise one Westfield Holdings Share, one Westfield Trust Unit, one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit which are Stapled and cannot be traded separately.

However, each of the four securities comprising a Scentre Group Security will constitute a separate asset for CGT purposes. Accordingly, where a Scentre Group Security is acquired, it will need to be treated for CGT purposes as the acquisition of a Westfield Holdings Share, a Westfield Trust Unit, a Westfield Retail Trust 1 Unit and a Westfield Retail Trust 2 Unit.

The manner in which you determine the cost base in each of the individual securities comprising the Scentre Group Securities that you will hold following the Proposal is summarised in section 3 above.

The date of acquisition of some components of the Scentre Group Securities that you will hold following the Proposal will be different, which will be relevant in determining whether the CGT discount is available on a subsequent capital gain. In respect of your Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units, your current date of acquisition for CGT discount purposes will not change; whereas the acquisition date for your Westfield Trust Units and Westfield Holdings Shares will be the Implementation Date (see section 6.3 above).

8.2 Distributions from Westfield Trust and Westfield Retail Trust 1

You will be required to include your share of the net income of Westfield Trust and Westfield Retail Trust 1 (as advised by their respective responsible entities) in your assessable income for tax purposes. Scentre Group will provide you with an annual taxation statement, along with a tax guide, to assist in the completion of your tax return.

Income distributed by Westfield Trust or Westfield Retail Trust 1 will generally retain the character it had when it was derived by the relevant trust. Distributions from Westfield Trust and Westfield Retail Trust 1 may include various components, the tax treatment of which may differ.

If a distribution from Westfield Trust or Westfield Retail Trust 1 includes foreign income in respect of which foreign tax has been paid (such as dividends received from Scentre Group's New Zealand entities that are subject to dividend withholding tax), you may be entitled to receive a foreign income tax offset equal to the lesser of the Australian tax otherwise payable by you on that income or the quantum of foreign income tax paid. However, if the total amount of foreign income tax paid on your income from all sources in an income year is $1,000 or less, then you will be entitled to claim a foreign income tax offset for the total amount of foreign income tax paid. The foreign income tax amount is required to be included in your assessable income. However, if Australian tax is payable by you on the foreign income, the foreign income tax offset may be applied against that Australian tax liability. Foreign income tax offsets that are not utilised in the income year in which the relevant foreign income is derived will not be able to be carried forward.

If a net capital gain is included in the taxable income of Westfield Trust or Westfield Retail Trust 1 (for example, on disposal of an asset), you will be regarded as having derived a capital gain equal to your proportionate share of that net capital gain. However, where

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the CGT discount has been applied in calculating the net capital gain at the Westfield Trust or Westfield Retail Trust 1 level, you will be required to gross-up the amount of the capital gain included in your assessable income. You can then apply any available capital losses from other sources to offset the capital gain and then apply your CGT discount factor, if applicable.

If Westfield Trust or Westfield Retail Trust 1 makes non-assessable distributions to you, such distributions will give rise to a CGT Event E4. You will need to determine the CGT Event E4 outcomes for your Westfield Trust and Westfield Retail Trust 1 Units separately as follows:

- you will make a capital gain if the total value of the non-assessable distribution(s) paid to you during the income year in respect of your Westfield Trust Unit or Westfield Retail Trust 1 Unit exceeds the cost base in the Westfield Trust Unit or Westfield Retail Trust 1 Unit at that time, and the cost base and reduced cost base of the unit will be reduced to nil; and
- where the sum of the non-assessable distribution(s) paid to you during the income year in respect of your Westfield Trust Unit or Westfield Retail Trust 1 Unit is not more than the cost base of the Westfield Trust Unit or Westfield Retail Trust 1 Unit at that time, the cost base and reduced cost base of the unit will be reduced by the amount of the non-assessable payment.

Where applicable, you may apply your CGT discount factor to a capital gain arising from a CGT Event E4 happening as a result of the receipt of a non-assessable distribution from Westfield Trust or Westfield Retail Trust 1, provided that the relevant unit has been held for at least 12 months prior to the end of the income year in which you receive the non-assessable distribution.

Westfield Trust Units acquired as part of the Proposal will be taken to have been acquired on the Implementation Date (30 June 2014). The ATO considers that you cannot count the day of acquisition of the Westfield Trust Units in the 12 month holding period (see Taxation Determination 2002/10). Accordingly, the Westfield Trust Units acquired on the Implementation Date will not have been held for at least 12 months at the time a CGT Event E4 occurs for the income year ended 30 June 2015 (ie, on 30 June 2015). This means that for Westfield Trust Units acquired under the Proposal, the CGT discount factor will not be available for a CGT Event E4 capital gain arising in respect of any non-assessable component of the Westfield Trust distribution that is expected to be paid in February 2015.

8.3 Distributions from Westfield Holdings and Westfield Retail Trust 2

Westfield Holdings is a company, and for tax purposes, Westfield Retail Trust 2 will be taxed like a company under Division 6C of the *Income Tax Assessment Act 1936*. This means that distributions from both Westfield Holdings and Westfield Retail Trust 2 (other than certain capital distributions) will be taxed as dividends and may be franked.

Your assessable income will include the amount of the dividends paid by Westfield Holdings or distributions made by Westfield Retail Trust 2, as well as the amount of franking credits, if any, attached to the dividends/distributions. You will generally be entitled to a tax offset (rebate) corresponding to the amount of the franking credits.

Generally, to be eligible for the franking credit and tax offset, you must have held your Westfield Holdings Shares or Westfield Retail Trust 2 Units "at risk" for at least 45 days (not including the date of acquisition or the date of disposal). This rule should not apply to you if you are an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed $5,000 for the income year in which the franked dividend is paid. If you enter into put or call options (or other derivatives) in relation to Scentre Group Securities, this may affect whether you hold the securities sufficiently "at risk" for the purposes of the franking rules, and specific advice should be sought.

Where you are an individual, a complying superannuation entity or a registered charity (in certain circumstances), you will generally be entitled to a tax refund to the extent that the

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franking credits attached to your dividends/distributions from Westfield Holdings or Westfield Retail Trust 2 for an income year exceed your tax liability for the income year.

Where you are a company, any franked distributions that you receive from Westfield Holdings or Westfield Retail Trust 2 will generally give rise to a franking credit in your franking account.

8.4 Disposal of Scentre Group Securities

Each individual security comprising a Scentre Group Security is a separate CGT asset. As such, the disposal of a Scentre Group Security will constitute a disposal for CGT purposes in respect of each individual security comprising that Scentre Group Security. Accordingly, the capital proceeds referable to the disposal of each individual security will need to be determined by apportioning the total capital proceeds received in respect of the disposal of the Scentre Group Security on a reasonable basis.

Upon disposal of a Scentre Group Security:

- you will make a capital gain in relation to a particular component security if the portion of the capital proceeds reasonably attributed to the Westfield Holdings Share, Westfield Trust Unit, Westfield Retail Trust 1 Unit or Westfield Retail Trust 2 Unit (as applicable) exceeds the cost base of the relevant share or unit; and
- you will make a capital loss if the portion of the capital proceeds reasonably attributed to the Westfield Holdings Share, Westfield Trust Unit, Westfield Retail Trust 1 Unit or Westfield Retail Trust 2 Unit (as applicable) is less than the reduced cost base of the relevant share or unit.

Westfield Trust Units and Westfield Holdings Shares acquired under the Proposal will only have a nominal cost base (see section 6.2 above).

In order to be eligible for the CGT discount factor, you must have held the relevant security for at least 12 months before the CGT event. As outlined in section 8.1 above, the date of acquisition of the individual securities of the Scentre Group that you will hold following the Proposal will be different.

Generally, a capital loss arising in respect of one security may offset a capital gain arising in respect of another, subject to specific loss rules for Scentre Group Securityholders that are companies or trusts.

9 Holding and disposing of Scentre Group Securities: non-residents

The information in this section dealing with non-residents of Australia does not apply to non-residents who hold their Scentre Group Securities through a permanent establishment in Australia, or hold their Scentre Group Securities via an interposed Australian entity.

9.1 Westfield Trust and Westfield Retail Trust 1 distributions

It is expected that Westfield Trust and Westfield Retail Trust 1 will be managed investment trusts (**MITs**) for tax purposes which means that MIT withholding will apply to the "fund payment" component of a distribution. This will generally include:

- rental income from Australian properties and other Australian sourced income (other than tax deferred distributions, interest, dividends and royalties); and
- gross capital gains in respect of taxable Australian property (including real property situated in Australia).

The MIT withholding rate depends on whether you are a resident of a country which Australia has gazetted as an "exchange of information country". If you are not a resident of such a country, the MIT withholding rate will be 30%. If you are a resident of such a country the MIT withholding rate will be 15%. MIT withholding tax does not always represent the final tax liability in respect of such distributions and in some circumstances you may have additional tax filing and tax payment obligations.

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For Australian sourced interest and dividend component of distributions, the responsible entities of Westfield Trust and Westfield Retail Trust 1 will also be required to deduct withholding tax as follows:

- interest income at a withholding tax rate of 10%;
- unfranked dividends that are not declared to be conduit foreign income at a withholding tax rate of generally 30%. However, for residents of countries with which Australia has concluded a tax treaty, the withholding tax rate on such distributions is generally reduced to 15%; and
- for franked dividends and unfranked dividends that are declared to be conduit foreign income, no withholding tax will apply.

The interest and dividend withholding taxes represent a final tax liability.

9.2 Westfield Holdings and Westfield Retail Trust 2 distributions

Franked distributions and unfranked dividends (to the extent they are declared to be conduit foreign income, such as dividends received from Scentre Group's New Zealand entities) from Westfield Holdings or Westfield Retail Trust 2 will be exempt from withholding tax.

Unfranked distributions that are not declared to be conduit foreign income will be subject to dividend withholding tax. The withholding tax rate is generally 30%. However, for dividends paid to residents of countries with which Australia has concluded a tax treaty, the withholding tax rate is generally reduced to 15%.

9.3 Disposal of Scentre Group Securities

The disposal of your Scentre Group Securities will have no consequences for you if your Scentre Group Securities are not taxable Australian property.

Your Scentre Group Securities will be taxable Australian property if you are a former Australian resident who elected to treat your Scentre Group Securities as taxable Australian property when you ceased to be an Australian resident.

For other non-resident Scentre Group Securityholders:

(a) the Westfield Trust or Westfield Retail Trust 1 components of your Scentre Group Security should not be taxable Australian property unless you (and your associates) either:
  - at the time of the disposal, hold 10% or more of the issued units in Westfield Trust or Westfield Retail Trust 1 (as applicable); or
  - prior to the time of disposal, held 10% or more of the issued units in Westfield Trust or Westfield Retail Trust 1 (as applicable) throughout a 12 month period that began no earlier than 24 months before the time of the disposal and ended no later than that time; and

(b) the Westfield Holdings or Westfield Retail Trust 2 component of your Scentre Group Security should not be taxable Australian property if, as expected, the underlying value of Westfield Holdings or Westfield Retail Trust 2 is not principally derived from Australian real property. If the underlying value of Westfield Holdings or Westfield Retail Trust 2 is principally derived from Australian real property, the 10% ownership requirements (as outlined above for Westfield Trust Units and Westfield Retail Trust 1 Units) will apply.

10 GST

There is no Australian GST payable in respect of the acquisition or disposal of Scentre Group Securities.

11 Australian TFN and ABN

You are not required to quote a TFN or ABN to Westfield Retail Trust in order to participate in the Proposal or in respect of the holding of securities. However, if a TFN or

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ABN or details of a relevant exemption are not provided, tax at the top marginal tax rate plus Medicare levy (currently 46.5% but increasing to 47% from 1 July 2014) will be withheld on any unfranked dividends or trust distributions paid. Securityholders are generally entitled to claim an income tax credit/refund (as applicable) in their income tax returns in respect of the tax withheld.

Westfield Retail Trust proposes to provide the details of TFNs, ABNs or relevant exemptions that it holds in respect of Securityholders to Westfield Holdings and Westfield Trust. However, you may request that Westfield Retail Trust not provide these details to Westfield Holdings and Westfield Trust.

Yours sincerely

Greenwoods + Freehills Pty Ltd

Greenwoods & Freehills Pty Limited

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9

FEES AND OTHER COSTS

- SECTION 9 - FEES AND OTHER COSTS

9. FEES AND OTHER COSTS

9.1 CONSUMER ADVISORY WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

The Corporations Act requires that the above standard consumer advisory warning and the following Sections 9.2 to 9.4 be included in this Securityholder Booklet. The information in the consumer advisory warning is standard across Product Disclosure Statements and is not specific to information on fees and other costs associated with an investment in Scentre Group Trusts.

9.2 FEES AND OTHER COSTS

The following table shows fees and other costs that you may be charged in relation to your investment in Scentre Group Trusts. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of Scentre Group Trusts as a whole.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

For the purposes of this Section, a reference to Scentre Group Responsible Entities is a reference to Westfield Management as responsible entity of Westfield Trust, RE1 as responsible entity of Westfield Retail Trust 1 and RE2 as responsible entity of Westfield Retail Trust 2, and a reference to Scentre Group Trusts is a reference to Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 (or any one of them as applicable).

Fees and other costs – Scentre Group Trusts

Type of fee or cost	Amount[41]	How and when paid
Fees when your money moves in or out of Scentre Group Trusts		
Establishment fee The fee to open your investment	Nil	Not applicable
Contribution fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable

41 Including GST less any reduced input tax credits, as applicable.

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FEES AND OTHER COSTS

Type of fee or cost	Amount[41]	How and when paid
Management costs		
The fees and costs for managing your investment	The Scentre Group Responsible Entities will not charge any management fees. The Scentre Group Responsible Entities will however, recover their costs in operating Scentre Group Trusts (**Operating Expenses**).[42] The aggregate of the Operating Expenses of Scentre Group Trusts is estimated at 0.22% per annum of the combined net asset value of Scentre Group Trusts[43] i.e. $107.60 for every $50,000 invested in Scentre Group Trusts.[44]	To be reimbursed from the assets of Scentre Group Trusts as the costs are incurred by the Scentre Group Responsible Entities.
Costs of the Proposal[45]	Estimated at $75 million i.e. $246.57 for every $50,000 invested in Scentre Group Trusts.[46]	Payable by Westfield Group and Westfield Retail Trust. (Refer to Section 11.21 for more information on the fees and expenses of the Proposal.)
Service fees		
Investment switching fee The fee for changing investment options	Nil	Not applicable

41 Including GST less any reduced input tax credits, as applicable.

42 Operating Expenses includes fees and insurance costs of the directors of the Scentre Group Responsible Entities, and other costs of operating the Scentre Group Trusts including overheads.

43 Comprising 0.37% per annum of the total asset value of Westfield Trust, 0.15% per annum of the total asset value of Westfield Retail Trust 1 and 0.15% per annum of the total asset value of Westfield Retail Trust 2.

44 This assumes that the net assets of Scentre Group Trusts during 2014 are $14.7 billion, being the pro forma net assets for Scentre Group Trusts as at 31 December 2013. For the avoidance of doubt, the Operating Expenses set out in this table relate only to the Scentre Group Trusts, and do not include the operating expenses of Westfield Holdings.

45 These costs include an amount payable to advisers as described in Section 11.22.

46 Calculated on the same basis and subject to the same assumption in Footnote 44 above.

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FEES AND OTHER COSTS

9.3 EXAMPLE OF ANNUAL FEES AND COSTS

The following table gives an example of how the fees and costs associated with Scentre Group Trusts could affect your investment in Scentre Group Trusts over the first year of the operation of the trusts.

You should use this table to compare this product with other managed investment products. All amounts are GST inclusive net of any reduced input tax credits.

Example: First year after the issue units in Scentre Group Trusts

Type of fee or cost		Balance of $50,000 during year with contributions of $5,000 during the year[47]
Contribution fees	Nil	For every additional $5,000 you put in, you will be charged nil.
PLUS Management costs		**And**, for every $50,000 you have in Scentre Group Trusts, you will be charged the following amounts in the first year:
Management fees	Nil	Nil
Operating Expenses of Scentre Group	0.22% pa[48]	$107.60
Costs of the Proposal	0.50 % pa[49]	$246.57
EQUALS Cost of your investment		If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees of: **$354.17**

9.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

(A) SCENTRE GROUP RESPONSIBLE ENTITY COSTS AND EXPENSES

Under the constitution of each Scentre Group Trust, each Scentre Group Responsible Entity is not entitled to any management fee. However, each responsible entity is entitled to and will recover its costs and expenses in connection with operating the relevant Scentre Group Trust, including fees and insurance costs of the directors of that Scentre Group Responsible Entity, and other costs of operating that Scentre Group Trust (including corporate overheads).

The fees and other costs described in this Section 9 relate only to fees attributable to Scentre Group Trusts, and do not reflect the operating expenses of Westfield Holdings (which will also form part of Scentre Group).

The fees and other costs are paid by the relevant Scentre Group Responsible Entity out of the assets of the relevant Scentre Group Trust, and are not a separate liability of Scentre Group Securityholders.

(B) REIMBURSEMENT OF OTHER EXPENSES

Under the constitution of each Scentre Group Trust, in addition to the Operating Expenses described above, each Scentre Group Responsible Entity is entitled to claim other expenses it incurs in relation to the proper performance of its duties in respect of the relevant Scentre Group Trust.

The types of expenses that might be claimed in this way include the cost of holding a meeting convened by the holders of units in Scentre Group Trusts at some time in the future, or other extraordinary expenses. At the date of this Securityholder Booklet, no such extraordinary expenses are anticipated in the coming 12 months.

47 The amounts in this column are calculated based on Scentre Group Trust's combined total pro forma net assets of $14.7 billion as at 31 December 2013. The fees described in this table are paid by the Scentre Group Responsible Entities and are not a separate liability of Scentre Group Securityholders.

48 Comprising 0.37% per annum of the total asset value of Westfield Trust, 0.15% per annum of the total asset value of Westfield Retail Trust 1 and 0.15% per annum of the total asset value of Westfield Retail Trust 2.

49 Comprising 0.89% per annum of the total asset value of Westfield Trust, 0.36% per annum of the total asset value of Westfield Retail Trust 1 and 0.36% per annum of the total asset value of Westfield Retail Trust 2.

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MEETING AND VOTING INFORMATION

- SECTION 10 - MEETING AND VOTING INFORMATION

10. MEETING AND VOTING INFORMATION

10.1 SUMMARY OF SECURITYHOLDER APPROVALS BEING SOUGHT AT THE MEETING

Securityholder approval is being sought to:

(a) ratify the continuing appointment of Mr Andrew Harmos as an independent director of RE1 and RE2 (Resolution 1) (**Director Appointment Ratification Resolution**);

(b) approve the Proposal for all purposes (Resolution 2) (**Proposal Approval Resolution**);

(c) amend the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2 to implement the Proposal (Resolutions 3 and 4) (**Constitution Amendment Resolutions**); and

(d) terminate the Corporate Governance Deeds (Resolution 5) (**Corporate Governance Deeds Termination Resolution**).

The purpose of the Meeting is to obtain these approvals from Securityholders. Resolutions 2, 3, 4 and 5 are inter-conditional and must be passed by Securityholders for the Proposal to be implemented.

The full form of the Resolutions is set out in the Notices of Meeting in Annexure A.

10.2 EXPLANATION OF DIRECTOR APPOINTMENT RATIFICATION RESOLUTION

Each of the Westfield Retail Trust Directors is appointed by Westfield Holdings, being the sole shareholder of each of RE1 and RE2, and serves as a Westfield Retail Trust Director for a three year term.

In November 2012, Westfield Retail Trust announced that the continuing appointment of each independent director of the board of directors of Westfield Retail Trust would be subject to a ratification process at least once every three years. If Securityholders do not ratify the relevant appointment at the annual meeting at which the ratification is sought, Westfield Holdings must remove that independent director as soon as practicable following the relevant annual meeting from the board of directors of Westfield Retail Trust. The appointment of any new independent director will be subject to ratification by Securityholders at the next annual meeting of Westfield Retail Trust. If the appointment of an independent director is ratified, Westfield Holdings may not remove that independent director prior to the expiry of the three year term except in very limited circumstances (such as the independent director's incapacity or suspected breach of duty or other misconduct).

The full terms of this arrangement are set out in the 2012 Corporate Governance Deed Poll. A copy of the 2012 Corporate Governance Deed Poll is available at www.westfieldretailtrust.com/about/corporate-governance.

The continuing appointment of Mr Andrew Harmos is subject to ratification by Securityholders by Securityholders passing, if they see fit, the Director Appointment Ratification Resolution.

The Director Appointment Ratification Resolution is an ordinary resolution of Securityholders in their capacities as members of Westfield Retail Trust 1 and Westfield Retail Trust 2.

10.3 EXPLANATION OF THE PROPOSAL APPROVAL RESOLUTION

The Proposal Approval Resolution seeks the approval of Securityholders for the Proposal for all purposes and, if passed by Securityholders, will authorise RE1 and RE2 to do all things necessary, desirable or reasonably incidental to give effect to the Proposal.

If the Proposal Approval Resolution is not passed by Securityholders, the Proposal will not proceed.

The Proposal Approval Resolution is an ordinary resolution of Securityholders in their capacities as members of Westfield Retail Trust 1 and Westfield Retail Trust 2.

10.4 EXPLANATION OF THE CONSTITUTION AMENDMENT RESOLUTIONS

The Constitution Amendment Resolutions seek the approval of Securityholders to the modification of the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2. The Westfield Retail Trust Constitutions must be modified to implement the Proposal. In addition to the proposed modifications to give effect to the Proposal, modifications to the Westfield Retail Trust Constitutions are proposed to enable RE1 and RE2 to rely on ASIC class order relief and to update the constitutions.

Under the Corporations Act, a special resolution of Securityholders (in their capacities as members of Westfield Retail Trust 1 and Westfield Retail Trust 2) is required to modify each of the Westfield Retail Trust Constitutions.

The amendments to the Westfield Retail Trust Constitutions will be recorded in supplemental deeds poll (**Supplemental Deeds**), which, if the Constitution Amendment Resolutions are passed by Securityholders, RE1 and RE2 will execute and lodge with ASIC. Under the Corporations Act, the modifications of the Westfield Retail Trust Constitutions cannot take effect until the copies of the Supplemental Deeds are lodged with ASIC.

GENERAL DESCRIPTION OF PROPOSED AMENDMENTS

If the Constitution Amendment Resolutions are passed and the executed Supplemental Deeds are lodged with ASIC, the Westfield Retail Trust Constitutions will be modified to the following general effect:

(a) the mechanisms will be set out by which each of RE1 and RE2 will implement the Proposal;

(b) the Westfield Retail Trust Constitutions will be modified to facilitate efficient capital management between the stapled entities of Scentre Group following implementation of the Proposal;

(c) the Westfield Retail Trust Constitutions will be modified to enable RE1 and RE2 to rely on ASIC class order relief described in ASIC Regulatory Guide 134, *Managed investments: Constitutions* (**RG 134**), being ASIC's latest relief and guidance in respect of the content of constitutions of registered managed investment schemes; and

(d) the Westfield Retail Trust Constitutions will be updated to take into account current market practice and changes to the Corporations Act (as modified by any applicable ASIC relief).

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In addition, the restriction on investing the assets of Westfield Retail Trust 1 outside of Australia and New Zealand and the requirement to use a third party for the management, leasing and development of Westfield Retail Trust 1's properties will be removed from the constitution of Westfield Retail Trust 1. The constitution of Westfield Retail Trust 2 will not be similarly amended because these requirements do not apply under the constitution of Westfield Retail Trust 2.

The treatment of Ineligible Foreign Securityholders under the processes set out in the Supplemental Deeds are summarised in Section 3.12.

The Supplemental Deeds include other standard provisions, including a provision confirming that the relevant Supplemental Deed does not re-declare or resettle the relevant trust, declare any trust or cause the transfer, vesting or accruing of property in any person.

MORE DETAILED DESCRIPTION OF PROPOSED AMENDMENTS TO THE WESTFIELD RETAIL TRUST CONSTITUTIONS

Set out below is a more detailed description of the proposed modifications of each of the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2. A summary of the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2 as amended by the Supplemental Deeds is set out in Section 11.7(a).

Purpose of modification	Description of modification
Proposal mechanics (the mechanisms by which each of RE1 and RE2 will implement the Proposal)	Provisions have been inserted to the following effect (further details in relation to which are set out in Section 3.4): – RE1 and RE2 will be authorised to implement the Proposal; – in respect of the Westfield Retail Trust 1 constitution, RE1 will be authorised to distribute capital out of the property of Westfield Retail Trust 1 to Westfield Retail Trust 1 members by way of the Capital Return of $0.2853 for each Westfield Retail Trust 1 Unit; – RE1 and RE2 will be authorised to convert each Westfield Retail Trust Security into 0.918 Westfield Retail Trust Securities; – in respect of the Westfield Retail Trust 1 constitution, RE1 will be authorised to pay a capital distribution of $0.0011 for each Westfield Retail Trust 1 Unit to Westfield Retail Trust 1 members, and apply that distribution on behalf of Westfield Retail Trust 1 members for the subscription of one Westfield Holdings Share and one Westfield Trust Unit, being the Stapling Distribution; – RE1 and RE2 will be authorised to issue, respectively, one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit to eligible Westfield Group Securityholders for each Westfield Trust Unit held following the conversion of Westfield Trust Units at an issue price of $0.001 for each Westfield Retail Trust 1 Unit and $0.0001 for each Westfield Retail Trust 2 Unit; – following the completion of earlier steps, Westfield Retail Trust Securities will be automatically Stapled to Westfield Holdings Shares and Westfield Trust Units to form the Scentre Group; – each of RE1 and RE2 will be appointed as an agent and attorney on behalf of each Securityholder to do all things, including executing documents on behalf of each Securityholder which RE1 or RE2 considers are necessary, desirable or reasonably incidental to give effect to the Proposal, including the power to give consent on behalf of each Securityholder to become members of Westfield Holdings and Westfield Trust; and – RE1 and RE2 will be authorised to deal with Ineligible Foreign Securityholders by transferring their Westfield Retail Trust Securities to the Sale Nominee for sale in the Sale Facility, as described in Section 3.12(a).
Capital management (modifications to facilitate efficient capital management between the stapled entities of Scentre Group following implementation of the Proposal)	Provisions have been included that will allow the re-allocation of capital across the Stapled entitles of Scentre Group, to ensure that each entity is appropriately capitalised. For this purpose, the new provisions will enable RE1 or RE2 (as applicable) to, at any time, distribute an amount of capital from Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable), on terms that distribution is to be applied by RE1 or RE2 (as applicable) (on behalf of and at the direction of members of Westfield Retail Trust 1 and Westfield Retail Trust 2, as applicable) as a capital payment to another Stapled entity of Scentre Group. Similarly, the constitution facilitates another Stapled entity of Scentre Group undertaking a capital reduction or distribution, on terms that the whole or any part of that amount is to be paid to or for benefit of each member of Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable). In that event, each member of Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable) is deemed to have directed RE1 or RE2 (as applicable) to accept that incoming capital reallocation amount on their behalf.

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Purpose of modification	Description of modification
RG 134 (modifications to enable RE1 and RE2 to rely on ASIC class order relief described in ASIC Regulatory Guide 134, Managed investments: Constitutions, being ASIC's latest relief and guidance in respect of the content of constitutions of registered managed investment schemes)	A number of amendments have been made that will ensure compliance with RG 134, including in regard to calculation of unit prices, methods for valuation of assets, limits on when fees and expenses may be charged, member complaints and procedures on the winding up of Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable).
Updates (updates to the Westfield Retail Trust Constitutions to take into account current market practice and changes to the Corporations Act (as modified by any applicable ASIC relief))	Amendments have been made to update each of the Westfield Retail Trust 1 and Westfield Retail Trust 2 constitutions, including: – new provisions regulating direct voting by members; – a new ability for RE1 and RE2 (as applicable) to issue options over Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (as applicable) and Stapled Securities; and – a new ability for RE1 and RE2 (as applicable) to issue financial instruments (such as convertible notes, derivatives or debentures), subject to the Corporations Act.

FURTHER INFORMATION

The Supplemental Deeds are available for inspection at the offices of Westfield Retail Trust, Level 8, 77 Castlereagh Street, Sydney NSW 2000 between 9:00am and 5:00pm on Business Days. A copy of these documents will also be made available on request free of charge by calling the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

10.5 EXPLANATION OF THE CORPORATE GOVERNANCE DEEDS TERMINATION RESOLUTION

In November 2010, RE1 and RE2 entered into the 2010 Corporate Governance Deed. The 2010 Corporate Governance Deed provides that Westfield Retail Trust 1 and Westfield Retail Trust 2 will hold an annual meeting of Securityholders and will implement certain corporate governance practices to ensure that Westfield Retail Trust 1 and Westfield Retail Trust 2 are managed in accordance with the ASX Guidelines. As part of the Proposal, Westfield Retail Trust 1 Units, Westfield Retail Trust 2 Units and Westfield Trust Units will be Stapled to Westfield Holdings Shares. Westfield Holdings is required by the *Corporations Act* to hold an annual general meeting of its shareholders. In addition, Westfield Holdings is (and consequently, Scentre Group will be) required to report on its corporate governance structures and practices against the ASX Guidelines (in the same manner that Westfield Retail Trust has historically done in accordance with the 2010 Corporate Governance Deed). Accordingly, the 2010 Corporate Governance Deed will not be necessary following implementation of the Proposal.

In November 2012, Westfield Holdings entered into the 2012 Corporate Governance Deed Poll in favour of Securityholders. The 2012 Corporate Governance Deed Poll provides that the appointment of each independent director of RE1 and RE2 by Westfield Holdings is subject to ratification by Securityholders at least once every three years. Following implementation of the Proposal, Westfield Holdings will be part of Scentre Group and consequently, RE1 and RE2 will no longer be part of the Westfield Group. The 2012 Corporate Governance Deed Poll is therefore no longer required following implementation of the Proposal.

The Corporate Governance Deeds Termination Resolution is an ordinary resolution of Securityholders in their capacities as members of Westfield Retail Trust 1 and Westfield Retail Trust 2.

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10.6 EXPLANATION OF THE NEED FOR JUDICIAL ADVICE

The implementation of the Proposal is subject to a number of Conditions Precedent, including the Court providing judicial advice under section 63 of the *Trustee Act 1925* (NSW) confirming:

(a) RE1 and RE2 would be justified in convening a meeting of Securityholders for the purpose of considering the Proposal Resolutions;

(b) RE1 and RE2 would be justified in distributing the Securityholder Booklet to Securityholders;

(c) subject to Securityholders approving the Proposal Resolutions, that RE1 and RE2 would be justified in proceeding on the basis that amending the Westfield Retail Trust Constitutions, in the manner contemplated by the Supplemental Deeds, would be within the powers of alteration conferred by the Westfield Retail Trust Constitutions and section 601GC of the Corporations Act; and

(d) RE1 and RE2 are justified in implementing the Proposal, giving effect to the provisions of the Westfield Retail Trust Constitutions (as amended by the Supplemental Deeds) and doing all things necessary to effect the Proposal.

The judicial advice referred to above in Sections 10.6(a), 10.6(b) and 10.6(c) has been obtained by RE1 and RE2. RE1 and RE2 will seek the further judicial advice referred to above in Section 10.6(c) at the Second Court Hearing proposed to be held on 13 June 2014.

Any Securityholder who wishes to oppose the judicial advice at the Second Court Hearing may do so by filing with the Court and serving on RE1 and RE2 a notice of appearance in the prescribed form together with any affidavit on which the Securityholder proposes to rely.

10.7 WESTFIELD GROUP RESOLUTIONS

A number of resolutions will also need to be passed by Westfield Group Securityholders in order to implement the Proposal. These are set out in detail in the Westfield Group Securityholder Booklet. The Westfield Group Securityholder Booklet is available on Westfield Group's website at www.westfieldgroup.com.

10.8 RESOLUTIONS INTER-CONDITIONAL

For the Proposal to proceed, each of the Proposal Resolutions and each of the Westfield Group Resolutions must be approved by the requisite majorities of Securityholders and Westfield Group Securityholders respectively.

If any of the Proposal Resolutions or the Westfield Group Resolutions are not passed, the Proposal will not proceed.

The Director Appointment Ratification Resolution is not conditional on either the Proposal Resolutions or the Westfield Group Resolutions being passed.

Further Conditions Precedent which need to be satisfied or waived before the Proposal is implemented are set out in the Implementation Deed, as described in Section 3.5 and Annexure F.

10.9 VOTING

(A) APPROVAL THRESHOLDS

The approval thresholds for each of the Resolutions are as follows:

(i) the Director Appointment Ratification Resolution, Proposal Approval Resolution and the Corporate Governance Deeds Termination Resolution to be considered at the Meeting will be passed as ordinary resolutions only if they have been passed by at least 50% of the votes cast by Securityholders entitled to vote on those resolutions; and

(ii) the Constitution Amendment Resolutions to be considered at the Meeting will be passed as special resolutions only if they have been passed by at least 75% of the votes cast by Securityholders entitled to vote on those resolutions.

Each Securityholder who is registered on the Register at 7:00pm (AEST) on Tuesday, 27 May 2014 is entitled to attend and vote, either in person or by proxy, at the Meeting.

(B) VOTING BY POLL

Each Resolution at the Meeting will be decided on a poll.

In a resolution determined by a poll, each Securityholder present in person or by proxy has one vote for each dollar of the value of the total interests they have in Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable). The value of a Securityholder's total interests in Westfield Retail Trust 1 or Westfield Retail Trust 2 will be calculated by reference to the last sale price of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (Stapled and trading together) on the trading day immediately before the day on which the poll is taken at the Meeting. On a poll, if you are entitled to two or more votes, you need not exercise all of your votes in the same way, nor cast all of your votes.

If you do not vote or if you vote against the Resolutions, but the Resolutions are approved by the requisite majorities of the Securityholders and all other Conditions Precedent to the Proposal are either satisfied or waived, then the Proposal will be implemented and will be binding on all Securityholders.

(C) VOTING EXCLUSIONS

Under section 253E of the Corporations Act, RE1 and RE2, the responsible entities of Westfield Retail Trust 1 and Westfield Retail Trust 2 respectively, and their associates will not be entitled to vote on a Resolution, if they have an interest in that Resolution or a matter other than as a member. However, these entities are entitled to vote as a proxy for another Securityholder, provided their appointment specifies the way they are to vote on the Resolution and they vote in that way.

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ADDITIONAL INFORMATION

- SECTION 11 - ADDITIONAL INFORMATION

11. ADDITIONAL INFORMATION

11.1 INTRODUCTION

This Section 11 sets out additional information relating to the Proposal, including the interests of the Westfield Retail Trust Directors, material agreements that will be entered into in relation to implementation of the Proposal and other material information.

11.2 WESTFIELD RETAIL TRUST SECURITIES, WESTFIELD GROUP SECURITIES AND SCENTRE GROUP SECURITIES HELD BY THE WESTFIELD RETAIL TRUST DIRECTORS, THE WESTFIELD GROUP DIRECTORS AND ADDITIONAL PROPOSED SCENTRE GROUP DIRECTORS

As at the date of this Securityholder Booklet, there are 2,979,214,029 Westfield Retail Trust Securities on issue and 2,078,089,686 Westfield Group Securities on issue (with each Westfield Group Security comprising one Westfield Holdings Share, one Westfield Trust Unit and one Westfield America Trust Unit).

Under the Proposal, 2,734,918,479 Westfield Holdings Shares and 2,734,918,479 Westfield Trust Units are expected to be issued to existing Securityholders and 2,589,299,749 Westfield Retail Trust 1 Units and 2,589,299,749 Westfield Retail Trust 2 Units are expected to be issued to existing Westfield Group Securityholders[50].

The number of Westfield Retail Trust Securities and Westfield Group Securities which are held by or on behalf of the Westfield Retail Trust Directors, the Westfield Group Directors and each Additional Proposed Scentre Group Director as at the date of this Securityholder Booklet and the number of Scentre Group Securities they will hold on implementation of the Proposal is set out below:

Director	Number of Westfield Retail Trust Securities	Number of Westfield Group Securities	Number of Scentre Group Securities following implementation of the Proposal(1)	Number of Westfield Corporation Securities following implementation of the Proposal
Westfield Retail Trust Directors				
Mr Richard Egerton-Warburton AO, LVO	72,748	5,347	73,446	5,347
Mr Peter Allen	115,000	577,902	825,636	577,902
Mr Laurence Brindle	Nil	Nil	Nil	Nil
Mr Andrew Harmos	34,944	Nil	32,079	Nil
Mr Michael Ihlein	36,000	Nil	33,048	Nil
Mr Steven Lowy AM	Nil	173,728,961(2)	216,466,286	173,728,961
Ms Sandra McPhee AM	36,364	Nil	33,383	Nil
Mr Domenic Panaccio	40,000	39,656	86,132	39,656
Westfield Group Directors				
Mr Frank Lowy AC Mr Peter Lowy Mr Steven Lowy AM	Nil	173,728,961(3)	216,466,286	173,728,961
Mr Peter Allen	115,000	577,902	825,636	577,902
Ms Ilana Atlas	Nil	5,000	6,230	5,000
Mr Roy Furman	Nil	50,000	62,300	50,000
Mr Peter Goldsmith	6,182	5,000	11,906	5,000
Mr Mark G Johnson	1,425	6,425	9,315	6,425
Mr Mark R Johnson AO	Nil	62,000	77,252	62,000
Mr John McFarlane	Nil	51,951	64,731	51,951
Mr Brian Schwartz AM	13,591	21,110	38,781	21,110
Ms Judith Sloan	3,709	3,000	7,143	3,000

(1) These figures are estimates only and subject to rounding, as described in Section 11.18.

(2) The aggregate interests of Mr Steven Lowy includes Lowy family holdings.

(3) This figure excludes the 5,869,425 securities held by Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust.

50 Subject to rounding described in Section 11.18.

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Except as set out in the above table, there are no existing marketable Westfield Retail Trust Securities or Westfield Group Securities held by or on behalf of the Westfield Retail Trust Directors, the Westfield Group Directors or the Additional Proposed Scentre Group Directors as at the date of this Securityholder Booklet.

Each of the Westfield Retail Trust Directors, the Westfield Group Directors and each Additional Proposed Scentre Group Director intends to vote, in their capacity as a Securityholder, any Westfield Retail Trust Securities held by or on behalf of him or her in favour of the Proposal, in the absence of a superior proposal.

11.3 INTERESTS OF THE WESTFIELD RETAIL TRUST DIRECTORS, THE WESTFIELD GROUP DIRECTORS AND THE SCENTRE GROUP BOARD

(A) BENEFITS IN CONNECTION WITH RETIREMENT FROM OFFICE

Other than as disclosed in this Securityholder Booklet, no payment or other benefit is proposed to be made or given to any director, company secretary or executive officer of Westfield Retail Trust (including related bodies corporate) as compensation for the loss of, or as consideration for or in connection with his or her retirement from, office in Westfield Retail Trust (including related bodies corporate) in connection with the Proposal, other than in his or her capacity as a Securityholder.

If the Proposal is implemented, as disclosed in Section 5.7, Mr Peter Allen, Mr Mark Bloom and Mr Paul Giugni will be the Chief Executive Officer, Chief Financial Officer and General Counsel respectively of Scentre Group and will replace the executives currently filling the roles of Managing Director, Chief Financial Officer and General Counsel of Westfield Retail Trust.

Under their existing service agreements, Mr Domenic Panaccio, Mr Brian Mackrill and Ms Katherine Grace are entitled to receive the following payments upon redundancy or termination of their employment without cause:

(i) accrued statutory entitlements;

(ii) a pro rata performance bonus to the date of termination;

(iii) pro rata vesting of outstanding awards under the Westfield Retail Trust Executive Deferred Award Plan (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle); and

(iv) a redundancy payment of up to 24 months' base salary depending on the length of service plus between one and three months base salary in lieu of notice. Mr Domenic Panaccio's current annual base salary is $1,200,000. Mr Brian Mackrill's current annual base salary is $640,000. Ms Katherine Grace's current annual base salary is $490,000. Mr Domenic Panaccio is entitled to receive a pre-tax redundancy payment of $1,500,000, Mr Brian Mackrill is entitled to receive a pre-tax redundancy payment of $907,000 and Ms Katherine Grace is entitled to receive a pre-tax redundancy payment of $245,000, in each case assuming the redundancies take place on 30 June 2014.

(B) AGREEMENTS OR ARRANGEMENTS WITH THE WESTFIELD RETAIL TRUST DIRECTORS AND THE SCENTRE GROUP BOARD IN CONNECTION WITH THE PROPOSAL

The 2014 remuneration for the non executive directors of Westfield Retail Trust was determined prior to receipt of the Proposal from Westfield Group, having regard to the expected or usual workload of the non executive directors of Westfield Retail Trust in relation to conduct of Westfield Retail Trust's business in the normal or ordinary course.

Following that determination, the independent non executive directors of Westfield Retail Trust have had to undertake a wide range of activities and services that were not part of the usual or normal activities of the Westfield Retail Trust Board and which were not contemplated when the remuneration for 2014 was determined.

The independent non executive directors of Westfield Retail Trust expect that, prior to 30 June 2014, they will receive from Westfield Retail Trust remuneration, in addition to the remuneration set out above, for the additional activities and services carried out in the previous 12 month period.

Except as otherwise set out in this Securityholder Booklet:

(i) there are no contracts or arrangements between a Westfield Retail Trust Director or an Additional Proposed Scentre Group Director and any person in connection with or conditional upon the outcome of the Proposal; and

(ii) no Westfield Retail Trust Director or Additional Proposed Scentre Group Director has a material interest in relation to the Proposal (including the offer of Westfield Holdings Shares and Westfield Trust Units which form part of the Scentre Group Securities), other than in their capacity as a Securityholder.

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(C) INTERESTS OF THE WESTFIELD RETAIL TRUST DIRECTORS, THE WESTFIELD GROUP DIRECTORS AND ADDITIONAL PROPOSED SCENTRE GROUP DIRECTORS IN SCENTRE GROUP OR WESTFIELD CORPORATION

Except as set out in this Securityholder Booklet, no Westfield Retail Trust Director, Westfield Group Director or Additional Proposed Scentre Group Director holds at the date of this Securityholder Booklet, or has during the last two years any interest in:

(i) the formation or promotion of Scentre Group or Westfield Corporation;

(ii) any property acquired or proposed to be acquired by Scentre Group or Westfield Corporation in connection with their formation or promotion of the offer of Scentre Group Securities or the Proposal;

(iii) the offer of Scentre Group Securities (including the Westfield Holdings Shares); or

(iv) the Proposal,

and no amount (whether in cash, Scentre Group Securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any the Westfield Retail Trust Directors, any of the Westfield Group Directors or any Additional Proposed Scentre Group Director to induce them to become, or qualify as, a member of the Scentre Group Board, or for services provided in connection with the formation or promotion of Scentre Group or Westfield Corporation or the Proposal (including the offer of Scentre Group Securities).

11.4 TRADING OF WESTFIELD RETAIL TRUST SECURITIES AND WESTFIELD GROUP SECURITIES

The latest recorded sale price of Westfield Retail Trust Securities on 3 December 2013 on the ASX before the announcement of the Proposal on 4 December 2013 was $3.00. The latest recorded sale price of Westfield Retail Trust Securities on the ASX before the date of this Securityholder Booklet was $3.06. During the three months immediately prior to the date of this Securityholder Booklet, the highest recorded sale price was $3.18 which occurred on 21 February 2014, and the lowest recorded sale price was $2.93 which occurred on 10 February 2014.

The latest recorded sale price of Westfield Group Securities on 3 December 2013 on the ASX before the announcement of the Proposal on 4 December 2013 was $10.36. The latest recorded sale price of Westfield Group Securities on the ASX before the date of this Securityholder Booklet was $10.57. During the three months immediately prior to the date of this Securityholder Booklet, the highest recorded sale price was $10.74 which occurred on 10 April 2014, and the lowest recorded sale price was $9.68 which occurred on 28 January 2014.

The current price of Westfield Group Securities and Westfield Retail Trust Securities can be obtained from the ASX website (www.asx.com.au).

11.5 WESTFIELD RETAIL TRUST'S AND WESTFIELD GROUP'S SUBSTANTIAL HOLDERS

The substantial holders of Westfield Retail Trust Securities as at the date of this Securityholder Booklet are as follows:

Name	Number of Westfield Retail Trust Securities	Voting power in Westfield Retail Trust Securities
National Nominees Ltd as Custodian for UniSuper Limited	252,904,080	8.49%
Vanguard Investments Australia Ltd and the Vanguard Group, Inc	205,718,730	6.87%
BlackRock Investment Management (Australia) Limited	159,493,747	5.22%

The substantial holders of Westfield Group Securities as at the date of this Securityholder Booklet are as follows:

Name	Number of Westfield Group Securities	Voting power in Westfield Group Securities
Members of the Lowy family and associates	179,598,386	8.01%[51]
BlackRock Investment Management (Australia) Limited (formerly Barclays Global Investors Australia Limited)	147,243,880	6.38%
Vanguard Investments Australia Ltd	140,169,212	6.07%

Westfield Retail Trust and Westfield Group have relied on substantial holder notices provided to them up to the date of this Securityholder Booklet, which are available on the ASX website, to compile the above table. Information in regard to substantial holdings arising, changing or ceasing before this time or in respect of which the relevant announcement is not available on the ASX website is not included above.

51 Relevant interest includes securities held by Amondi Pty Limited as Trustee of the Westfield Executive Option Plan (**Amondi**), based on number of Westfield Group Securities on issue as at 26 February 2009, being the date of Form 604 Notice of change of interests of substantial holder. The current percentage (including securities held by Amondi) is 8.64%.

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11.6 SUMMARY OF MATERIAL CONTRACTS

Refer to Annexure F of this Securityholder Booklet for a summary of the following material contracts:

(a) Implementation Deed;

(b) Trade Mark Licence Agreement;

(c) LABS Agreement;

(d) Transitional Services Agreement;

(e) Westfield Retail Trust 1 Implementation Deed Poll;

(f) Westfield Retail Trust 2 Implementation Deed Poll;

(g) Westfield Holdings Implementation Deed Poll;

(h) Westfield Management Implementation Deed Poll; and

(i) Scentre Group Stapling Deed.

11.7 SCENTRE GROUP CONSTITUTIONS

The rights and liabilities attaching to Scentre Group Securities are set out in:

(a) the Westfield Retail Trust 1 constitution;

(b) the Westfield Retail Trust 2 constitution;

(c) the Westfield Trust constitution; and

(d) the Westfield Holdings constitution,

as amended by the Supplemental Deeds.

Each of the above constitutions is summarised below in this Section 11.7. The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers) and the general law of companies and trusts are also relevant to the rights and obligations of the Scentre Group Responsible Entities and holders of Scentre Group Securities.

A copy of each constitution is available for inspection at the offices of Westfield Retail Trust, Level 8, 77 Castlereagh Street, Sydney NSW 2000 between 9:00am and 5:00pm on Business Days. A copy of these documents will also be made available on request free of charge by calling the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

(A) SUMMARY OF THE WESTFIELD RETAIL TRUST 1 CONSTITUTION, WESTFIELD RETAIL TRUST 2 CONSTITUTION AND WESTFIELD TRUST CONSTITUTION

Westfield Retail Trust 1, Westfield Retail Trust 2 and Westfield Trust are each registered managed investment schemes, and the main rules governing their operation are set out in their constitutions (as they will be amended) respectively. The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers) and the general law of trusts are also relevant to the rights and obligations of the Scentre Group Responsible Entities and holders of Scentre Group Securities (referred to in this Section as "members").

The rights and liabilities attaching to units in Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 under the constitutions of those trusts (as amended) are very similar, and are summarised below. This Section should be read together with the summary of proposed amendments to the Westfield Retail Trust Constitutions set out in Section 10.4 which summarises proposed new provisions including those related to capital management and direct voting. The proposed amendments to the Westfield Trust constitution are set out in the Westfield Group Securityholder Booklet.

(i) Units and Stapling

Subject to the terms of issue of the particular unit, each unit confers an equal undivided interest in the relevant trust's assets as a whole, subject to the liabilities of the relevant trust.

While Stapling applies, the units and any other securities to which they are Stapled must be Stapled in the same ratio and will be treated as one security. Units may only be issued if there is a corresponding issue of any other securities Stapled to those Securities and the issue is at the same time and to the same person.

The responsible entity has the power to issue options over units and financial instruments, although no such options or financial instruments are currently on issue.

(ii) Income and distribution to members

Subject to the terms of issue of the particular unit, members are generally entitled to share in distributions in proportion to the number of units they hold.

For each of Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2, the responsible entity may determine standing principles for calculating and distributing distributable income for any financial year or distribution period and may change the principles from time to time, or if no standing principles are applicable, distribute so much of the income of the trust determined in accordance with ordinary concepts as is available for that period after payment of costs, expenses and other outgoings.

If the responsible entity approves, members may choose to reinvest some or all of a distribution by acquiring additional units in the trust.

Distributions are payable annually or for such other period as the responsible entity determines, and may be in the form of cash, additional units or, in certain circumstances, in the form of other assets. At present, each responsible entity has determined to make semi-annual distributions.

Holders of financial instruments (if any) would be entitled to be paid all coupon, interest, distribution or other periodic payments required to be paid to them under the terms of those financial instruments, with such payments to be made at the time and in the manner set out in the terms of those financial instruments.

(iii) Transfer of units, options or financial instruments

Subject to the Corporations Act and the Listing Rules, while the units, options or financial instruments are quoted for trading on the ASX, they may be transferred by any method permitted by the operating rules of ASX's clearing and settlement facility or the Corporations Act and ASX. While Stapled, units may only be transferred as part of Stapled Securities.

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(iv) Withdrawal
A unit may not be redeemed while the relevant trust is listed except by way of an on-market buy-back or a withdrawal offer. While Stapling applies, the responsible entity may not redeem a unit without also redeeming any other security to which it is Stapled.

(v) Powers and delegation
The responsible entity has all the powers that it is possible to confer on a trustee, including powers to invest, dispose of or otherwise deal with property or to raise or borrow money. There is also a general contracting power to enter into any form of contract and incur all types of obligations and liabilities. The responsible entity may authorise any person (including an associate of the responsible entity) to act as its agent or delegate to hold title to any asset or perform any act or exercise any discretion. It may also enter into an agreement with a person to underwrite the subscription or purchase of units, or options over those units.

(vi) Stapling and reorganisation proposals
Subject to the Corporations Act and the Listing Rules, the responsible entity has the power to Staple units to any other security and to subsequently destaple them, without prior approval of members.

Units, options and financial instruments may also be consolidated or divided as determined by the responsible entity.

In addition, the responsible entity has specific powers to carry out certain types of reorganisation proposals in the future, including consolidating or dividing units, stapling and unstapling units, and, with the approval of an ordinary resolution of members, undertaking various other strategies to restructure the relevant trust (such as exchanging units for interests in another trust).

(vii) Constitution amendments
The relevant trust constitution may be amended by a resolution of members, or by the responsible entity if the change does not adversely affect the rights of members.

(viii) Meeting
While Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 are registered managed investment schemes, members' rights to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act.

The responsible entity may also convene separate meetings for holders of options and financial instruments. Option holders may exercise any right they have under the Corporations Act to attend a meeting and vote on a resolution of members, but otherwise may not vote on a resolution of members or attend a meeting of members.

(ix) Rights and limitation of liability of responsible entity
The responsible entity and its associates may hold units, options or financial instruments in relation to the trust of which it is responsible entity, and the responsible entity may deal with itself as trustee of the trust or in another capacity. Subject to the Corporations Act, the responsible entity is not liable to members for any loss suffered in respect of the trust.

(x) Liability of members, options holders and holders of financial instruments
The liability of a member, option holder or holder of a financial instrument ("securityholder") is limited under the constitution to the amount if any which remains unpaid in relation to their units, options or financial instruments, except where the responsible entity is entitled to be indemnified by that securityholder for tax or costs incurred as a result of that securityholder's action or inaction (amongst other things), although the effectiveness of these provisions has not been tested in superior courts. A securityholder need not indemnify the responsible entity if there is a deficiency in the assets of the trust, or meet the claim of any creditor of the responsible entity in respect of the trust.

(xi) The responsible entity's fees and expenses, and indemnity
The rights of the responsible entity to fees and the reimbursement of costs and expenses in respect of the trust are set out in Section 9.4. In addition, the responsible entity is entitled to be indemnified out of the assets of the relevant trust for any liability incurred by it in the proper performance of its duties in relation to the relevant trust.

(xii) Winding up
On winding up, each member is entitled to receive a share of the value of the trust's assets, after meeting all liabilities and expenses, proportionate to the number of units held.

Westfield Retail Trust 1 and Westfield Retail Trust 2 continue until the earliest of:

- where the trusts remain registered managed investment schemes – the date which their respective members determine by extraordinary resolution or a date determined by the relevant responsible entity and advised by written notice to members at least 60 days before the proposed date of termination;
- where the trusts are not registered managed investment schemes – the date specified by the relevant trustee in a notice to members; or
- the date on which the trusts terminate in accordance with their constitutions or by law.

Westfield Trust continues until the earlier of:

- the date specified by Westfield Management in a notice to members; or
- the date on which the trust terminates in accordance with its constitution or by law.

(xiii) Small holdings
While the units are quoted on the ASX, the responsible entity may sell or redeem the units without the request of a member where the units comprise less than a marketable parcel. The responsible entity may only sell or redeem a member's units once in any 12 month period (except in the event of a takeover bid) by providing a divestment notice, and must allow members at least six weeks (or seven days in the case of a "New Small Holder", as defined) from the date of that notice for Securityholders to notify the responsible entity if they wish to retain their units.

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(B) SUMMARY OF THE WESTFIELD HOLDINGS CONSTITUTION

The main provisions of the proposed new Westfield Holdings constitution are set out below. This summary should be read together with the summary of proposed amendments to the existing Westfield Holdings Constitution set out in the Westfield Group Securityholder Booklet.

(i) Share capital

The directors of Westfield Holdings may issue or cancel Westfield Holdings Shares, or grant options over unissued Westfield Holdings Shares. The issue of further, equally ranked Westfield Holdings Shares will only vary the rights of existing Westfield Holdings shareholders if expressly provided for in terms of the existing Westfield Holdings Shares, or required under the Corporations Act or Listing Rules.

(ii) Stapling

On implementation of the Proposal, each Westfield Holdings Share will be Stapled to one Westfield Trust Unit, one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit. Until destapled, Westfield Holdings must not cause a Westfield Holdings Share to cease being part of a Stapled Security, and the directors may only issue, cancel, or buy back Westfield Holdings Shares as part of a Stapled Security. The number of issued Westfield Holdings Shares must equal the number of other issued securities to which they are Stapled at any particular time.

(iii) Lien and forfeiture

Westfield Holdings has a lien on every Westfield Holdings Share for due and unpaid calls and instalments as well as interest accruing on that amount and reasonable expenses in respect of default. Westfield Holdings may sell any Westfield Holdings Share on which Westfield Holdings has a lien (as part of Stapled Securities) upon 14 days' notice that it intends to do so.

(iv) Transfer of Westfield Holdings Shares

Westfield Holdings Shares may be transferred as provided by the operating rules of a prescribed CS facility (as that term is defined in the Corporations Act) or by any other method of transfer which is required or permitted by the Corporations Act and ASX. While Stapling applies, Westfield Holdings Shares may only be transferred as part of the Stapled Securities.

(v) Voting

Subject to any rights of any shares or class of shares, each Westfield Holdings shareholder is entitled to attend and vote at a general meeting of Westfield Holdings. Subject to any direct voting rules determined by the directors, any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each Westfield Holdings shareholder present (in person and each other person present as a proxy, attorney or a representative of a Westfield Holdings shareholder) has one vote. On a poll, each Westfield Holdings shareholder present (in person and each other person present as a proxy, attorney or a representative of a Westfield Holdings Shareholder) has one vote for each fully paid Westfield Holdings Share.

(vi) Number of directors

The minimum number of directors is three. Unless otherwise determined by Westfield Holdings shareholders in general meeting, the maximum number of directors is 16 (or any such lesser number as determined by the Westfield Holdings directors).

(vii) Appointment and retirement of directors

At every annual general meeting of Westfield Holdings, one third of the Westfield Holdings directors (excluding one managing director or any director appointed to fill a casual vacancy) must retire from office. If the number is not three or a multiple of three, then the number nearest one-third and any other Westfield Holdings director who has held office for three years or more since last being elected, must retire from office.

The Westfield Holdings directors may also appoint a director to fill a casual vacancy on the board or in addition to the existing Westfield Holdings directors. A director appointed in this way (other than one managing director) holds office only until the next annual general meeting following his or her appointment.

(viii) Removal of director

Westfield Holdings shareholders can by resolution remove any director and appoint another person as a replacement.

(ix) Dividends

The Westfield Holdings directors may pay dividends, as determined by the Westfield Holdings directors, subject to the Corporations Act and the rights of any shareholders which hold shares which have special rights to dividends. Interest is not payable on any dividend.

(x) Election to reinvest dividends

Subject to the Listing Rules, the Westfield Holdings directors may grant to Westfield Holdings shareholders (or a class of Westfield Holdings shareholders) the right to elect to reinvest cash dividends paid by Westfield Holdings, by subscribing for additional Westfield Holdings Shares of the same class on such terms the Westfield Holdings directors think fit. While Stapling applies, such a right may only be granted if, at the same time, an offer of an identical number of Securities to which Westfield Holdings Shares are Stapled is also made to Westfield Holdings shareholders.

(xi) Capitalisation of profits

The Westfield Holdings directors may capitalise any sum and apply it for the benefit of Westfield Holdings shareholders in the proportions to which those Westfield Holdings shareholders would have been entitled upon distribution of that sum by way of dividend.

(xii) Winding up

With the sanction of a special resolution of Westfield Holdings, the liquidator may divide among the Westfield Holdings shareholders the whole or any part of Westfield Holdings property and decide how the division is to be carried out.

(xiii) Small holdings

The Westfield Holdings directors may sell any shares held by a Westfield Holdings shareholder which comprise less than a marketable parcel, without request by the shareholder. Westfield Holdings may only give a small holder one divestment notice every 12 months (except in the event of a takeover bid), and after giving that written notice, allow holders at least six weeks (or seven days

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in the case of a "New Small Holder", as defined) from the date of that notice to notify Westfield Holdings if they wish to retain their shares.

(xiv) Constitution amendments

The Westfield Holdings constitution can only be amended by special resolution passed by at least 75% of the votes cast by members entitled to vote on the resolution at a general meeting of Westfield Holdings. Westfield Holdings must give at least 28 days' written notice of such meeting.

11.8 TERMINATION OF EXISTING ARRANGEMENTS BETWEEN WESTFIELD GROUP AND WESTFIELD RETAIL TRUST

If the Proposal Resolutions are passed by Securityholders, the following agreements will be terminated on the Implementation Date:

(a) the existing Westfield Group Stapling Deed;

(b) the Westfield Retail Trust Corporate Governance Deeds Poll;

(c) the Corporate Services Agreement;

(d) the Co-operation Deed; and

(e) the existing Westfield America Management Services Agreement.

The agreements in (b), (c) and (d) above relate to the arrangements put in place in 2010 when Westfield Retail Trust was separated from Westfield Group. These arrangements will no longer be necessary following implementation of the Proposal. Termination of these arrangements does not give rise to payment of any fees.

11.9 CESSATION OF TRADING OF WESTFIELD RETAIL TRUST SECURITIES

If Securityholders approve the Proposal at the Meeting, Westfield Retail Trust will immediately notify ASX. If all of the Conditions Precedent for the Proposal are satisfied or waived then it is expected that Westfield Retail Trust Securities will cease trading on the ASX at the close of trading on the Effective Date, expected to be 16 June 2014.

11.10 COMMENCEMENT OF TRADING OF SCENTRE GROUP SECURITIES

Westfield Management as responsible entity of Westfield Trust, and Westfield Holdings will apply to the ASX for quotation of the new Westfield Trust Units and the Westfield Holdings Shares (as components of the Scentre Group Securities) to be issued under the Proposal, with such application conditional on the Westfield Holdings Scheme becoming Effective.

Scentre Group Securities are expected to commence trading on the ASX, initially on a deferred settlement basis, on Tuesday, 17 June 2014. Normal trading of Scentre Group Securities is expected to commence on Tuesday, 1 July 2014. Scentre Group Securities will trade under the code "SCG". Holding statements for Scentre Group Securities are expected to be despatched to Eligible Securityholders by Monday, 30 June 2014.

11.11 CAPITAL STRUCTURE BEFORE AND AFTER IMPLEMENTATION OF THE PROPOSAL

Immediately prior to implementation of the Proposal, there will be 2,078,089,686 Westfield Group Securities and 2,979,214,029 Westfield Retail Trust Securities on issue and quoted on the ASX. Immediately following implementation of the Proposal, there will be approximately 5,324,218,227 Scentre Group Securities and 2,078,089,686 Westfield Corporation Securities on issue.

11.12 SALE FACILITY

Westfield Retail Trust has appointed UBS Nominees Pty Ltd to act as the Sale Nominee for the purposes of the Sale Facility. The operation of the Sale Facility is described in Section 3.12(a).

11.13 ASIC RELIEF

ASIC has granted, or agreed in principle to grant, the following relief from the operation of various provisions of the Corporations Act as they apply to RE1, RE2, Westfield Management and Westfield Holdings in respect of this Securityholder Booklet or the Westfield Group Securityholder Booklet.

(A) RELIEF FROM DISCLOSURE, APPLICATION FORM AND ADVERTISING REQUIREMENTS UNDER CHAPTER 6D AND PART 7.9 AND FINANCIAL SERVICES GUIDE RELIEF

(i) (**section 1013B(1) – PDS title**) An exemption from the requirement to mention the title "Product Disclosure Statement" or "PDS" on the cover of this Securityholder Booklet or the Westfield Group Securityholder Booklet.

(ii) (**section 1015C – sending PDSs**) Modifications to permit the Westfield Retail Trust PDS and the Westfield Trust PDS to be sent to Westfield Group Securityholders and Securityholders respectively using the addresses as shown in Westfield Group Register and the Register respectively.

(iii) (**section 1016A(2) – application forms**) An exemption from the requirement to include in or accompanying this Securityholder Booklet an application form in respect of the issue of Westfield Trust Units under the Westfield Trust PDS and an application form in or accompanying the Westfield Group Securityholder Booklet in respect of the issue of Westfield Retail Trust Securities under the Westfield Retail Trust PDS.

(iv) (**sections 711(6), 723(1), and 734(5) – various prospectus provisions**) An exemption from the requirement to include in or accompanying this Securityholder Booklet an application form in respect of the issue of Westfield Holdings Shares under the Westfield Holdings Prospectus, an exemption from the requirement to have an expiry date in respect of the Westfield Holdings Prospectus, and an exemption from the requirements in relation to advertising Westfield Holdings Shares.

(v) (**Division 2 of Part 7.7 – Financial Services Guide**) An exemption from the requirement to give a Financial Services Guide to Securityholders in respect of any financial product advice contained in this Securityholder Booklet.

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(B) RELIEF IN CONNECTION WITH THE SALE FACILITY

(i) (**Chapter 5C and Part 7.9 – managed investment scheme provisions**) Exemptions from the provisions regulating managed investment schemes, and disclosures in relation to them, in respect of the operation of the Sale Facility.

(ii) (**Part 7.6 – licensing**) An exemption from the requirement to hold an AFSL in respect of the services associated with operating the Sale Facility.

(iii) (**section 601FC(1)(d) – equal treatment**) An exemption to permit Ineligible Foreign Securityholders to be treated differently to other Securityholders by virtue of arrangements regarding the treatment of Westfield Retail Trust Securities held by Ineligible Foreign Securityholders.

(C) STAPLING RELIEF FOR WESTFIELD TRUST, WESTFIELD RETAIL TRUST 1, WESTFIELD RETAIL TRUST 2 AND WESTFIELD HOLDINGS APPLICABLE ONCE THE PROPOSAL IS IMPLEMENTED

(i) (**sections 601FC(1)(c), 601FC(1)(d) and 601FD(1)(c) – best interests, equal treatment**) An exemption and modifications to permit RE1, RE2 and Westfield Management, and each of their directors and officers, to not only have regard to the interests of Scentre Group Securityholders alone but to the interests of Scentre Group Securityholders as a whole.

(ii) (**sections 601FC(1)(e), 601FD(1)(d), 601FD(1)(e), 601FE(1)(a) and 601FE(1)(b) – use of information**) Modifications to permit RE1, RE2 and Westfield Management, and each of their directors, officers and employees, to use information acquired in their role as responsible entities, directors, officers or employees of RE1, RE2 and Westfield Management, to the advantage of Scentre Group Securityholders as a whole.

(iii) (**Part 5C.7 – related party transactions**) Modifications to permit RE1, RE2 and Westfield Management, after implementation of the Proposal, to give financial benefits out of the assets of Westfield Retail Trust 1 and Westfield Retail Trust 2 to Westfield Trust and Westfield Holdings (as members of the Scentre Group), as well as to give financial benefits out of the assets of Westfield Retail Trust 1 to Westfield Retail Trust 2 and vice versa.

(iv) (**sections 708(13) and 1012D(3) – dividend/distribution reinvestment plan**) Modifications to permit the offer of Scentre Group Securities under a distribution reinvestment plan without the issue of an additional PDS or prospectus.

11.14 ASX CONFIRMATIONS AND WAIVERS

ASX has granted the following confirmations and waivers to RE1 and RE2 in respect of the Proposal:

(A) CONFIRMATIONS

(i) (**Listing Rule 2.1, Condition 1, and Listing Rule 6.1**) Confirmation that the terms applying to Scentre Group Securities comply with Chapter 6 of the Listing Rules, and are appropriate and equitable for the purposes of Listing Rule 6.1.

(ii) (**Listing Rule 3.1 and Guidance Note 2**) Confirmation that, for the purposes of Listing Rule 3.1 of the Listing Rules, disclosure by one entity in Scentre Group of matters in respect of a component of the Scentre Group Securities will satisfy the disclosure obligations of the other stapled entities in respect of the other components of the Scentre Group Securities in relation to the same matter.

(iii) (**Listing Rule 6.12.3**) Confirmation that the provisions of the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2 relating to the divestment of Westfield Retail Trust Securities of Ineligible Foreign Securityholders (as set out in the Supplemental Deeds) are appropriate and equitable for the purposes of Listing Rule 6.12.3.

(iv) (**Listing Rule 7.40**) Confirmation that the proposed timetable for the Proposal complies with Appendix 7A of the Listing Rules.

(v) (**Listing Rule 11.1.2**) Confirmation that Securityholder approval is not required under Listing Rule 11.1.2 for the Stapling of Westfield Holdings Shares and Westfield Trust Units to Westfield Retail Trust Securities.

(vi) (**Listing Rule 11.1.3**) Confirmation that ASX does not require Scentre Group to meet the requirements of Chapters 1 and 2 of the Listing Rules as if it were applying for admission under Listing Rule 11.1.3.

(B) WAIVERS AND CONFIRMATIONS

(i) (**Listing Rules 7.1 and 10.11**) A waiver from Listing Rules 7.1 and 10.11 in relation to the issue of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units to Westfield Group Securityholders (and to RE1 and RE2 directors insofar as they are Westfield Group Securityholders) to effect the Stapling of the Westfield Holdings Shares and Westfield Trust Units to the Westfield Retail Trust Securities.

(ii) (**Listing Rule 10.1**) A waiver so that Securityholder approval is not required under Listing Rule 10.1 for the Proposal.

(iii) (**Standard Stapling relief for Scentre Group**)

(A) (**Listing Rule 6.24**) A waiver to the extent that the rates and amount of a dividend or distribution in respect of Scentre Group Securities need not be announced by Scentre Group to the ASX when the dividend or distribution and record date are announced, on the condition that an estimated dividend or distribution rate is advised to the ASX on that date and the actual dividend and distribution rate is advised to the ASX as soon as it becomes known.

(B) (**Listing Rule 8.10**) A waiver to permit each relevant Scentre Group entity to refuse to register a transfer of a particular component of Scentre Group Securities if it is not accompanied by a corresponding transfer of all other components of Scentre Group Securities.

(C) (**Listing Rule 10.1**) A waiver to allow transfers of assets amongst Scentre Group entities and their wholly owned subsidiaries, without the approval of Scentre Group Securityholders.

11.15 SECURITYHOLDERS PARTICIPATING IN THE PROPOSAL

(A) RECORD DATE

If all of the Conditions Precedent are satisfied or waived, Eligible Securityholders on the Register as at the Record Date will be able to participate in the Proposal.

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For the purposes of determining who is a Securityholder as at the Record Date, dealings in Westfield Retail Trust Securities will only be recognised by Westfield Retail Trust if:

(i) in the case of dealings of the type to be effected using CHESS, the transferee is registered in the Register as the holder of the relevant Westfield Retail Trust Securities at or before 7:00pm (AEST) on the Record Date; and

(ii) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings are received at or before 5:00pm (AEST) on the Record Date at the place where the Register is kept.

For the purposes of the conversion of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (as described in Section 3.4), the Stapling Distribution and the application for Westfield Holdings Shares and Westfield Trust Units using the proceeds of the Stapling Distribution, the Sale Nominee will be deemed to be the holder of relevant Westfield Retail Trust Securities relating to Ineligible Foreign Securityholders on and from the Record Date.

Westfield Retail Trust will not accept for registration or recognise for any purpose any transmission application or transfer of Westfield Retail Trust Securities received after 5:00pm (AEST) on the Record Date.

(B) NO DISPOSALS AFTER THE EFFECTIVE DATE

If all of the Conditions Precedent to the Proposal are satisfied or waived, you may not dispose of or purport or agree to dispose of any Westfield Retail Trust Securities after the Effective Date. Any dealings in Westfield Retail Trust Securities after this time will not be recognised.

(C) INELIGIBLE FOREIGN SECURITYHOLDERS

As described in Section 3.12, Ineligible Foreign Securityholders will have their Westfield Retail Trust Securities transferred to the Sale Nominee before the Implementation Date. The Sale Nominee will then participate in and receive Stapling Distributions under the Proposal in the same way as other Securityholders.

11.16 FOREIGN SECURITIES RESTRICTIONS

The distribution of this Securityholder Booklet outside of Australia may be restricted by law and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities law. Westfield Retail Trust and Westfield Group disclaim all liabilities to such persons.

Securityholders who are nominees, trustees or custodians are encouraged to seek independent advice as to how they should proceed.

The offers of securities made pursuant to this Securityholder Booklet are made in compliance with the laws of Australia, and in compliance with all other relevant codes, rules, and other requirements that apply to offers in Australia.

Other than as set out below, no action has been taken to register or qualify this Securityholder Booklet or any aspect of the Proposal in any jurisdiction outside of Australia.

(A) UNITED STATES

This Securityholder Booklet does not constitute an offer to any person in the United States, any US person (as such term is defined in Regulation S under the U.S. Securities Act of 1933 (**Securities Act**) (**U.S. Person**), or any person acting for the account or benefit of a U.S. Person. Securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless they are registered under the U.S. Securities Act or exempt from registration.

Westfield Retail Trust may rely on an exemption from the registration requirements of the U.S. Securities Act with respect to the securities to be issued in connection with the Proposal. Any such securities have not been, and will not be registered under the U.S. Securities Act or the securities laws of any US state of other jurisdiction. Further, neither the US Securities and Exchange Commission nor any state securities authority has approved or disapproved of the securities described in this Securityholder Booklet or the accuracy of completeness of this Securityholder Booklet. Any representation to the contrary is a criminal offence.

(B) UNITED KINGDOM

This Securityholder Booklet is addressed only to persons falling within one or more of the following exemptions from section 21 of the *Financial Services and Markets Act 2000* (**FSMA**):

(i) authorised firms under the FSMA and certain other investment professionals falling within article 19 of the FSMA (Financial Promotion) Order (**FPO**), and their directors, officers and employees acting for such entities in relation to investment;

(ii) high net worth entities falling within article 49 of the FPO and their directors, officers and employees acting for such entities in relation to investment; and

(iii) persons who receive this Securityholder Booklet outside the United Kingdom.

The distribution of this Securityholder Booklet to anyone in the United Kingdom not falling within one of the above categories is not permitted by Westfield Retail Trust or Westfield Group and may contravene the FSMA. No person falling outside the above categories should treat this Securityholder Booklet as constituting a promotion to them, or act on it for any purpose whatever.

Recipients of this Securityholder Booklet are advised that neither Westfield Retail Trust nor Westfield Group is acting for or advising them or is responsible for providing recipients of this Securityholder Booklet with the protections which would be given to those who are clients of Westfield Group or Westfield Retail Trust under the Financial Conduct Authority Rules.

No prospectus is required under section 85 of the FSMA and any offer that may be made of Westfield Holdings Shares and Westfield Trust Units will be:

(i) limited to fewer than 150 persons in any European Economic Area State, in addition to qualified investors (as defined in article 2.1 of the EC Prospectus Directive); and/or

(ii) made on the basis that the minimum consideration payable by any investor will be not less than €100,000 (or equivalent amount).

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(C) NEW ZEALAND

The issues of Westfield Holdings Shares and Westfield Trust Units to New Zealand investors are regulated offers made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Corporations Regulations. In New Zealand, this is Part 5 of the *Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.*

These offers and the content of this Securityholder Booklet are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the Corporations Regulations set out how the offers must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to these offers. If you need to make a complaint about these offers, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offers may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The dispute resolution process described in this Securityholder Booklet is only available in Australia and is not available in New Zealand.

(D) JAPAN

Securities referred to in this Securityholder Booklet have not been and will not be registered under the *Financial Instruments and Exchange Act of Japan* (Law No. 25 of 1945, as amended) or traded on any stock exchange in Japan.

(E) SINGAPORE

This Securityholder Booklet has not been registered as a prospectus with the Monetary Authority of Singapore.

Westfield Holdings Shares

This Securityholder Booklet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Westfield Holdings Shares may not be circulated or distributed, nor may Westfield Holdings Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

(i) to an institutional investor under section 274 of the *Securities and Futures Act, Chapter 289 of Singapore* (**SFA**);

(ii) to a relevant person pursuant to section 275(1), or any person pursuant to section 275(1A), and in accordance with the conditions specified in section 275, of the SFA; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Westfield Holdings Shares are subscribed or purchased under section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(ii) a trust (where the trustee is not an accredited investor), whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired Westfield Holdings Shares pursuant to an offer made under section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in section 275(2) of the SFA, or to any person arising from an offer referred to in section 275(1A) or 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in section 276(7) of the SFA; or
- as specified in regulation 32 of the *Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005* of Singapore.

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Westfield Trust Units

This Securityholder Booklet and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Westfield Trust Units may not be circulated or distributed, nor may Westfield Trust Units be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than:

(i) to an institutional investor under section 282Y of the SFA;

(ii) to a relevant person pursuant to section 282Z(1), or any person pursuant to section 282Z(2), and in accordance with the conditions specified in section 282Z, of the SFA; or

(iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Westfield Trust Units are subscribed or purchased under section 282Z of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in section 4A of the SFA)), the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor), whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired Westfield Trust Units pursuant to an offer made under section 282Z of the SFA except:

- to an institutional investor or to a relevant person defined in section 282Z(3) of the SFA, or to any person arising from an offer referred to in section 282Z(2) or 282ZA(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in section 282ZA(7) of the SFA; or
- as specified in regulation 22 of the *Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 of Singapore.*

(F) HONG KONG

This Securityholder Booklet is provided only for the personal and confidential use of its intended recipient. If you are not the intended recipient of this document, you are hereby notified that any review, dissemination, distribution or copying of this document is strictly prohibited.

This Securityholder Booklet is not a prospectus within the meaning of the *Companies Ordinance (Chapter 32, The Laws of Hong Kong)* (**CO**) nor is it an offer or invitation to the public within the meaning of the CO and the *Securities and Futures Ordinance (Chapter 571, The Laws of Hong Kong)* (**SFO**), or an advertisement, invitation or document subject to section 103(1) of the SFO.

This Securityholder Booklet and the contents within have not been authorised by the Hong Kong Securities and Futures Commission and no invitation, advertisement or other document relating to Westfield Holdings Shares and Westfield Trust Units, whether in Hong Kong or elsewhere, has been or will be issued, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong within the meaning of the CO and the SFO (except if permitted to do so under the laws of Hong Kong).

This Securityholder Booklet must not be distributed, published or reproduced (in whole or in part), disclosed by or to any other person in Hong Kong or to any person to whom the disclosure of this document would be a breach of the CO or the SFO. You are advised to exercise caution in relation to this Securityholder Booklet. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

11.17 ACQUISITION OF SCENTRE GROUP SECURITIES BY FOREIGN PERSONS

Under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), it is compulsory to notify the Federal Treasurer of acquisitions of interests in Australian urban land (which includes a unit in an Australian urban land trust estate) by foreign persons and acquisitions of a substantial shareholding in an Australian company by foreign persons in certain circumstances.

The acquisition of a Scentre Group Security will constitute an acquisition of an interest in Australian urban land and an acquisition of a share in an Australian company. Investors who are foreign persons for the purposes of the *Foreign Acquisitions and Takeovers Act 1975* (Cth) and are affected by these requirements include:

(a) a natural person not ordinarily resident in Australia;

(b) a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation, alone or together with an associate or associates, holds not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares of the corporation;

(c) a corporation in which two or more persons, each of whom is a natural person not ordinarily resident in Australia, or a foreign corporation, alone or together with an associate or associates, hold not less than 40% of the voting power in the corporation or hold interests in not less than 40% of the issued shares of the corporation;

(d) the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation, alone or together with an associate or associates, holds a beneficial interest in not less than 15% of the corpus or income of the trust estate; and

(e) the trustee of a trust estate in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, alone or together with an associate or associates, hold, in the aggregate, beneficial interests in not less than 40% of the corpus or income of the trust estate.

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FIRB Secretariat issued a statement on 1 August 2013 that no action will be taken when a foreign person does not notify and seek approval prior to the acquisition of an interest in units that results in a holding (with the foreign person's associates) of less than 10% in a listed, non-residential, property trust. However, special circumstances may exist where FIRB will deem a holding of less than 10% to not be a passive investment (such as where the foreign person or their associates are building a strategic stake in the trust).

The statement does not relieve foreign government investors from the requirement under Australia's Foreign Investment Policy, to notify the Australian Government and obtain prior approval to acquire an interest in Australian urban land.

The terms "Australian urban land", "Australian urban land trust estate" and "associate" are defined terms under the *Foreign Acquisitions and Takeovers Act 1975* (Cth). The acquisition by a foreign person of less than 10% of Scentre Group Securities will not require notification to the Federal Treasurer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

Investors should consider whether notification under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) to the Federal Treasurer (through FIRB) is required in respect of a proposed investment in Scentre Group Securities, including under any policy administered by FIRB should consult their own independent and appropriately licensed and authorised professional adviser.

11.18 EFFECT OF ROUNDING

Under the Proposal, each existing Westfield Retail Trust Security (being those on issue prior to the Implementation Date) will be converted into 0.918 Scentre Group Securities. If as a result of that conversion, the number of Scentre Group Securities held by any Securityholder is not a whole number, then that Securityholder must be registered in respect of the next whole number of Scentre Group Securities above the fractional number which that Securityholder would otherwise have been issued.

Where the Westfield Retail Trust Directors form the opinion that Westfield Retail Trust securityholdings have been split, or aggregated or otherwise manipulated to obtain the benefit of rounding, transfers of security and aggregated parcels of security may be disregarded for the purpose of rounding.

11.19 INFORMATION DISCLOSED TO THE ASX AND DOCUMENTS LODGED WITH ASIC

(A) WESTFIELD RETAIL TRUST, WESTFIELD GROUP AND SCENTRE GROUP CONTINUOUS DISCLOSURE

Westfield Retail Trust and Westfield Group are, and Scentre Group will be, a "disclosing entity" for the purposes of section 111AC(1) of the Corporations Act. As such, Westfield Retail Trust and Westfield Group are, and Scentre Group will be, subject to regular reporting and continuous disclosure obligations. Broadly, these require the announcement of price-sensitive information to the ASX as soon as a disclosing entity becomes aware of the information, subject to exceptions for certain confidential information.

Publicly disclosed information about all listed entities, including Westfield Retail Trust and Westfield Group, is available on the ASX website (www.asx.com.au). Publicly disclosed information about Westfield Retail Trust is also available at its website (www.westfieldretailtrust.com). Publicly disclosed information about Westfield Group is also available at its website (www.westfieldgroup.com).

Following implementation of the Proposal, publicly disclosed information about Scentre Group will be available on the ASX website (www.asx.com.au). Publicly disclosed information about Scentre Group will also be available at its website once established.

(B) AVAILABILITY OF DOCUMENTS RELATING TO WESTFIELD RETAIL TRUST

RE1 and RE2, the responsible entities of Westfield Retail Trust 1 and Westfield Retail Trust 2 respectively, are "disclosing entities" for the purposes of section 111AC(1) of the Corporations Act and are subject to regular reporting and disclosure as described in Section 11.19(a).

Copies of documents lodged with ASIC in relation to Westfield Retail Trust may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services.

You also have the right to obtain a copy of the following documents free of charge within five days of receipt of your written request by Westfield Retail Trust:

(i) the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2;

(ii) Westfield Retail Trust's annual report for the financial year ended 31 December 2013;

(iii) Westfield Retail Trust's half yearly report for the period ended 30 June 2013;

(iv) any continuous disclosure notice of Westfield Retail Trust lodged after the latest annual report for the financial year ended 31 December 2013 and before the date of this Securityholder Booklet; and

(v) each of Westfield Retail Trust 1 and Westfield Retail Trust 2's policies regarding the exercise of discretions under the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2 which affect Westfield Retail Trust 1 Unit and Westfield Retail Trust 2 Unit price calculations.

The annual and half yearly reports, and continuous disclosure notices referred to above, are also available at Westfield Retail Trust's website (www.westfieldretailtrust.com).

(C) AVAILABILITY OF DOCUMENTS RELATING TO WESTFIELD GROUP

Westfield Holdings, Westfield Management (as responsible entity of Westfield Trust) and Westfield America Management (as responsible entity of Westfield America Management) are "disclosing entities" for the purposes of section 111AC(1) of the Corporations Act and are subject to regular reporting and disclosure as described in Section 11.19(a).

Copies of documents lodged with ASIC in relation to Westfield Group may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services.

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You also have the right to obtain a copy of the following documents free of charge within five days of receipt of your written request by Westfield Group:

(i) the constitutions of Westfield Trust and Westfield Holdings;

(ii) Westfield Group's annual report for the financial year ended 31 December 2013;

(iii) Westfield Group's half yearly report for the period ended 30 June 2013;

(iv) any continuous disclosure notice of Westfield Group lodged after its latest annual report for the financial year ended 31 December 2013 and before the date of this Securityholder Booklet; and

(v) Westfield Trust's policy regarding the exercise of discretions under the constitution of Westfield Trust which affect Westfield Trust Unit price calculations.

The annual and half yearly reports, and continuous disclosure notices referred to above, are also available at Westfield Group's website www.westfieldgroup.com.

(D) AVAILABILITY OF DOCUMENTS RELATING TO SCENTRE GROUP

Following implementation of the Proposal, Scentre Group entities will continue to be "disclosing entities" for the purposes of section 111AC(1) of the Corporations Act and will be subject to regular reporting and disclosure as described in Section 11.19(a).

Copies of documents lodged with ASIC in relation to Scentre Group may be obtained from or inspected at an ASIC service centre. Please note ASIC may charge a fee in respect of such services.

You will also have the right to obtain a copy of the following documents free of charge within 5 days of receipt of your written request by Scentre Group:

(i) the Scentre Group Constitutions;

(ii) Scentre Group's annual and half yearly reports;

(iii) any continuous disclosure notice of Scentre Group lodged after the most recent annual report; and

(iv) each of Scentre Group Responsible Entities' policies regarding the exercise of discretions under the Scentre Group constitutions which affect Westfield Trust Unit, Westfield Retail Trust 1 Unit and Westfield Retail Trust 2 Unit price calculations.

The annual and half yearly reports, and continuous disclosure notices referred to above, will also be available on Scentre Group's website once established.

11.20 SUPPLEMENTARY INFORMATION

Westfield Retail Trust and Westfield Group (as applicable) will issue a supplementary document to this Securityholder Booklet if Westfield Retail Trust or Westfield Group become aware, between the date of lodgement of this Securityholder Booklet with ASIC and the Effective Date, that:

(a) a material statement in this Securityholder Booklet is false or misleading in a material respect;

(b) there is a material omission of information required by the Corporations Act from this Securityholder Booklet;

(c) a significant change affecting a matter included in this Securityholder Booklet has occurred; or

(d) a significant new matter has arisen which would have been required to be included in this Securityholder Booklet if it had arisen before the date of lodgement of this Securityholder Booklet with ASIC.

Depending on the nature and the timing of the changed circumstances and subject to obtaining any relevant approvals, RE1 and RE2 may circulate and publish any supplementary document by:

(a) placing a prominently placed advertisement in newspaper which is circulated generally throughout Australia; and/or

(b) posting the supplementary information in an announcement on the ASX announcements platform (www.asx.com.au) or on Westfield Retail Trust's website (www.westfieldretailtrust.com); and/or

(c) posting the supplementary document to all Securityholders.

However, if the change will not be materially adverse, a supplementary document may not be issued. Updated information that is not materially adverse may change from time to time, and will be made available to you on Westfield Retail Trust's website at www.westfieldretailtrust.com or by calling the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday. A paper copy of any updated information is available free on request.

11.21 TRANSACTION AND IMPLEMENTATION COSTS

Transaction and implementation costs in relation to the Proposal are estimated to be approximately $150 million and are expected to be equally shared between Scentre Group and Westfield Corporation. These include third party advisory fees, listing and administrative fees, and other expenses associated with the Proposal.

11.22 INTERESTS OF EXPERTS AND ADVISERS

Other than as set out in this Securityholder Booklet, no person named in this Securityholder Booklet as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Securityholder Booklet, and no promoter of Scentre Group or Westfield Corporation or financial services licensee named in this Securityholder Booklet as a financial services licensee involved in the Proposal, holds at the date of this Securityholder Booklet, or has held in the two years prior to that date, an interest in:

(a) the formation or promotion of Scentre Group or Westfield Corporation;

(b) any property acquired or proposed to be acquired by Scentre Group or Westfield Corporation in connection with their formation or promotion or the Proposal or the offer of Scentre Group Securities;

(c) the offer of Scentre Group Securities (including the Westfield Holdings Limited Shares); or

(d) the Proposal,

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nor has anyone paid or agreed to pay any amount, or given or agreed to give any benefit, to such persons for services provided in connection with the formation or promotion of Scentre Group and Westfield Corporation, the offer of Scentre Group Securities or the Proposal. Total fees to experts and the Independent Expert are expected to comprise:

Up to approximately $22 million (plus GST and disbursements) payable to UBS AG, Australia Branch and Morgan Stanley Australia Limited for financial advisory services rendered to Westfield Retail Trust in connection with the Proposal.

Up to approximately $47.5 million (plus GST and disbursements) payable to J.P. Morgan Australia Limited, Rothschild Australia Limited, Citigroup Global Markets Australia Pty Limited, Credit Suisse (Australia) Limited, Deutsche Bank AG Sydney Branch and Merrill Lynch Markets (Australia) Pty Limited for financial advisory services rendered to Westfield Group in connection with the Proposal.

Approximately $100,000 (plus GST and disbursements) payable to J.P. Morgan Securities Australia Limited for sale nominee services for the purposes of the sale facility rendered to Westfield Group in connection with the Proposal.

Approximately $2.3 million (plus GST and disbursements) payable to Ashurst Australia for legal services rendered to Westfield Retail Trust up to the date of this Securityholder Booklet in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $2.7 million (plus GST and disbursements) payable to King & Wood Mallesons for legal services rendered to Westfield Group up to the date of this Securityholder Booklet in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $680,000 (plus GST and disbursements) payable to Greenwoods & Freehills Pty Ltd for tax advice rendered to Westfield Retail Trust and Westfield Group up to the date of this Securityholder Booklet in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $470,000 (plus GST and disbursements) payable to HWL Ebsworth for legal services relating to financing arrangements rendered to Westfield Retail Trust and Westfield Group up to the date of this Securityholder Booklet in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $97,500 (plus GST and disbursements) payable to Ernst & Young Transaction Advisory Services Limited for preparation of the Independent Limited Assurance Reports to Westfield Retail Trust and Westfield Group up to the date of this Securityholder Booklet in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $2.8 million (plus GST and disbursements) payable to Ernst & Young for audit related services rendered to Westfield Retail Trust and Westfield Group in connection with the Proposal. Further amounts may be paid in accordance with its normal time based charges.

Approximately $450,000 (plus GST and disbursements) payable to KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 214, AFSL No. 246901) for the preparation of the Independent Expert's Report to Westfield Retail Trust in connection with the Proposal.

Approximately $1.25 million (plus GST and disbursements) payable to Grant Samuel & Associates Pty Limited (ABN 28 050 036 372, AFSL No. 240985) for preparation of the independent expert's report to Westfield Group up to the date of this Securityholder Booklet in connection with the Proposal.

11.23 MATERIAL CHANGES IN FINANCIAL POSITION

To the knowledge of each of the Westfield Retail Trust Directors, there has been no material change in the financial position of Westfield Retail Trust since 31 December 2013, the date of the last audited balance sheet that was sent to Securityholders in accordance with section 314 of the Corporations Act, except as disclosed elsewhere in this Securityholder Booklet.

To the knowledge of each of the Westfield Group Directors, there has been no material change in the financial position of the Australian and New Zealand business of Westfield Group since 31 December 2013, the date of the last audited balance sheet of Westfield Group that was sent to Securityholders in accordance with section 314 of the Corporations Act, except as disclosed elsewhere in this Securityholder Booklet.

11.24 WESTFIELD RETAIL TRUST DIRECTORS AND WESTFIELD GROUP DIRECTORS CONSENT TO LODGEMENT

Each of the Westfield Retail Trust Directors, and each of the Westfield Group Directors as at the date of this Securityholder Booklet and each of the Additional Proposed Scentre Group Directors has consented to the lodgement of this Securityholder Booklet with ASIC.

11.25 CONSENTS AND DISCLAIMERS

Each of the persons named below:

(a) has given and has not, before lodgement of this Securityholder Booklet with ASIC, withdrawn its written consent to be named in this Securityholder Booklet in the form and context in which it is named;

(b) has given and has not, before the lodgement of this Securityholder Booklet with ASIC, withdrawn its written consent to the inclusion of its respective statements and reports (where applicable) noted next to its name below, and the references to those statements and reports in the form and context in which they are included in this Securityholder Booklet;

– SECTION 11 – ADDITIONAL INFORMATION

(c) does not make, or purport to make, any statement in this Securityholder Booklet or any statement on which a statement in the Securityholder Booklet is based, other than those statements referred to below in respect of that person's name (and as consented to by that person);

(d) has not caused or authorised the issue of this Securityholder Booklet; and

(e) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Securityholder Booklet.

Name of person	Role	Relevant statement or report
Computershare Investor Services Pty Limited	Registry	N/A
Ashurst Australia	Legal adviser to Westfield Retail Trust	N/A
King & Wood Mallesons	Legal Adviser to Westfield Group	N/A
HWL Ebsworth	Legal adviser to Westfield Retail Trust and Westfield Group in respect of financing arrangements	N/A
KPMG Financial Advisory Services (Australia) Pty Ltd	Independent Expert to Westfield Retail Trust	Independent Expert's Report – in Annexure B
Grant Samuel & Associates Pty Limited	Independent Expert to Westfield Group	N/A
Ernst & Young Transaction Advisory Services Limited	Investigating Accountant to Westfield Retail Trust and Westfield Group	Independent Limited Assurance Report – in Annexure C
Ernst & Young	Auditor to Westfield Retail Trust and Westfield Group	N/A
Greenwoods & Freehills Pty Limited	Taxation adviser	Australian Taxation Considerations in Section 8
UBS AG, Australia Branch Morgan Stanley Australia Limited	Financial advisers to Westfield Retail Trust	N/A
J.P. Morgan Australia Limited Rothschild Australia Limited	Financial advisers to Westfield Group	N/A
Citigroup Global Markets Australia Pty Limited	Financial adviser to Westfield Group	N/A
Credit Suisse (Australia) Limited	Financial adviser to Westfield Group	N/A
Deutsche Bank AG Sydney Branch	Financial adviser to Westfield Group	N/A
Merrill Lynch Markets (Australia) Pty Limited	Financial adviser to Westfield Group	N/A
UBS Nominees Pty Ltd	Sale Nominee to Westfield Retail Trust	N/A
J.P. Morgan Securities Australia Limited	Sale Nominee to Westfield Group	N/A
Source of Chart 5.1.2	Shopping Centre News – Big Guns 2014	Statements based on statements made by them in Sections 2, 3.1, 4.2 and 5.1.

11.26 NO COOLING-OFF PERIOD

Cooling-off rights do not apply to the issue of Westfield Trust Units under the Proposal.

11.27 ETHICAL AND OTHER CONSIDERATIONS

While Scentre Group intends to conduct itself in an ethical and sound manner Scentre Group's investment criteria do not give additional weight to labour standards or environmental, social or ethical considerations when making or realising an investment of Scentre Group.

Environmental factors are addressed as part of normal property due diligence.

Scentre Group will review its investment criteria from time to time and may vary the criteria, or acquire a property that does not meet some or all of the criteria, where it considers it is in the best interests of its securityholders to do so.

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ADDITIONAL INFORMATION

11.28 COMPLAINTS
If you have a complaint in connection with your investment in Westfield Retail Trust or Scentre Group, you can:

(a) contact the relevant Compliance Officer on +61 2 9333 4800 between 8:30am and 5:00pm (AEST) Monday to Friday; or

(b) write to the Compliance Officer at:

Westfield Retail Trust
Compliance Officer
Westfield Retail Trust
Level 8
77 Castlereagh Street
Sydney NSW 2000

Scentre Group
Compliance Officer
Scentre Group
Level 28
85 Castlereagh Street
Sydney NSW 2000

For investment advice, please contact your financial adviser.

The Compliance Officer will acknowledge your concern as soon as possible and within 14 days, investigate it and report back to you within 45 days.

If you are dissatisfied with the response or the complaint is not resolved within 45 days, you may raise the matter directly with Financial Ombudsman Service Limited (**FOS**). Its contact details are:

Financial Ombudsman Service Limited
GPO Box 3
Melbourne Vic 3001
Free call 1300 78 08 08

Westfield Management, RE1 and RE2 are all members of FOS.

11.29 EXERCISE OF DISCRETIONS
RE1, RE2 and Westfield Management have prepared policies for the exercise of discretions relating to issue and redemption prices for units in Westfield Retail Trust 1, Westfield Retail Trust 2 and Westfield Trust. Copies of the policies are available on request by contacting the Securityholder Information Line on 1800 674 015 (free call) (within Australia) or on +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.

11.30 NO OTHER MATERIAL INFORMATION
At the time of lodging this Securityholder Booklet, the Westfield Retail Trust Directors are not aware of any information about Westfield Retail Trust that is material to a decision by a Securityholder on how to vote in relation to the Proposal Resolutions, or material to a decision by a Securityholder to acquire Westfield Trust Units or Westfield Holdings Shares, and which:

(a) has not been available to the Independent Expert in the manner referred to above for the purpose of preparing the Independent Expert's Report;

(b) is not set out or referred to in this Securityholder Booklet; or

(c) has not otherwise been made available publicly by Westfield Retail Trust.

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DEFINITIONS AND INTERPRETATION

– SECTION 12 – DEFINITIONS AND INTERPRETATION

12. DEFINITIONS AND INTERPRETATION

12.1 DEFINITIONS

In this Securityholder Booklet, unless the context requires otherwise:

$ or A$	means Australian dollars.
2010 Corporate Governance Deed	means the Corporate Governance Deed dated 2 November 2010 executed by RE1 and RE2.
2012 Corporate Governance Deed Poll	means the Corporate Governance Deed Poll dated 21 November 2012 executed by Westfield Holdings in favour of Securityholders.
ABN	means Australian Business Number.
Additional Proposed Scentre Group Directors	means the proposed members of the Scentre Group Board who are not existing members of the board of directors of Westfield Retail Trust, being Mr Frank Lowy AC and Mr Brian Schwartz AM.
AFSL	means an Australian financial services licence issued by ASIC under section 913B of the Corporations Act.
A-IFRS	means Australian equivalents to International Financial Reporting Standards.
A-REIT	means an Australian real estate investment trust.
ARSN	means Australian Registered Scheme Number.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market known as the Australian Securities Exchange operated by it.
ASX Guidelines	means the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, as amended.
ATO	means the Australian Taxation Office.
Audit and Risk Committee	means the audit and risk committee of Scentre Group, and as described in Section 5.8.
Business Day	means a Business Day within the meaning given in the Listing Rules.
Capital Conversion	means the conversion of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units in accordance with the Proposal (as described in Section 3.4)
Capital Return	means the proposed cash distribution to be made by Westfield Retail Trust 1 to Securityholders recorded on the Register as at the Record Date, equal to $0.2853 for each existing Westfield Retail Trust 1 Unit.
Carindale Property Trust	means Carindale Property Trust ARSN 093 261 744.
CGT	means capital gains tax.
CHESS	means Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.
Class Ruling	means the final class ruling to be published by the ATO on the income tax consequences of the Proposal for Securityholders who hold their securities on capital account for income tax purposes.
Conditions Precedent	means the conditions precedent to implementation of the Proposal, as described in Section 3.5.
Constitution Amendment Resolutions	means Resolutions 3 and 4 to be considered at the Meeting, as described in the Notices of Meeting.
Continuous Disclosure Committee	means the continuous disclosure committee of Scentre Group, and as described in Section 5.8.

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DEFINITIONS AND INTERPRETATION

Co-operation Deed	means the Co-operation Deed dated 20 December 2010 between Westfield Limited (ACN 000 317 279), Westfield Holdings, Westfield Management, RE1 and RE2.
Corporate Governance Deeds	means: – the 2010 Corporate Governance Deed; and – the 2012 Corporate Governance Deed Poll.
Corporate Governance Deeds Termination Resolution	means Resolution 5 to be considered at the Meeting, as described in the Notices of Meeting.
Corporate Services Agreement	means the Corporate Services Agreement dated 20 December 2010 between RE1 and RE2 and Westfield Limited.
Corporations Act	means the *Corporations Act 2001* (Cth).
Corporations Regulations	means the *Corporations Regulations 2001* (Cth).
Court	means the Supreme Court of New South Wales.
CPI	means Consumer Price Index.
Development Framework Agreements	means the Agreements between Westfield Retail Trust and a Westfield Group entity (and, where relevant, other co-owners) for the provision of property design and development services in relation to the properties co-owned by Westfield Retail Trust and Westfield Group.
Director Appointment Ratification Resolution	means Resolution 1 to be considered at the Meeting, as described in the Notices of Meeting.
Draft Class Ruling	means the draft class ruling expected to be provided to Westfield Retail Trust by the ATO on the income tax consequences of the Proposal for Securityholders who hold their securities on capital account for income tax purposes.
EBIT	means earnings before interest and tax.
Economic EBIT	means Economic Income less unallocated overheads.
Economic FFO	means FFO before the elimination of project profits upon consolidation.
Economic Income	means income including the value of project income on Westfield Group's owned assets that is eliminated upon consolidation and recognised in property revaluations under accounting standards.
Effective	means the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under sections 411(4)(b) and 411(6) in relation to the Westfield Holdings Scheme.
Effective Date	means the date on which the Westfield Holdings Scheme becomes Effective, being the date on which an office copy of the Court order pursuant to which the Court approves the Westfield Holdings Scheme under section 411(4) of the Corporations Act is lodged with ASIC.
Eligible Foreign Securityholder	means a Foreign Securityholder in relation to whom Westfield Retail Trust has determined that it is lawful and not unduly onerous or unduly impracticable for the relevant Foreign Securityholder to receive securities under the Proposal, as described in Section 3.11.
Eligible Securityholder	means any Securityholder recorded on the Register as at the Record Date (who is not a Foreign Securityholder), and any Eligible Foreign Securityholder.
EUR, €	means Euros.
FFO	means funds from operations as more specifically defined in Section 6.2(c)(i).
FIRB	means the Foreign Investment Review Board of Australia.
Foreign Securityholder	a Securityholder on the Record Date whose address is a place outside of Australia and New Zealand and their respective external territories.

- SECTION 12 - DEFINITIONS AND INTERPRETATION

FY11	means the financial year ended 31 December 2011.
FY12	means the financial year ended 31 December 2012.
FY13	means the financial year ended 31 December 2013.
FY14	means the financial year ending 31 December 2014.
GBP, £	means pound sterling.
GLA	means gross lettable area.
ICR	means interest coverage ratio.
Implementation Date	means 30 June 2014, or such other date as is determined in accordance with the Implementation Deed.
Implementation Deed	means the Implementation Deed dated 4 December 2013 between RE1 as responsible entity of Westfield Retail Trust 1, RE2 as responsible entity of Westfield Retail Trust 2, Westfield Holdings, Westfield Management as responsible entity of Westfield Trust, Westfield America Management as responsible entity of Westfield America Trust and Westfield Corporation Limited, and described in Annexure F.
Implementation Deeds Poll	means the Westfield Retail Trust Implementation Deed Poll, the Westfield Holdings Implementation Deed Poll and the Westfield Management Implementation Deed Poll.
Income Distribution	means the Westfield Retail Trust interim distribution for the period 1 January 2014 to the Implementation Date to be made to Securityholders recorded on the Register as at the Record Date.
Independent Board Committee	means the Independent Board Committee comprising Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM, being all of the non executive directors of Westfield Retail Trust who are independent of Westfield Group.
Independent Expert	means KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL No. 246901).
Independent Expert's Report	means the report of the Independent Expert, a copy of which is available at Annexure B.
Independent Limited Assurance Report	means the report of the Investigating Accountant, a copy of which is available at Annexure C.
Ineligible Foreign Securityholder	means a Foreign Securityholder who is not an Eligible Foreign Securityholder.
Internally managed	when used in the context of a REIT, 'internally managed' is commonly used to refer to a REIT where the responsible entity of the REIT is owned by the REIT and the REIT does not pay management fees to an external person. In the context of Scentre Group, the REITs which will be part of Scentre Group are also internally managed in that more commonly defined way but also refer to having the capabilities of the broader retail property operating platform.
Investigating Accountant	means Ernst & Young Transaction Advisory Services Limited (ABN 87 003 599 844, AFSL No. 240585).
ITAA 1936	means the *Income Tax Assessment Act 1936* (Cth).
ITAA 1997	means the *Income Tax Assessment Act 1997* (Cth).
LABS Agreement	means the agreement of that name entered into between Westfield Holdings and Westfield LABS Corporation Limited as summarised in Annexure F.
Listing Rules	means the official listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX.
Meeting	means the meetings of members of Westfield Retail Trust 1 and Westfield Retail Trust 2, convened by RE1 and RE2 respectively, and to be held together, to consider, and if thought fit, pass the Resolutions, and together with any adjournment.

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DEFINITIONS AND INTERPRETATION

Meeting Proxy Form	means the red proxy form for the Meeting which accompanies this Securityholder Booklet.
Merger Ratio	means the ratio which determines the entitlements of existing Securityholders and Westfield Group Securityholders to Scentre Group Securities on the Implementation Date, as described in Section 3.6.
NOI	means net operating income.
Nominations Committee	means the nominations committee of Scentre Group, and as described in Section 5.8.
Notices of Meeting	means the notices of meeting for the meetings of members of Westfield Retail Trust 1 and Westfield Retail Trust 2, as set out at Annexure A.
NTA	means net tangible assets.
NZ$	means New Zealand dollars.
Official List	means the official list of ASX.
Operating Platform	means Westfield Group's existing Australian and New Zealand retail property operating platform with capabilities including property management, leasing, design, development, construction, marketing and funds management, which will become part of Scentre Group if the Proposal is implemented.
PDS	means a product disclosure statement for the purposes of Chapter 7 of the Corporations Act.
Property Linked Notes	means notes issued by members of Westfield Group to third parties which are designed to provide returns based on the economic performance of the following Westfield Group Australian super regional and regional shopping centres: Burwood, Hornsby and Parramatta in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT. The return under the notes is based on a proportional interest, in respect of the relevant Westfield Group centre, as specified in the note.
Property Management Agreements	means the agreements between Westfield Retail Trust and a Westfield Group entity (and where relevant, other co-owners) for the provision of property management services (including leasing services) in relation to the properties co-owned by Westfield Retail Trust and Westfield Group.
Proposal	means the proposal described in this Securityholder Booklet pursuant to which Westfield Group's Australian and New Zealand business including its vertically integrated retail property operating platform, held through Westfield Holdings and Westfield Trust, will be separated from Westfield Group's international business and merged with Westfield Retail Trust, to create the following two new listed groups: – Scentre Group, comprising Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Holdings and Westfield Trust; and – Westfield Corporation, comprising Westfield America Trust, Westfield Corporation Limited and WFD Trust.
Proposal Approval Resolution	means Resolution 2 to be considered at the Meeting, as set out in the Notices of Meeting.
Proposal Resolutions	means Resolutions 2, 3, 4, and 5 to be considered at the Meeting and which must be passed in order for the Proposal to proceed.
RE1	means RE1 Limited (ABN 80 145 743 862, AFSL No. 380202) as responsible entity of Westfield Retail Trust 1.
RE2	means RE2 Limited (ABN 41 145 744 065, AFSL No. 380203) as responsible entity of Westfield Retail Trust 2.
Recommending Directors	means all of the members of the Independent Board Committee and Mr Domenic Panaccio who is an executive director of Westfield Retail Trust and is not a director or employee of Westfield Group.

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Record Date	means 7:00pm on 19 June 2014, or such other date as is determined in accordance with the Implementation Deed.
Register	means the register of Securityholders.
Registry	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
REIT	means a real estate investment trust.
Remuneration Committee	means the remuneration committee of Scentre Group, and as described in Section 5.9.
Resolutions	means the following resolutions to be considered and voted on by Securityholders at the Meeting: – the Director Appointment Ratification Resolution; – the Proposal Approval Resolution; – the Constitution Amendment Resolutions; and – the Corporate Governance Deeds Termination Resolution.
Sale Facility	means the facility under which Scentre Group Securities referable to Ineligible Foreign Securityholders may be sold, as described in Section 3.12(a).
Sale Nominee	means UBS Nominees Pty Ltd, ABN 32 001 450 522, being the sale nominee appointed by Westfield Retail Trust, to sell the Scentre Group Securities referable to Ineligible Foreign Securityholders, in accordance with the terms of the Sale Facility.
Scentre Group	means the group that will result from Stapling the securities of Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Holdings and Westfield Trust.
Scentre Group Board	means the proposed board of directors of Scentre Group, as described in Section 5.7.
Scentre Group Constitutions	means the constitutions of Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Trust and Westfield Holdings after implementation of the Proposal, as described in Section 11.7.
Scentre Group Financial Information	means the summary pro forma historical financial information and forecast financial information of Scentre Group as set out in Section 6.
Scentre Group Responsible Entities	means Westfield Management as responsible entity of Westfield Trust, RE1 as responsible entity of Westfield Retail Trust 1 and RE2 as responsible entity of Westfield Retail Trust 2.
Scentre Group Security	means a Stapled Security in Scentre Group following implementation of the Proposal, comprising one Westfield Retail Trust 1 Unit, one Westfield Retail Trust 2 Unit, one Westfield Holdings Share and one Westfield Trust Unit.
Scentre Group Securityholder	means a holder of Scentre Group Security following implementation of the Proposal.
Scentre Group Stapling Deed	means the existing stapling deed between RE1 and RE2 dated 20 December 2010, to which Westfield Holdings and Westfield Trust will accede if the Proposal is implemented.
Scentre Group Trusts	means Westfield Trust, Westfield Retail Trust 1 and Westfield Retail Trust 2 (or any one of them as applicable).
Second Court Hearing	means the hearing of the applications made to the Court for the judicial advice described in Section 10.6.
Securityholder	means a person who holds a Westfield Retail Trust Security.
Securityholder Booklet	means this document dated 14 April 2014 prepared for Securityholders, comprising; – the Westfield Holdings Prospectus and the Westfield Trust PDS; – an explanatory statement; and – notices of meeting for Securityholders in relation to the Securityholder approvals required to implement the Proposal.

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Securityholder Information Line	means 1800 674 015 (free call) (within Australia) or +61 3 9415 4121 (from outside Australia) at any time from 8:30am to 5:00pm (AEST) Monday to Friday.
Stapled or Stapling	means in the case of two or more securities, being on the Official List of ASX together so that one such security may not be dealt with without the other or others being dealt with in an identical manner and at the same time and with such restriction on dealing being denoted on the register of each such **Stapled Security**.
Stapling Distribution	means the proposed capital distribution of $0.0011 for each Westfield Retail Trust 1 Unit to be paid by RE1 to Westfield Retail Trust 1 members, and to be applied by RE1 on behalf of Westfield Retail Trust 1 members for the subscription of one Westfield Holdings Share and one Westfield Trust Unit under the Proposal.
Supplemental Deeds	has the meaning given in Section 10.4.
TFN	means tax file number.
Trade Mark Licence Agreement	means the agreement entered into between Westfield Holdings and Westfield Corporation Limited, in relation to the use of the Westfield brand by Scentre Group, and described in Annexure F.
Transitional Services Agreement	means the Transitional Services Agreement entered into between Westfield Holdings and Westfield Corporation Limited, as described in Annexure F.
U.S. Securities Act	means the U.S. Securities Act of 1933.
US$	means United States dollars.
Vertically integrated	means in the context of Scentre Group, having in-house capabilities including property management, leasing, design, development, construction, marketing and funds management. As a result of these in-house capabilities, Scentre Group is able to capture the economic and strategic benefits of the operating platform with control over all elements of value creation in the ownership, management and development of shopping centres. Scentre Group will benefit from efficiencies as the integrated nature of its Operating Platform provides for a high level of responsiveness and flexibility in achieving solutions that meet "whole of business" considerations in design, construction, leasing and management. In addition, all elements of Scentre Group's Operating Platform will be aligned towards maximising income and capital growth across the portfolio. This is in contrast to the passive returns from solely property investment.
Westfield America Management	means Westfield America Management Limited (ABN 66 072 780 619, AFSL No. 230324).
Westfield America Management Services Agreement	means the agreement dated 19 January 2001 between Westfield Limited (ABN 000 317 279) and Westfield America Management regarding services provided by Westfield Limited to Westfield America limited.
Westfield America Trust	means Westfield America Trust (ARSN 092 058 449).
Westfield Carindale	means the shopping centre known as Westfield Carindale located at 1151 Creek Road, Carindale, Queensland.
Westfield Corporation	means the new group formed as a result of the Stapling of the securities of Westfield America Trust, Westfield Corporation Limited and WFD Trust.
Westfield Corporation Limited	means Westfield Corporation Limited (ABN 12 166 995 197).
Westfield Corporation Limited Share	means a fully paid, ordinary share in Westfield Corporation Limited.
Westfield Corporation Security	means a Stapled Security in the Westfield Corporation following the implementation of the Proposal, comprising one Westfield America Trust Unit one Westfield Corporation Limited Share and one WFD Trust Unit.
Westfield Group	means Westfield Holdings, Westfield Trust and Westfield America Trust and each of their controlled entities.

– SECTION 12 – DEFINITIONS AND INTERPRETATION

Westfield Group Constitutions	means the constitutions of Westfield Holdings, Westfield Trust and Westfield America Trust, as amended.
Westfield Group Directors	means the boards of directors of Westfield Holdings, Westfield Management and Westfield America Management.
Westfield Group Information	means information in this Securityholder Booklet relating to the business, assets and financial information of Westfield Group.
Westfield Group Meeting	means: – the extraordinary general meetings of Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members to consider the resolutions required to be passed by Westfield Group Securityholders in order to implement the Proposal, as set out in the Westfield Group Securityholder Booklet; and – the meeting of the Westfield Holdings shareholders ordered by the Court to be convened pursuant to Section 411(1) of the Corporations Act to consider the Westfield Holdings Scheme Resolution.
Westfield Group Register	means the register of Westfield Group Securityholders.
Westfield Group Resolutions	means: – the resolutions required to be passed by Westfield Group Securityholders in order to implement the Proposal, as set out in the Westfield Group Securityholder Booklet; and – the Westfield Holdings Scheme Resolution.
Westfield Group Security	means an existing Stapled Security in Westfield Group, comprising one Westfield Holdings Share, one Westfield Trust Unit and one Westfield America Trust Unit.
Westfield Group Securityholder	means a holder of a Westfield Group Security.
Westfield Group Securityholder Booklet	means the booklet dated 14 April 2014 prepared for Westfield Group Securityholders, comprising: (a) an explanatory statement and notices of meeting for Westfield Group Securityholders in relation to the Westfield Group Securityholder approvals required to implement the Proposal; (b) the Westfield Retail Trust PDS; and (c) a PDS issued by Westfield Management for the transfer of WFD Trust Units under the Proposal.
Westfield Group Stapling Deed	means the existing Stapling Deed between Westfield Holdings, Westfield Management and Westfield America Management dated 21 May 2004.
Westfield Holdings	means Westfield Holdings Limited (ABN 66 001 671 496).
Westfield Holdings Scheme Meeting	means the Court ordered meeting of shareholders in Westfield Holdings to consider and, if thought fit, approve the Westfield Holdings Scheme.
Westfield Holdings Implementation Deed Poll	means a deed poll executed by Westfield Holdings for the benefit of Securityholders and Westfield Group Securityholders, as described in Annexure F.
Westfield Holdings Prospectus	means the information constituting a prospectus issued by Westfield Holdings for the issue of Westfield Holdings Shares under the Proposal, forming part of this Securityholder Booklet.
Westfield Holdings Scheme	means a scheme of arrangement under Part 5.1 of the Corporations Act between Westfield Holdings and each Westfield Holdings shareholder, as set out in Appendix 3 of the Westfield Group Securityholder Booklet subject to any modification made or required by the Court.
Westfield Holdings Scheme Resolution	means the resolution to approve the Westfield Holdings Scheme, to be considered by each Westfield Group Securityholder (in their capacities as Westfield Holdings shareholders) at the Westfield Holdings Scheme Meeting.
Westfield Holdings Share	means a fully paid, ordinary share in Westfield Holdings.

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Westfield Labs	means Westfield Group's existing global digital lab.
Westfield Management	means Westfield Management Limited (ABN 41 001 670 579, AFSL No. 230329) as responsible entity of Westfield Trust.
Westfield Management Implementation Deed Poll	means a deed poll executed by Westfield Management for the benefit of Securityholders and Westfield Group Securityholders, as described in Annexure F.
Westfield Retail Trust	means Westfield Retail Trust 1 and Westfield Retail Trust 2 and each of their controlled entities.
Westfield Retail Trust 1	means Westfield Retail Trust 1 (ARSN 146 934 536).
Westfield Retail Trust 1 Unit	means a fully paid, ordinary unit in Westfield Retail Trust 1.
Westfield Retail Trust 2	means Westfield Retail Trust 2 (ARSN 146 934 652).
Westfield Retail Trust 2 Unit	means a fully paid, ordinary unit in Westfield Retail Trust 2.
Westfield Retail Trust Constitutions	means the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2.
Westfield Retail Trust Directors	means the boards of directors of RE1 and RE2.
Westfield Retail Trust Distribution	means the Westfield Retail Trust interim distribution for the period 1 January 2014 to the Implementation Date to be made to Securityholders recorded on the Register as at the Record Date.
Westfield Retail Trust Facilities	means the existing financing arrangements of Westfield Retail Trust of approximately $3.8 billion.
Westfield Retail Trust 1 Implementation Deed Poll	means a deed poll executed by RE1 for the benefit of Securityholders and Westfield Group Securityholders, described in Annexure F.
Westfield Retail Trust 2 Implementation Deed Poll	means a deed poll executed by RE2 for the benefit of Securityholders and Westfield Group Securityholders, described in Annexure F.
Westfield Retail Trust PDS	means information constituting a PDS issued by RE1 and RE2 for the issue of Westfield Retail Trust Securities under the Proposal, forming part of the Westfield Group Securityholder Booklet.
Westfield Retail Trust Plan	means the Westfield Retail Trust Executive Deferred Award Plan – Australia and New Zealand, dated June 2011.
Westfield Retail Trust Security	means a Stapled Security comprising one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit.
Westfield Trust	means Westfield Trust (ARSN 090 849 746).
Westfield Trust PDS	means the information constituting a PDS issued by Westfield Management for the issue of Westfield Trust Units under the Proposal, forming part of this Securityholder Booklet.
Westfield Trust Unit	means a fully paid, ordinary unit in Westfield Trust.
WFD Trust	means WFD Trust (ARSN 168 765 875).
WFD Trust Unit	means a fully paid, ordinary unit in WFD Trust.

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12.2 INTERPRETATION

Headings and words in bold are inserted for convenience and do not affect the interpretation of this Securityholder Booklet and unless the contrary intention appears:

(a) a reference to an instrument includes any variation or replacement of it;

(b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;

(c) the singular includes the plural and vice versa;

(d) the word person includes an individual, a firm, a body corporate, an unincorporated association or an authority;

(e) mentioning anything after includes, including, for example, or similar expressions, does not limit what else might be included;

(f) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;

(g) a reference to time is a reference to Australian Eastern Standard Time (AEST), being the time in Sydney, Australia;

(h) a reference to anything (including any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to any one or more of them;

(i) a reference to a section, part, clause, annexure, exhibit or schedule is a reference to a section, part or clause of, or part, annexure, exhibit or schedule to, the relevant document;

(j) a reference to $, A$ or cents is to Australian currency unless denominated otherwise; and

(k) words and phrases defined in the Corporations Act have the same meaning in this Securityholder Booklet.

A

NOTICES OF MEETING

- ANNEXURE A - NOTICES OF MEETING

ANNEXURE A

NOTICES OF MEETING

NOTICE is hereby given by RE1 Limited (ABN 80 145 743 862) as responsible entity of Westfield Retail Trust 1 (ARSN 146 934 536) of a meeting of members of Westfield Retail Trust 1 and **NOTICE** is hereby given by RE2 Limited (ABN 41 145 744 065) as responsible entity of Westfield Retail Trust 2 (ARSN 146 934 652) of a meeting of members of Westfield Retail Trust 2 to be held together at the following time and place and to conduct the following business:

Date	Thursday, 29 May 2014
Commencement	2:00pm (AEST)
Venue	Grand Ballroom, Sofitel Sydney Wentworth 61-101 Phillip Street Sydney NSW 2000
Proxy Form Deadline	2:00pm (AEST), Tuesday, 27 May 2014

IMPORTANT NOTE

These Notices of Meeting should be read in conjunction with the Securityholder Booklet accompanying these Notices of Meeting. The Securityholder Booklet contains an explanation of the Resolutions and further information about the Proposal to enable you to make an informed decision as to how to vote on the Resolutions.

Unless otherwise defined in these Notices of Meeting, terms used in these Notices of Meeting have the same meaning as defined in Section 12 ("Definitions and interpretation") of the Securityholder Booklet.

In these Notices of Meeting, Westfield Retail Trust 1 and Westfield Retail Trust 2 are collectively referred to as **Westfield Retail Trust**.

BUSINESS

The business to be considered at the Meeting is as follows:

Resolution 1 – Ratification of continuing appointment of a Director

To consider and, if thought fit, pass the following as an ordinary resolution of the members of Westfield Retail Trust 1 and Westfield Retail Trust 2:

"That the continuing appointment of Mr Andrew Harmos as an independent director of RE1 Limited (ABN 80 145 743 862) and RE2 Limited (ABN 41 145 744 065) be ratified."

The Westfield Retail Trust Directors (with Mr Andrew Harmos abstaining) unanimously recommends that you vote in favour of Resolution 1. The Chair intends to vote all undirected proxies in favour of Resolution 1.

Resolution 2 – Approval of the Proposal for all purposes

To consider and, if thought fit, pass the following as an ordinary resolution of the members of Westfield Retail Trust 1 and Westfield Retail Trust 2:

"That, subject to and conditional upon Resolutions 3, 4 and 5 set out in the notices convening this meeting being passed and the Westfield Holdings Scheme becoming Effective, the Proposal, as described in the Securityholder Booklet accompanying these notices of meeting with such modifications, if any, as are approved at the meeting, be approved for all purposes and that each of RE1 Limited (ABN 80 145 743 862) and RE2 Limited (ABN 41 145 744 065) be authorised to do all things which it considers necessary, desirable or reasonably incidental to give effect to the Proposal."

The Recommending Directors unanimously recommend that you vote in favour of Resolution 2, in the absence of a superior proposal. The Chair intends to vote all undirected proxies in favour of Resolution 2.

Resolution 3 – Amendments to the constitution of Westfield Retail Trust 1

To consider and, if thought fit, pass the following as a special resolution of the members of Westfield Retail Trust 1:

"That:

*(i) subject to and conditional upon Resolutions 2, 4 and 5 set out in these notices convening this meeting being passed and the Westfield Holdings Scheme becoming Effective, the constitution of Westfield Retail Trust 1 (ARSN 146 934 536) be modified as set out in the Westfield Retail Trust 1 Supplemental Deed tabled at this meeting and initialled by the Chair for the purposes of identification (**Westfield Retail Trust 1 Supplemental Deed**); and*

*(ii) RE1 Limited (ABN 80 145 743 862), as the responsible entity of Westfield Retail Trust 1 (ARSN 146 934 536), be authorised to execute, and lodge with Australian Securities and Investments Commission (**ASIC**), the Westfield Retail Trust 1 Supplemental Deed."*

The Recommending Directors unanimously recommend that you vote in favour of Resolution 3, in the absence of a superior proposal. The Chair intends to vote all undirected proxies in favour of Resolution 3.

Resolution 4 – Amendments to the constitution of Westfield Retail Trust 2

To consider and, if thought fit, pass the following as a special resolution of the members of Westfield Retail Trust 2:

"That:

*(i) subject to and conditional upon Resolutions 2, 3 and 5 set out in these notices convening this meeting being passed and the Westfield Holdings Scheme becoming Effective, the constitution of Westfield Retail Trust 2 (ARSN 146 934 652) be modified as set out in the Westfield Retail Trust 2 Supplemental Deed tabled at this meeting and initialled by the Chair for the purposes of identification (**Westfield Retail Trust 2 Supplemental Deed**); and*

(ii) RE2 Limited (ABN 41 145 744 065) as the responsible entity of Westfield Retail Trust 2 (ARSN 146 934 652), be authorised to execute, and lodge with ASIC, the Westfield Retail Trust 2 Supplemental Deed."

The Recommending Directors unanimously recommend that you vote in favour of Resolution 4, in the absence of a superior proposal. The Chair intends to vote all undirected proxies in favour of Resolution 4.

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Resolution 5 – Termination of the Corporate Governance Deeds

To consider and, if thought fit, pass the following as an ordinary resolution of the members of Westfield Retail Trust 1 and Westfield Retail Trust 2:

"That, subject to and conditional upon Resolutions 2, 3 and 4 in the notices convening this meeting being passed and the Westfield Holdings Scheme becoming Effective, each of:

(i) the Corporate Governance Deed dated 2 November 2010 executed by RE1 Limited (ABN 80 145 743 862) and RE2 Limited (ABN 41 145 744 065); and

(ii) the Corporate Governance Deed Poll dated 21 November 2012 executed by Westfield Holdings Limited (ABN 66 001 671 496) in favour of Securityholders,

are terminated in accordance with their terms and with effect on and from the Implementation Date."

The Recommending Directors unanimously recommend that you vote in favour of Resolution 5, in the absence of a superior proposal. The Chair intends to vote all undirected proxies in favour of Resolution 5.

EXPLANATORY NOTES TO THE NOTICES OF MEETING

CONDITIONALITY OF RESOLUTIONS

Resolution 1 is not conditional on Resolutions 2 to 5 being passed by Securityholders.

Resolutions 2, 3, 4 and 5 are inter-conditional. This means that a Resolution will not proceed and votes will not be considered unless an earlier conditional Resolution has been passed (for example, if Resolution 2 is not passed then Resolutions 3, 4 and 5 will not be considered as these Resolutions could only be passed if Resolution 2 was passed) and a Resolution will be of no force or effect if a later conditional Resolution has not also been passed (for example, if Resolution 2 is passed but Resolution 3 is not passed, then Resolution 2 is of no force or effect).

Resolutions 2, 3, 4 and 5 are also conditional on the Westfield Holdings Scheme becoming Effective. This means that if each of Resolutions 2, 3, 4 and 5 is passed by Securityholders, they will be of no force or effect if the Westfield Group Resolutions are not passed by Westfield Group Securityholders.

QUORUM

The quorum for a meeting of Westfield Retail Trust 1's members is at least two holders of Westfield Retail Trust 1 Units present in person or by proxy together holding or representing at least 10% of all Westfield Retail Trust 1 Units, and if one or more of those members is excluded from voting on any Resolution proposed at the Meeting they may still be counted towards the quorum.

The quorum for a meeting of Westfield Retail Trust 2's members is at least two holders of Westfield Retail Trust 2 Units present in person or by proxy together holding or representing at least 10% of all Westfield Retail Trust 2 Units, and if one or more of those members is excluded from voting on any Resolution proposed at the Meeting they may still be counted towards the quorum.

If a quorum is not present within 15 minutes after the scheduled time for the Meeting, the Meeting will be adjourned to such place and time as determined by RE1 and RE2.

ENTITLEMENT TO ATTEND AND VOTE AT THE MEETING

Under section 253E of the Corporations Act, the responsible entity of a registered scheme and its associates are not entitled to vote their interest on a resolution at a meeting of the scheme's members if they have an interest in the resolution or matter other than as a member. However, if the scheme is listed, the responsible entity and its associates are entitled to vote their interest on resolutions to remove the responsible entity and choose a new responsible entity. The responsible entity and its associates may vote as proxies if their appointments specify the way they are to vote and they vote that way.

Accordingly, in respect of each of the Resolutions, each of RE1 and RE2, and their associates, will not be entitled to vote on a Resolution if they have an interest in the Resolution or matter other than as a member of Westfield Retail Trust 1 or Westfield Retail Trust 2, as applicable (unless voting as proxies in the way specified in their appointments).

Only registered holders of Westfield Retail Trust Securities as at 7:00pm on Tuesday, 27 May 2014 will be eligible to attend and vote at the Meeting.

VOTING PROCEDURE

The approval thresholds for each of the Resolutions are as follows:

- Resolutions 1, 2 and 5 are ordinary resolutions, and will be passed only if they have been passed by at least 50% of the votes cast by Securityholders entitled to vote on those Resolutions; and
- Resolutions 3 and 4 are special resolutions, and will be passed only if they have been passed by at least 75% of the votes cast by Securityholders entitled to vote on those Resolutions.

Each Resolution will be decided on a poll.

In a resolution determined by a poll, each Securityholder present in person or by proxy has one vote for each dollar of the value of the total interests they have in Westfield Retail Trust 1 or Westfield Retail Trust 2 (as applicable). The value of a Securityholder's total interests in Westfield Retail Trust 1 or Westfield Retail Trust 2 will be calculated by reference to the last sale price of Westfield Retail Trust 1 Units and Westfield Retail Trust 2 Units (stapled and trading together) on the trading day immediately before the day on which the poll is taken at the Meeting. On a poll, if you are entitled to two or more votes, you need not exercise all of your votes in the same way, nor cast all of your votes.

If a Westfield Retail Trust 1 Unit is held jointly and more than one Westfield Retail Trust 1 member votes in respect of that interest, only the vote of the Westfield Retail Trust 1 member whose name appears first in the register of Westfield Retail Trust 1 members counts. Similarly, if a Westfield Retail Trust 2 Unit is held jointly and more than one Westfield Retail Trust 2 member votes in respect of that interest, only the vote of the Westfield Retail Trust 2 member whose name appears first in the register of Westfield Retail Trust 2 members counts.

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VOTING IN PERSON OR BY PROXY

A Securityholder may vote in person at the Meeting or appoint a proxy to attend and vote for them.

If you are unable to attend the Meeting in person, you are encouraged to complete and return the red Meeting Proxy Form which accompanies these Notices of Meeting.

A Securityholder entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote for the Securityholder at the Meeting. A proxy need not be a Securityholder and may be an individual or a body corporate.

If you appoint a body corporate as a proxy, that body corporate will need to ensure that it appoints an individual as its corporate representative to exercise its powers at the Meeting and provides satisfactory evidence of the appointment of the representative prior to the commencement of the Meeting.

A corporate Securityholder must sign the red Meeting Proxy Form in accordance with its constitution or otherwise in accordance with the Corporations Act. Where a Meeting Proxy Form is signed by a duly authorised person(s) of a corporate Securityholder, such authorisation must be sighted by Westfield Retail Trust's registry service, Computershare Investor Services Pty Limited.

If a Securityholder is entitled to two or more votes, they may appoint two proxies and each proxy must be appointed to represent a specified proportion of the Securityholder's voting rights. If you appoint two proxies and do not specify the proportion or number of votes each proxy may exercise, each of the proxies may exercise half of your votes. If you wish to appoint a second proxy, please contact Westfield Retail Trust's registry service, Computershare Investor Services Pty Limited on 1300 730 458 (within Australia) or +61 3 9946 4471 (from outside Australia) for the relevant form.

LODGEMENT OF PROXIES

To be valid, the Meeting Proxy Form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received by no later than 2:00pm (AEST) on Tuesday, 27 May 2014 (**Proxy Deadline**). Meeting Proxy Forms received after the Proxy Deadline will be invalid.

You can lodge your Meeting Proxy Form using any of the following methods:

Online proxy

You may submit your Meeting Proxy Form online at www.investorvote.com.au – Please read the instructions for online proxy submissions carefully before you lodge your proxy. You will need the 6 digit control number and your Securityholder Reference Number (SRN) or Holder Identification Number (HIN) which appears in the box on the front page of the Meeting Proxy Form.

You will be taken to have signed the Meeting Proxy Form if you lodge it in accordance with the instructions on the website. A proxy cannot be appointed electronically if they are appointed under power of attorney or similar authority. The online proxy facility may not be suitable for Securityholders that want to appoint two proxies with different voting directions.

Post

The Meeting Proxy Form and a reply paid envelope are enclosed. A completed Meeting Proxy Form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received by the Proxy Deadline at the following address:

Registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001 Australia

Registered Office
Westfield Retail Trust
GPO Box 4004
Sydney NSW 2001 Australia

Hand delivery/delivery in person

A completed Meeting Proxy Form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) may be hand delivered or delivered in person by the Proxy Deadline at the following address:

Registry
Computershare Investor Services Pty Limited
Level 4,
60 Carrington Street
Sydney NSW 2000

Registered office
Westfield Retail Trust
Level 8
77 Castlereagh Street
Sydney NSW 2000 Australia

Facsimile

A completed Meeting Proxy Form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) may be faxed by the Proxy Deadline to the following facsimile number:

Registry
Computershare Investor Services Pty Limited

(within Australia)	1800 783 447 (within Australia)
(from outside Australia)	+61 3 9473 2555 (outside Australia)

Registered Office

Westfield Retail Trust	+61 9333 4848

CORPORATE REPRESENTATIVE

If your holding is registered in a company name, a corporate Securityholder may appoint a person to act as its representative to attend the Meeting by providing that person with a:

- letter or certificate authorising him/her as the company's representative, executed in accordance with its constitution or otherwise in accordance with the Corporations Act; or
- copy of the resolution appointing the representative, certified by a secretary or director of the corporate Securityholder.

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PROCEDURE FOR ASKING QUESTIONS AT THE MEETING

We welcome Securityholder questions at the Meeting. However, we do request that Securityholders respect the interests of all those present at the Meeting by confining any questions to matters of relevance to the Securityholders as a whole.

Securityholders are encouraged to submit written questions for the Westfield Retail Trust Directors or management.

Questions should be submitted to Westfield Retail Trust by 5:00pm (AEST) on Thursday, 22 May 2014 care of the Company Secretary, Westfield Retail Trust, GPO Box 4004, Sydney NSW 2001 Australia.

Questions may also be submitted up until that time by email to investor@westfieldrt.com.

By order of the Boards of Directors of RE1 Limited and RE2 Limited.

Katherine Grace
Company Secretary
Sydney
14 April 2014

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INDEPENDENT EXPERT'S REPORT

KPMG Corporate Finance
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DX: 1056 Sydney
www.kpmg.com.au

The Directors
Westfield Retail Trust
Level 8, 77 Castlereagh Street
Sydney NSW 2000

11 April 2014

Dear Directors

PART ONE – INDEPENDENT EXPERT'S REPORT

1 Introduction

On 4 December 2013, Westfield Retail Trust (WRT) and Westfield Group (WDC) jointly announced the proposal to merge WRT and WDC's Australian and New Zealand business (WDCANZ), including Westfield Group's Australian and New Zealand retail property management, funds management and development operating platform (Operating Platform) (the Proposal). The Proposal will be implemented by separating the Australian and New Zealand business from the international business of Westfield Group (the Demerger) and merging WDCANZ with WRT to create the following two new listed retail property groups:

- Scentre Group, which will own the Australian and New Zealand (ANZ) retail real estate assets, currently owned by WRT and WDC, together with the Operating Platform which includes the property management and development businesses
- Westfield Corporation, which will own and operate the United States (US), United Kingdom (UK) and European retail real estate assets.

Under the terms of the Proposal, it is proposed that:

- WRT Securityholders will receive a capital return amounting to $0.2853 and receive 0.91778 securities in Scentre Group for each WRT Security held at the Record Date[1] (or 918 Scentre Group Securities for every 1,000 WRT Securities held)

[1] Record Date means 7pm on 23 June 2014 or the date as determined in the Implementation Deed.

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- WDC Securityholders will receive one security in Westfield Corporation and 1.246 securities in Scentre Group for each WDC Security held at the Record Date (or 1,000 Westfield Corporation securities and 1,246 Scentre Group Securities for every 1,000 WDC Securities held).

WRT is a real estate investment trust (REIT) listed on the Australian Securities Exchange (ASX). Formed in 2010, WRT holds a portfolio of interests in 46 shopping centres located in Australia and New Zealand and commenced trading on the ASX on 13 December 2010. WRT comprises two stapled trusts, namely, Westfield Retail Trust 1 (WRT1) and Westfield Retail Trust 2 (WRT2). The responsible entities of these stapled trusts are RE1 Limited (RE1) and RE2 Limited (RE2) respectively.

WDC is also a REIT listed on the ASX. WDC comprises one stapled company and two stapled trusts, namely Westfield Holdings Limited (WHL), Westfield Trust (WT) and Westfield America Trust (WAT). WDC currently holds a portfolio of interests in 90 shopping centres across Australia, New Zealand, the US and the UK.

WRT is a major joint venture (JV) partner to WDC's Australian and New Zealand portfolio together with other third parties. Within WDCANZ's portfolio of shopping centres, WDC holds the same portfolio of interests as WRT, with the exception of Tea Tree Plaza and Carindale which WRT does not have an interest in. In addition to holding interests in common assets, WDC is responsible for providing the property management and development services to the shopping centres, and also provides WRT with certain corporate services. WDC receives fees from WRT and other JV partners (where applicable) in compensation for these services.[2]

The Independent Board Committee of WRT (the IBC) has requested KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) to prepare an Independent Expert's Report (IER) for the benefit of WRT Securityholders setting out whether, in our opinion, the Proposal is in the best interests of WRT Securityholders.

Implementation of the Proposal will result in the ownership interests held by WRT Securityholders and WDC Securityholders in Scentre Group being 51.4% and 48.6% respectively. The Proposal is described more fully in Section 4 of this Report and Section 3 of the Securityholder Booklet.

On, or about, 29 May 2014, the General Meeting will be held to consider and vote on the Proposal. Each WRT Securityholder on the voting Record Date will be entitled to attend and vote on the resolutions to implement the Proposal. The resolutions are a combination of ordinary and special resolutions. An ordinary resolution may only be passed by at least 50% of votes cast by securityholders, in person or by proxy, entitled to vote on such resolutions. A special resolution may only be passed by at least 75% of the votes cast by securityholders, in person or by proxy, entitled to vote on such resolutions. The Proposal will only proceed if the requisite majorities for the resolutions are achieved by WRT Securityholders, voting either in person or by proxy at the General Meeting.

This report sets out the opinion of KPMG Corporate Finance as to the merits or otherwise of the Proposal. This report should be considered in conjunction with, and not independently of, the information set out in the Securityholder Booklet provided to WRT Securityholders in relation to the Proposal.

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[2] WDC currently provides the property management and development services to all WRT assets.

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The Proposal is subject to the satisfaction of a number of conditions which are set out in full in Section 3.5 of the Securityholder Booklet.

Further information regarding KPMG Corporate Finance as it pertains to the preparation of this report is set out in Appendix 1.

KPMG Corporate Finance's Financial Services Guide is contained in Part Two of this report.

We note there is a separate IER prepared for WDC Securityholders to consider the Proposal from WDC's perspective. This separate IER is being prepared by Grant Samuel and Associates.

2 Opinion

In our opinion, in the absence of a superior proposal, the Proposal **is in the best interests of WRT Securityholders.**

In arriving at this opinion we have:

- formed the view that the Proposal should be assessed as a merger of equals
- assessed whether the Proposal is fair on the basis of the underlying value of both WRT and WDCANZ and the terms of the Proposal
- assessed the reasonableness of the Proposal including the advantages, disadvantages, alternatives and consequences of not approving the Proposal.

As we have analysed the fairness of the Proposal as a merger of equals, we have valued WRT and WDCANZ on a consistent basis.

Having analysed the Proposal on this basis, we have derived assessed values for WRT and WDCANZ as set out in Section 2.1.

This analysis indicates that the Merger Ratio[3] falls within our assessed values and accordingly we consider the Proposal to be fair. In forming this opinion, we recognise that our range is extremely narrow relative to the value of both entities as a whole. This is due to the large proportion of value held in the common property assets.

We have considered our values having regard to other market transactions and the financial impact on WRT Securityholders whereby they will receive an increase in Funds from Operations (FFO) (5.2% pro forma earnings accretion on WRT's 2014 forecast FFO per WRT Security) and that a similar increase in FFO would not be achieved under a buy-back scenario on a standalone basis, utilising the gearing capacity available.

We also acknowledge the high multiples that we have applied to WDCANZ's Operating Platform but consider them appropriate given:

- the quality and size of the portfolio of property assets which are supported by the Operating Platform

[3] Merger Ratio as defined in Section 3.6 of the Securityholder Booklet.

- the significant entrenchment of WDC in providing services to WRT
- the knowledge and expertise of the Operating Platform management team as evidenced through a strong track record in providing property management services and delivery of development projects to WRT and to other third parties.

We also recognise that given approximately 98% of WRT's assets are common to WDC, this results in a high disproportionate sensitivity in assessing the fairness of the Merger Ratio to movements in the implied value of the Operating Platform. Any incremental changes in the underlying implied value of the Operating Platform has a significant effect on the overall fairness outcome.

In forming our opinion as to reasonableness of the Proposal, we consider a key benefit of the Proposal is that it addresses key factors which have contributed to WRT historically trading at a discount to NTA, including:

- obtaining ownership of the WDCANZ Operating Platform will remove the related party agreements and fee obligations between WRT and WDC. Although this will result in a change in the risk profile for WRT Securityholders, it brings with it the potential for growth of Scentre Group, the ability to diversify its income streams and the opportunity for improving acquisition outcomes which, under the current structure, do not currently exist and would be difficult to achieve
- an improved corporate governance structure, particularly with respect to the appointment of the Board of Directors
- removal of the potential for conflict of interests and capital allocation issues, which may arise under the current external arrangements with WDC
- enhancing the prospect of a change of control transaction. Under the current structure, we see the likelihood of a change of control transaction to be extremely low which potentially impacts WRT's trading price.

Whilst we consider these benefits compelling, we have identified several key disadvantages of the Proposal. These include:

- a change in the risk profile of WRT from a passive trust to an active trust incorporating a retail property operating platform. This change may expose WRT Securityholders to greater earnings volatility and exposure to the development pipeline. However, mitigating these risks is the fact that merging with the WDCANZ Operating Platform ensures that the skills and expertise of the management team are maintained
- a reduction in the NTA per stapled security from $3.52 per WRT Security (as at 31 December 2013) to the equivalent of $2.87 per WRT Security[4] (pro forma NTA as at 31 December 2013)

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[4] Based on WRT Securityholders receiving 0.91778 Scentre Group Securities and $0.2853 cash for every WRT Security held as at the Record Date.

- an increase in gearing from 22.4% for WRT, as at 31 December 2013, to 38.4% for Scentre Group, on the basis of the pro forma forecast as at 31 December 2013. Given the nature of the operations, the gearing is appropriate, albeit at the upper end of the range for comparative entities. We note that Scentre Group is likely to meet all of its financial covenants, with unencumbered interest cover expected at 3.28:1 compared with the stated 1.5:1 covenant
- transaction and implementation costs associated with the implementation of the Proposal are estimated to be approximately $75 million for Scentre Group, with $10.0 million committed prior to the WRT Securityholder's vote[5].

In relation to the other matters and notwithstanding their subjective nature, we do not consider these disadvantages outweigh the advantages.

The principal matters that KPMG Corporate Finance has taken into consideration in forming its opinion that the Proposal is in the best interests of WRT Securityholders are summarised in the remainder of Section 2 below.

2.1 Assessment as to whether the Proposal should be considered a merger of equals

In forming our view as to whether the Proposal is fair or not fair, it is first necessary to consider whether it should be considered a 'merger of equals' as opposed to a 'control transaction', as this determines the approach to the basis of value when looking at the relative values of WRT and WDCANZ under the Merger Ratio. Our assessment has looked at what factors within the Proposal support a merger of equals or instead implies a control transaction. The factors we consider relevant are:

- the Board of WRT and WDC both structured the Proposal as a merger of equals
- existing WRT and WDC Securityholders will collectively hold approximately 51.4% and 48.6% respectively in the merged entity, Scentre Group
- no securityholder will be in a position to control or have significant influence over Scentre Group
- the Board of Scentre Group will comprise both directors from WRT and WDC
- the senior executive team of Scentre Group will predominantly comprise of the existing management of WDC, with Mr Peter Allen, who is currently a non-executive Director of WRT, and the Chief Financial Officer (CFO) and an executive Director of WDC, being appointed as Chief Executive Officer (CEO) of Scentre Group
- WRT and WDC hold interests in common assets and have existing arrangements under which WRT relies on WDCANZ's Operating Platform for certain functions. The common assets and the Operating Platform will be contributed to the merged entity.

[5] We note that there is also a refinancing cost of $266 million which relates to the early redemption of WDC bonds, only if the Proposal is implemented. The debt contribution from WDC to Scentre Group has been reduced to offset this cost.

Having regard to the above factors, we consider that the Proposal should be evaluated as a merger of equals rather than a control transaction. As such, we have assessed the values of WRT and WDCANZ on a consistent basis.

2.2 Assessment of the fairness of the Proposal

According to Regulatory Guide 111 (RG 111), the Proposal should be considered fair to WRT Securityholders if the Merger Ratio is equal to or greater than the percentage contribution to the merged entity by WRT.

The Merger Ratio determines what proportion of Scentre Group will be owned by WRT Securityholders and WDC Securityholders following the implementation of the Proposal. Under the Merger Ratio:

- WRT Securityholders will hold 51.4% of Scentre Group and will also receive the Capital Return
- WDC Securityholders will hold 48.6% of Scentre Group.

The following tables summarise our valuation assessment in terms of the proposed Merger Ratio for WRT and WDCANZ on a standalone basis.

The assessed values for WRT and WDCANZ are set out in detail in Sections 9 and 10 of this Report. The valuation ranges (High and Low) result from applying a range of multiples to certain parts of the entities which have been valued using a capitalisation of earnings methodology.

Table 1: Assessed values – High range

$ million	WRT	WDCANZ	Total
Assessed fair value (High)	10,197.8	8,886.0	19,083.8
Less: Capital Return	(850.0)	-	(850.0)
Total assessed fair value	9,347.8	8,886.0	18,233.8
Assessed value contribution	**51.3%**	**48.7%**	**100.0%**

Source: KPMG Corporate Finance analysis

Table 2: Assessed values – Low range

$ million	WRT	WDCANZ	Total
Assessed fair value (Low)	10,160.8	8,669.5	18,830.3
Less: Capital Return	(850.0)	-	(850.0)
Total assessed fair value	9,310.8	8,669.5	17,980.3
Assessed value contribution	**51.8%**	**48.2%**	**100.0%**

Source: KPMG Corporate Finance analysis

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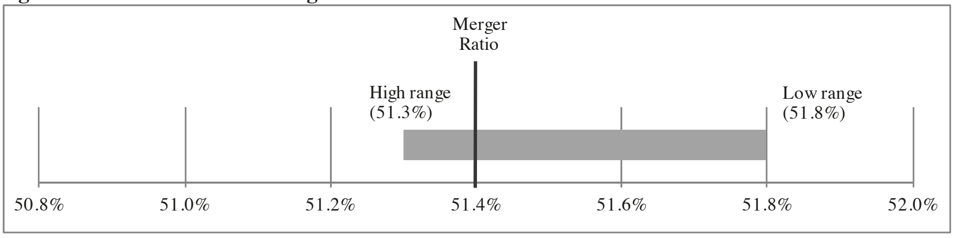
The comparison between the relative percentages of the assessed values of WRT and WDC compared to the Merger Ratio is illustrated below.

Figure 1: Assessment of the Merger Ratio



Source: KPMG Corporate Finance analysis

As illustrated above, based our assessed value ranges of WRT and WDC, the range of relative values falls either side of the Merger Ratio. On this basis, we consider the Proposal to be fair to WRT Securityholders.

In relation to our analysis above, we note:

- the characteristics of this Proposal are highly unusual, given that there is such a high level of common assets, with greater than 98% of WRT's assets being common to WDC (which is highly unusual for merger transactions). This results in a very narrow valuation assessment range
- the value range is narrow due to the commonality of the underlying assets. This results in a high degree of sensitivity associated with the value of the Operating Platform in assessing the fairness of the Merger Ratio. This degree of sensitivity is disproportionate to the total assessed value of the entities
- WRT's assessed value has been adjusted by the Capital Return, which is the capital distribution of $0.2853 for every existing WRT security (based on the number of securities on issue of 2,979.2 million).

Since the Merger Ratio offered under the Proposal falls within our assessed value range for WRT and WDCANZ, we consider the Proposal to be fair. We have also assessed the financial outcome of the Merger Ratio for WRT Securityholders against other factors including:

- the change in FFO per Security arising from the Proposal
- the change in FFO that might be achieved under a buy-back status on a standalone basis, utilising the gearing capacity available (refer Section 2.4).

FFO accretion

Under the Proposal, there is expected to be an uplift in pro forma FFO per Scentre Group Security of 5.2% to FFO per WRT Security based on pro forma forecast FFO for FY14.

The table below summarise the uplift in pro forma FFO per Security for FY14.

Table 3: FFO accretion for Scentre Group

	FY14
WRT FFO per security (cents)	20.4
Scentre Group FFO per security (cents)	21.5
Accretion (%)	**5.2%**

Source: Securityholder Booklet
Note: Table may not cast due to rounding

If the Proposal is approved WRT Securityholders will gain, on this analysis, an accretion in FFO per security of 5.2% over WRT's FFO per security for FY14.[6]

Based on economic FFO[7] per WRT Security, the accretion is expected to be 8.0% based on pro forma forecast FFO for FY14 before elimination of development profits upon consolidation.

This outcome supports the transaction as being fair under the Merger Ratio, as the expected FFO accretion is positive and WRT Securityholders will be better off.

2.3 Assessment of the reasonableness of the Proposal

In accordance with RG 111, an offer is reasonable if it is fair. This would imply that the Proposal is reasonable. However, irrespective of the statutory obligation to conclude the Proposal is reasonable simply because it is fair, we have also considered a range of factors, which in our opinion, support a reasonableness conclusion in isolation of our fairness opinion.

2.3.1 Advantages of the Proposal

Internalise retail property operating platform

The key advantage of the Proposal is the ability to deliver future growth and gain control over future strategy and direction by creating an internalised retail property operating platform. The externally managed management model is out of favour in the market place, given the perceived conflicts of interest. There are a number of benefits associated with the proposed internalisation of WDCANZ's Operating Platform. These include:

- creating a better alignment of management interests with those of WRT Securityholders and eliminating perceived conflicts of interests
- potential removal of the discount that is applied by some analysts and investors to externally managed entities, such as WRT

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[6] Refer to Section 6.9 of the Securityholder Booklet as to sensitivity of the analysis, including the impact of current debt and credit market conditions.
[7] 'economic FFO' is defined as the FFO before the elimination of development profit upon consolidation – refer to Section 4.2 of the Securityholder Booklet.

- the ability to attract potential investors, as some institutional investors are prohibited from investing in externally managed vehicles
- the ability to acquire an experienced and capable property management and development team with a proven track record. The Operating Platform will be led by the current WDCANZ management team including Mr Peter Allen (who is the Group CFO and Executive Director of WDC) who is nominated as Scentre Group's CEO and Mr Mark Bloom (currently the Deputy Group CFO of WDC) who is nominated to become the CFO of Scentre Group
- the removal of the property management and development fees and corporate services fees which had previously been paid to WDC, although Scentre Group will be responsible for the costs associated with operating the Operating Platform
- the ability to diversify income streams and receive fees payable from JV partners for provision of property management, development and funds management services at co-owned properties. In addition, having the opportunity to earn future revenue from design, development and refurbishment of properties owned by third parties as well as any future properties acquired by Scentre Group
- the ability to facilitate growth through strategic partnerships with JV partners and assess acquisitions in a potentially stronger competitive position.

Greater power and influence to appoint Scentre Group's Board

Under the current governance arrangements, WRT Securityholders do not have the power to appoint and remove directors to/from the WRT Board. As the responsible entities of WRT1 and WRT2 are wholly owned subsidiaries of WHL and part of the Westfield Group, the Independent Directors of the WRT Board are appointed and removed by the Westfield Group. WRT Securityholders only have the ability to ratify the directors through a majority vote, at least once every three years.

If the Proposal is approved, Scentre Group Securityholders will have the right to vote at meetings of Scentre Group Securityholders on the appointment and removal of members to Scentre Group's Board, giving the WRT Securityholders greater control and influence over the ability to shape strategy and align interests.

The Scentre Group Board will be made up of nine members, with three being common across Scentre Group and Westfield Corporation. Mr Frank Lowy AC, Mr Steven Lowy AM and Mr Brian Schwartz AM will sit on the Scentre Group Board, ensuring a smooth merger and transition, whilst maintaining continuity of Board knowledge.

Greater strategic flexibility

Whilst each business, WRT and WDC, maintains its own management structure, given WRT's relationship with WDC, strategies and operational decisions regarding the portfolio are typically influenced by WDC, which must consider its US, UK and European portfolio as well as the ANZ portfolio

Following the Proposal, Scentre Group will have a dedicated board and management team whose sole focus will be Australia and New Zealand, which should enable a greater focus on the Australian and New

Zealand region and growth objectives. Scentre Group can independently focus on developing and executing its strategies based on the dynamics of the region in which it operates and the business' expected risk/return profile, whilst avoiding potential conflicts arising from competing strategies from an external manager's perspective.

The Proposal will enable the Board and management team to pursue its strategy with a greater degree of flexibility than would be possible if operating within the WDC relationships and being externally managed, creating a greater potential to unlock value for WRT Securityholders in the long run.

Removal of barriers to potential takeovers

Takeovers or similar transactions are typically seen to create value for securityholders as the bidder is often required to pay a premium to the current traded security price to gain control of the target. Under the present structure, a takeover of WRT is highly unlikely given:

- the current ownership structure of the assets which are co-owned with WDC
- the relationships with WDC is likely to deter many acquirers due to the following:
  - the contractual Property Management Agreements with WDC, which requires WRT to appoint WDC as the property manager for all the properties it co-owns and the likely entrenchment of WDC as property manager due to the conditions of the agreements
  - the Development Framework Agreements whereby WDC is exclusively appointed to project management services for each property co-owned and the entrenchment of that appointment
  - the Co-operation Deed between WRT and WDC which provides where one of those entities has an opportunity to invest in a retail property or development site in Australia or New Zealand, to the extent the opportunity allows it and it is lawfully permitted, they must offer the other entity the same opportunity to acquire 50% of the available interest in the property. Westfield Retail Trust also has an obligation to support WDC being appointed as property manager and developer of any opportunity it shares with WDC
  - the responsible entities of WRT1 and WRT2, being wholly owned subsidiaries of WDC.

The Proposal therefore removes the restrictions associated with the current structure, providing greater potential for WRT to be a takeover target and potential uplift of value to WRT Securityholders in an acquisition situation. Further, under the terms of the Trade Mark Licence Agreement, in the event of a takeover, Scentre Group would retain the right to continue to use the Westfield name for its existing Australian and New Zealand shopping centres and any future qualifying shopping centres it acquires.

Significant capital return to WRT Securityholders

If the Proposal is approved, WRT Securityholders will receive a capital return, effected by a cash payment of $0.2853 per WRT Security held by WRT Securityholders at the Record Date (Capital Return). The payment will be made on the Implementation Date.

The Capital Return is equivalent to a pro rata buy-back of WRT Securities on a one for 12.16 basis at a price of $3.47 per WRT Security. This price represents a 14% premium to the WRT's closing price on 3 December 2013 (the day before the announced Proposal).

The Capital Return acts as partial compensation to WRT Securityholders for the ability of WRT to bring its capacity to increase gearing to Scentre Group.

The Capital Return will generally reduce the cost base per WRT1 Unit and the Australian taxation consequences are considered as part of the Class Ruling as detailed in Section 8 of the Securityholder Booklet. Individual WRT Securityholders should consult their own independent taxation advice before reaching conclusions to the possible taxation consequences associated with the Capital Return.

2.3.2 Disadvantages of the Proposal

The principal disadvantages of the Proposal include:

An increase in gearing and potential change in credit rating

Implementation of the Proposal will result in Scentre Group's gearing being approximately 38.4% and potential for Scentre Group's credit rating to be less than WRT's current credit rating.

WRT currently has gearing of 22.4%, as at 31 December 2013, this represents a 71.4% increase in gearing, and increases its exposure to higher interest expenses and additional related risks including:

- a larger portion of Scentre Group's cash from operating activities will be required to pay interest expenses
- flexibility to react to changes in the business and industry may be limited due to the available cash flow remaining after the commitment to pay principal and interest on the debt facilities
- adverse economic, credit and financial market conditions will be more likely to have a negative effect on Scentre Group given the increased gearing. Scentre Group will also be exposed to greater refinancing risk.

However, we do not consider the increase in gearing to be a significant risk to Scentre Group or the WRT Securityholders for the following reasons:

- the increase in gearing to 38.4% will not breach the leverage or interest coverage covenants proposed
- the level of gearing, although higher than WRT, is in line with historical gearing for WDC, however will be the highest of the listed comparable A-REITs
- Scentre Group's credit rating is expected to remain strong
- Scentre Group has the potential flexibility of introducing capital partners by which lower gearing could be achieved and result in an associated increase in external management fees receivable
- the gearing ratio ignores the value of the Operating Platform. By incorporating the mid-point assessed value of the Operating Platform, the level of gearing would decrease to approximately 34.8%.

Transaction and implementation costs

Management have estimated total transaction and implementation costs in relation to the Proposal will be approximately $75 million for Scentre Group, of which approximately $10.0 million will have been paid, or committed, prior to the General Meeting.[8]

Transaction and implementation costs associated with the Proposal primarily relate to expenses incurred in the establishment of Scentre Group's debt facilities, costs associated with the listing of Scentre Group on the ASX and advisor fees.

Offsetting these costs, albeit not materially, Scentre Group will create cost synergies from removing duplication of management services of approximately $9.0 million annually.

Exposure to risks associated with operating a retail property operating platform

If the Proposal is implemented, the risks associated with operating and internalising the retail property Operating Platform will reside with Scentre Group. The risks associated with the Operating Platform include, but are not limited to the following:

- construction overruns and leasing of new projects at levels lower than expected
- inability to obtain funding on acceptable terms for the proposed developments and redevelopment program
- risk associated with development activities including obtaining permits, industrial disputes, construction costs exceeding estimates, disruptions to existing centres and rectification costs
- removal of any contractual protection WRT had in place for breaches of services by WDC for the provision of services related to the Operating Platform
- exposure to any historical risk and liabilities related to the Operating Platform to which WRT were not previously directly exposed
- property management activities and income have similar characteristics as property net operating income, given the Property Management Agreements and restrictions for termination, the risks associated with the property management services are significantly reduced compared to the development services.

Importantly, the change in the risk profile for WRT Securityholders from the internalising of the Operating Platform also brings with it the potential for growth of Scentre Group, the ability to diversify its income streams and the opportunity for improving acquisition outcomes.

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[8] We note that there is also a refinancing cost of $266 million which relates to the early redemption of WDC bonds, only if the Proposal is implemented. The debt contribution from WDC to Scentre Group has been reduced to offset this cost.

We do not see these risks as significant as:

- Scentre Group will inherit WDCANZ's knowledge and experience of developing and property management of shopping centres from over the past 50 years. The same WDCANZ team who have performed the services for WRT in the past will now be performing the services for Scentre Group (with the exception of the Managing Director of Australia, New Zealand and United States, who is retiring)
- over the last 10 years, the WDCANZ business has successfully completed 26 developments with a value of $6 billion (including Westfield Sydney at $1.2 billion)
- owning 100% of the property assets will facilitate the ability to manage capital effectively to help ensure favourable capital and funding solutions.

WRT, as existing co-owner of WDCANZ's portfolio (excluding Westfield Carindale), is already impacted and exposed to property ownership risks including:

- tenant default and occupancy risk (Scentre Group is expected to be greater than 99.5% leased which is consistent with WRT)
- changes in consumer sentiment or shopping preferences
- emergence of alternative retail channels such as online retailing.

A decrease in Net Tangible Asset (NTA) per security

If the Proposal is approved, there will be significant reduction of WRT's NTA resulting in a decrease in NTA per WRT Security of $3.52 per as at 31 December 2013 to an equivalent of $2.87 per WRT Security based on the pro forma NTA as at 31 December 2013 for Scentre Group.

The main factor driving this reduction is the value of the Operating Platform is not recognised as an asset on the balance sheet of Scentre Group, as Scentre Group is not being treated as the acquiring entity for accounting purposes.

We do not see the decrease in NTA as having a material impact on Scentre Group's security price as:

- WDC, which does hold these assets on its existing balance sheet, trades at a premium to NTA. This premium was 48%, at the close of trade on the day prior to the announcement of the Proposal (3 December 2013)
- security prices are primarily driven by distributions per security and growth prospects, neither of which are related to NTA per security.

2.4 Other considerations

In forming our opinion, we have also considered a number of other factors as outlined below. Whilst we do not necessarily consider these to be advantages or disadvantages of the Proposal, we consider it necessary to address these considerations in arriving at our opinion.

Share market impact

The Proposal should have a positive impact on market trading of the securities of Scentre Group that will arise from:

- increased market capitalisation
- increased index weighting
- improved liquidity and broadening of the security register
- the expanded capital base from which to pursue organic and acquisitive growth opportunities.

Furthermore, Scentre Group will be the largest entity in S&P/ASX200 A-REIT Index (A-REIT Index) and one of the top 20 ASX listed entities based on expected market capitalisation. This compares to WRT's current second position in the A-REIT Index and being one of the top 50 ASX listed entities.

There is also likely to be a period of re-weighting, as investors assess their portfolio and exposure to the new entity.

Removes restrictions on WRT investing outside of Australia and New Zealand

The current constitution of WRT1, limits the investments of WRT1 to assets located in Australia and New Zealand. Under the Proposal, these constitutional restrictions would be removed.

Whilst this does provide an avenue for growth which otherwise did not exist, there are a number of other considerations associated with any expansion overseas, including:

- Scentre Group would not be entitled to use the 'Westfield' brand in relation to any shopping centre it acquires outside of Australia and New Zealand
- it may adversely impact future relationships and collaboration with Westfield Corporation as Scentre Group could potentially be in competition with Westfield Corporation in regions outside of Australia and New Zealand.

Exposure to Westfield Carindale

Approval of the Proposal will result in Scentre Group obtaining 100% ownership in 26 properties, 50% ownership in 20 properties, and a 25% interest in Westfield Carindale.

Westfield Carindale is the fifth-largest shopping centre in Australia and sole investment of Carindale Property Trust (which is separately listed on the ASX). Westfield Carindale is owned in a 50:50 JV between Carindale Property Trust and the Australian Prime Property Fund Retail. In addition to the 25% interest in Westfield Carindale, Scentre Group will receive property and trust management fees for the management of Westfield Carindale which are currently $4 million per annum.

The increased ownership will result in an increase in pro forma net assets of Scentre Group for FY14 to $15.1 billion with the fair value of Scentre Group's interest in the properties being $28.5 billion. This is an approximate 105% increase to WRT's current total assets and 44% increase to its net assets.

The increased scale of its investment portfolio, without diluting the existing WRT portfolio, will provide Scentre Group with more flexibility to introduce JV partners at the asset level and undertake capital management initiatives. Introducing new JV partners will also provide opportunities to increase property management and project income whilst reducing capital invested and potentially improving its return on equity.

Taxation implications for WRT Eligible Securityholders

The Australian tax implications of the Proposal for WRT Eligible Securityholders are outlined in detail in Section 8 of the Securityholder Booklet. It also sets out a general description of the Australian tax consequences of holding a Scentre Group Security.

With respect to Australian resident WRT Securityholders, WRT has sought a Class Ruling from the Australian Taxation Office (ATO) to confirm certain tax matters relating to the Proposal. A final ATO ruling has not been received at the date of this report. The final ruling, once received, will be announced on the ASX and published on WRT's website.

According to the advice from the draft Class Ruling, the key Australian tax considerations from the perspective of an Eligible Securityholder as follows:

- a capital gain and cost base adjustment, may arise for the Eligible Securityholders in relation to the Capital Return and Stapling Distribution
- additional cost base adjustments may arise for the WRT1 units and WRT2 units as a result of converting into a lesser number of units in line with the Merger Ratio for the Proposal
- the Stapling Distribution will generally reduce the cost base of WRT1 unit, if the cost base is nil the Stapling Distribution will result in a capital gain that may be eligible for a Capital Gains Taxation (CGT) discount.

We note that WRT Securityholders should consider their individual circumstances, review Section 8 of the Securityholders Booklet for further information where it applies to their circumstances and should seek the advice of their own professional adviser.

Continued use of the 'Westfield' brand

Within Australia and New Zealand, Scentre Group will retain the 'Westfield' brand for its shopping centres, although it will cease to use 'Westfield' as a corporate name.

By holding the exclusive right to use the 'Westfield' brand for existing shopping centres and any future shopping centres in Australia and New Zealand that meets certain criteria, Scentre Group retains the associated benefits associated with the brand. Furthermore, should Westfield Corporation re-enter the Australian and New Zealand market post the Proposal, they will not be able to use the Westfield brand name for new developments.

We note Scentre Group has no restrictions on international expansion, however it will be unable to use the Westfield brand name for centres outside of Australia and New Zealand.

Ineligible Foreign Securityholders

Restrictions in certain foreign countries may make it impractical or unlawful to offer or receive securities in those countries, therefore some Foreign Securityholders will be Ineligible Foreign Securityholders[9] .

Ineligible Foreign Securityholders will not receive Scentre Group securities under the Proposal. Instead, the entire existing holding of WRT Securities held by Ineligible Foreign Securityholders will be transferred to a Sale Nominee pursuant to the terms of the Sale Facility. Under the Sale Facility:

- the Sale Nominee will participate in the Proposal, after the implementation of the Proposal, the Sale Nominee will hold Scentre Group securities which would otherwise have been received by Ineligible Foreign Securityholders
- the securities will be sold on the ASX under the Sale Facility as soon as reasonably practicable. WRT will bear any brokerage costs or fees of the Sale Nominee
- the Sale Nominee will transfer the aggregate sale proceeds to the Registry who will arrange for the sale proceeds to be paid to Ineligible Foreign Securityholders
- if they wish to retain their exposure, Ineligible Foreign Securityholders can acquire Scentre Group through the ASX following the listing of Scentre Group.

Alternative solutions/strategies are suboptimal to the Proposal

Both management of WRT and the IBC have considered a number of strategic alternatives in evaluating the Proposal prior to recommending the Proposal to WRT Securityholders, as outlined in Section 4.5 of the Securityholder Booklet. More specifically, the IBC of WRT have considered the following alternatives:

- retaining the status quo - maintaining the existing WRT structure
- developing or acquiring an operating platform
- undertaking a significant buy-back of existing WRT Securities
- seeking new growth opportunities through investing in alternative retail asset classes
- undertaking a significant disposal of WRT assets and returning proceeds to WRT Securityholders
- considering potential takeover proposals for all WRT Securities.

Outlined below is a summary of the advantages and disadvantages of the alternatives in comparison to the Proposal.

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[9] Ineligible Foreign Securityholders are WRT Securityholders, who as at the Record Date are not Eligible Foreign Securityholders.

Retaining the status quo

If the status quo is retained, then the existing WRT structure will continue to provide investors with income and capital returns provided by WRT's high quality shopping centre portfolio. WRT will maintain its JV ownership of shopping centres which does not provide 100% control of any assets, and will continue to pay fees to WDC in relation to the Operating Platform. Given this externally managed status and the nature of the inherent limitations within this relationship, it is likely that WRT will continue to trade at a significant discount to NTA.

It follows that, the benefits of having an internally managed operating platform and control and direction over developments and management, the ability to diversify income streams, benefits of an increased scale of its investment portfolio and stronger competitive position to access acquisitions would not be realised.

Developing or acquiring an external management platform

An alternative to the Proposal is WRT acquiring or developing an external management platform. This is not considered a viable option given the existing contractual arrangements currently in place between WDC and WRT as detailed below:

- if WRT were to develop or acquire an alternative operating platform, given the existing arrangements and Co-operation Deed, if permitted by law and the opportunity allows it, WRT would be required to offer WDC the opportunity to acquire 50% of the available interest in the property and has an obligation to support WDC being appointed as property manager and developer. Therefore in order for WRT to achieve the benefits associated with acquiring an operating platform to manage its existing portfolio, they would require the consent of WDC to terminate these contractual arrangements. The likelihood of this occurring would be remote
- for the existing shopping centre portfolio, WDC is the sole manager and agent and may not be terminated as manager for so long as WDC holds at least a 25% ownership interest (in one case 20%) in the relevant shopping centre or its services are terminated in very limited circumstances. Therefore the ability of WRT to manage any of its existing properties and achieve any synergy benefits, with the acquired operating platform, would be unlikely
- given the high quality of the existing portfolio of WRT, the acquisition of another platform, were it possible, would likely dilute the quality of WRT's existing portfolio without WRT gaining control or management over its existing assets.

Conducting a significant buy-back

Another alternative to the Proposal would be for WRT to conduct a significant buy-back of WRT Securities in order to raise gearing to similar levels as proposed under Scentre Group. While a buy-back would be expected to be earnings accretive for WRT Securityholders, this accretion is likely to be less than the long term accretion expected under the Proposal and be without the long term strategic benefits of having an internally managed operating platform.

Investing in alternative retail property classes

Investing in alternative retail property including neighbourhood centres would likely increase WRT's gearing and tie up capital in acquiring such alternative assets, which may not be effective. Whilst this alternative may deliver incremental growth considerable scale would be required and therefore would result in a dilution of the existing portfolio.

Disposal of WRT assets and returning proceeds to WRT Securityholders

Given the co-owner arrangements for each property and the pre-emptive rights, it may adversely impact on the value of the assets to be disposed due to the reductions in competitive tension arising from the co-owner rights and any perceived pressure to sell. The Proposal provides WRT Securityholders with the ability to retain an exposure to the long term returns of the portfolio.

Potential takeover

For reasons set out earlier, we consider a potential takeover for WRT unlikely given its existing arrangements with WDC. We also note that no alternative party has sought or made enquiries as to a potential offer since the announcement of the Proposal.

2.5 Consequences should the Proposal not proceed

In the event that the Proposal is not approved, WRT will continue to operate in its current form and be listed on the ASX. As a consequence:

- WRT Securityholders will continue to own securities in WRT, but will not receive any new Scentre Group Securities
- the advantages, disadvantages and risks of the Proposal, as summarised above, will not occur, other than with respect to the one-off transaction and implementation costs incurred prior to the Securityholders Meeting of approximately $10.0 million
- WRT Securities may not continue to trade at prices in line with recent levels. It is not possible to conclusively assess whether and to what extent the current security price of WRT incorporates any anticipation of the benefits of the Proposal. However to the extent it does, there would be a risk that the security price may fall if the Proposal is not approved
- WRT Securityholders will not receive the Capital Return of $850 million
- WRT will continue to operate in its present form continuing its relationship with WDC for the provision of the Operating Platform, providing property management and development services and other corporate services
- WRT will continue to focus on its current strategy of maximising the income and capital returns from its investment portfolio and delivering growth through redevelopments and other opportunities.

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3 Other matters

In forming our opinion, we have considered the interests of WRT Securityholders as a whole. This advice therefore does not consider the financial situation, objectives or needs of individual WRT Securityholders. It is not practical or possible to assess the implications of the Proposal on individual WRT Securityholders as their financial circumstances are not known. The decision of WRT Securityholders as to whether or not to approve the Proposal is a matter for individuals based on, amongst other things, their risk profile, liquidity preference, investment strategy and tax position. Individual WRT Securityholders should therefore consider the appropriateness of our opinion to their specific circumstances before acting on it. As an individual's decision to vote for or against the proposed resolutions may be influenced by his or her particular circumstances, we recommend that individual WRT Securityholders including residents of foreign jurisdictions seek their own independent professional advice.

Our report has also been prepared in accordance with the relevant provisions of the Corporations Act 2001 (cth) (the Act) and other applicable Australian regulatory requirements. This report has been prepared solely for the purpose of assisting WRT Securityholders in considering the Proposal. We do not assume any responsibility or liability to any other party as a result of reliance on this report for any other purpose.

All currency amounts in this report are denominated in Australian dollars unless otherwise stated.

Neither the whole nor any part of this report or its attachments or any reference thereto may be included in or attached to any document, other than the Explanatory Memorandum to be sent to WRT Securityholders in relation to the Proposal, without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears. KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it appears in the Explanatory Memorandum.

The above opinion should be considered in conjunction with and not independently of the information set out in the remainder of this report, including the appendices.

Yours faithfully

Ian Jedlin
Authorised Representative

Sean Collins
Authorised Representative

KPMG

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4 The Proposal

4.1 Overview of the Proposal

On 4 December 2013, WRT and WDC jointly announced a proposed merger of WRT with WDCANZ, which includes WDCANZ's Operating Platform, comprising property management and development roles, to form a new entity to be known as Scentre Group.

Scentre Group will manage, develop and have ownership in Westfield branded shopping centres in Australia and New Zealand. It will continue to hold the current property investments of WRT and WDCANZ and include a vertically integrated retail property management platform with shopping centre assets under management (AUM) of over $38.5 billion and shopping centre ownership interests over $28.5 billion.

Following receipt of the Proposal from WDC, WRT established an IBC with strict corporate governance protocols to consider the Proposal and any alternative proposals. The IBC comprises all of the non-executive Directors of WRT who are independent of WDC. The Managing Director (MD), Mr Domenic Panaccio, was not a member of the IBC but, together with the IBC, recommends the Proposal. The remaining Directors of WRT, Mr Steven Lowy AM and Mr Peter Allen, are not part of the IBC and stood aside from the consideration of the Proposal, given their relationship with WDC and the fact they are remunerated by WDC.

The Proposal has the unanimous support of the IBC and the MD of WRT and is recommended by the IBC and MD to the WRT Securityholders for consideration.

4.2 Terms of the Proposal

Under the terms of the Proposal, for each security held:

- WRT Securityholders will receive a capital return amounting to $0.2853 and receive 0.91778 securities in Scentre Group for each WRT Security held at the Record Date (or 918 Scentre Group Securities for every 1,000 WRT Securities held)
- WDC Securityholders will receive one security in Westfield Corporation and 1.246 securities in Scentre Group for each WDC Security held at the Record Date (or 1,000 Westfield Corporation securities and 1,246 Scentre Group Securities for every 1,000 WDC Securities held).

If approved, the Proposal will result in the ownership interests held by existing WRT and WDC Securityholders in Scentre Group being 51.4% and 48.6% respectively, in accordance with the Merger Ratio. We note that Ineligible Foreign Securityholders will not receive Scentre Group Securities under the Proposal, but rather their holdings in WRT will be transferred to the Sale Nominee who will sell Scentre Group Securities they would otherwise be entitled to receive under the Proposal and remit the sale proceeds to them. Details as to Ineligible Foreign Securityholders are set out in Section 3.12 of the Securityholder Booklet.

The Merger Ratio was negotiated by the IBC and its advisors with the WDC Board, and determines what proportion of Scentre Group will be owned by WRT Securityholders and WDC Securityholders on the basis of the relative pro forma FY14 FFO contribution of WRT and the WDCANZ business.

The IBC believes that the Merger Ratio is appropriate having regard to the following:

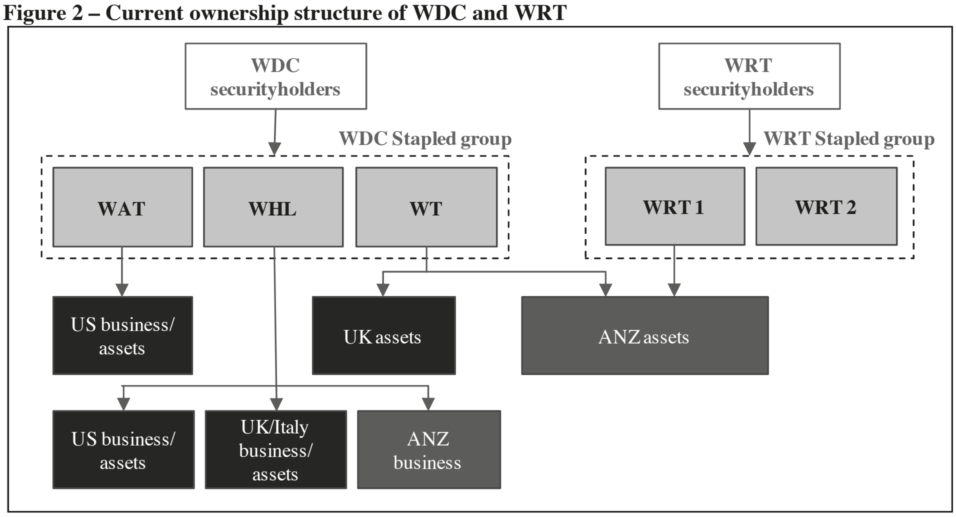
- a merger ratio based on balance sheet metrics, such as NTA would not reflect the full economic value or income of the Operating Platform
- the FFO contributed by each party provides a fairer assessment of the value of cashflows and underlying business being contributed by each party
- adjustments have been made to WDCANZ's FFO to:
  - exclude $47 million project profits from WRT and third parties relating to project profits not yet recognised on completed project profits including Westfield Sydney and Fountain Gate and scope changes on third party projects
  - exclude asset management fee income relating to Property Linked Notes (PLNs)
- the Proposal is expected to deliver 5.2% FFO accretion and 8.0% economic accretion(before the elimination of project profits upon consolidation) per WRT Security.[10]

[10] Refer to Section 6.9 of the Securityholder Booklet as to sensitivity of the analysis, including the impact of current debt and credit market conditions.

4.3 Proposed ownership structure

The current ownership structure of WDC and WRT is summarised below.

Figure 2 – Current ownership structure of WDC and WRT



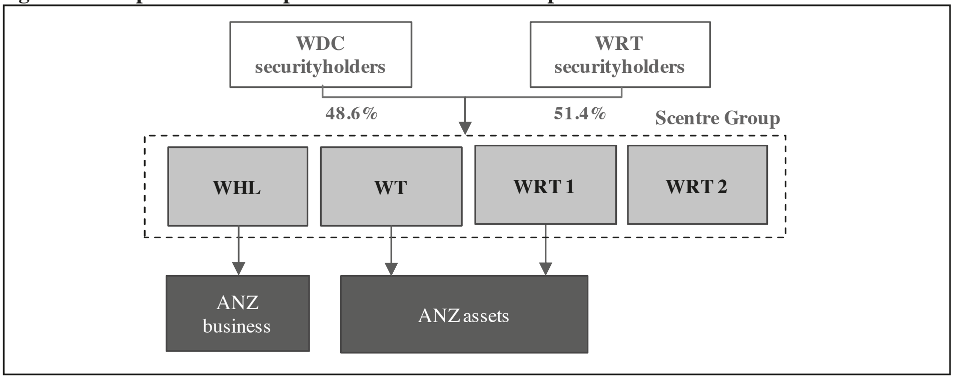
Source: Implementation Deed dated 4 December 2013

In relation to the current ownership structure, we note:

- WDC is a stapled group which comprises of WAT, WHL and WT, with WAT operating WDC's US business and assets, WT operating WDC's UK and ANZ assets, and WHL being the operator of the US, UK and European business and the WDCANZ Operating Platform
- WRT1 operates as the property owning trust of WRT, holding the shopping centre interests. It is treated as a trust for Australian tax purposes. WRT2 earns the non-rental income and conducts activities that are not compatible with being treated as a trust for Australian tax purposes. WRT2 is treated as a company for Australian tax purposes.

The proposed ownership structure of Scentre Group is summarised below.

Figure 3 – Proposed ownership structure of Scentre Group



Source: Implementation Deed dated 4 December 2013

Under the proposed ownership structure for Scentre Group, we note:

- WHL will own the Operating Platform
- WHL, WT, WRT1 and WRT2 will be stapled into a single group, being Scentre Group, with the split between existing WDC and WRT Securityholders being 48.6% and 51.4% of securities in accordance with the Merger Ratio.

4.4 Implementation of the Proposal

Should the Proposal be approved, it will be implemented by the following steps:

Restructure

- WHL, which currently holds businesses and assets in the US, the UK and Italy, and also holds WDCANZ's business, will demerge its non-ANZ businesses and assets into a newly incorporated entity (DemergerCo). **Subsequent to this demerger, WHL will hold only WDCANZ's Operating Platform**
- WT, which currently holds assets in the UK and ANZ, will transfer its UK assets to a newly formed trust (New Trust). **Subsequent to this transfer, WT will hold only ANZ assets.**

De-stapling

- WHL and WT will be de-stapled from WDC.

Merger

- WRT1 must complete a return of capital on the WRT1 Units existing at the Record Date of approximately $850 million that will be implemented by way of a return of capital amounting to $0.2853 per WRT Security (Capital Return)

- WRT1 Units, WRT2 Units, WHL Shares and WT Units will be converted in accordance with the Merger Ratio so that they can be stapled together on a one to one basis to form Scentre Group Securities, namely:
  - each WRT1 Unit and each WRT2 Unit will be converted to 0.91778 WRT1 Units and 0.91778 WRT2 Units
- each WHL Share and each WT Unit will be converted to 1.246 WHL Shares and 1.246 WT Units. The holdings of WRT Securities held by each WRT Securityholder will be aggregated in order to determine the resulting number of WRT Securities the WRT Securityholder will hold after the conversion takes place. Any resulting fractional interests will be rounded up to the nearest whole number
- WRT1 will pay the Stapling Distribution to each WRT Securityholder and will compulsorily apply that distribution on behalf of WRT Securityholders for the subscription of WHL Shares and WT Units
- the WHL Shares and the WT Units will then be stapled to the WRT1 Units and the WRT2 Units, forming Scentre Group Securities.

4.5 Conditions of the Proposal

The Proposal is subject to a number of conditions precedent which are set out in Section 3.5 and Annexure G of the Securityholder Booklet. In the event that any of the conditions precedent are not met, WRT and WDC must consult in good faith with a view to determining whether the Proposal may proceed by way of alternative means, to extend the relevant time for satisfaction of the conditions precedent or to extend the termination date of 31 December 2014.

The conditions precedent require Scentre Group and Westfield Corporation to enter into agreements regarding the following commercial arrangements:

- subsequent to implementation of the Proposal, Scentre Group will require the right to use the Westfield brand in relation to its shopping centre portfolio. As the Westfield brand will continue to be owned by Westfield Corporation, a Trade Mark Licence Agreement will be entered into between Scentre Group and Westfield Corporation. This agreement will set out the terms under which Scentre Group is able to use the Westfield brand. Further information regarding this agreement is set out in Section 3.10 of the Securityholder Booklet
- at present, the Australian and New Zealand business and the international business of Westfield Group rely on shared resources for areas such as corporate head office, treasury, tax, finance, compliance, insurance and IT environment. Subsequent to the implementation of the Proposal, Scentre Group and Westfield Corporation will transition to being entities which operate independently of one another (with the exception of trade mark licensing and the Labs Agreement referred to below). A transitional services agreement will be entered into by Scentre Group and Westfield Corporation, which will set out the terms for ongoing services to be performed during the transitional period not exceeding three years. Further information regarding this agreement is set out in Section 3.10 of the Securityholder Booklet

- Westfield Labs is currently a wholly owned subsidiary of Westfield Corporation, and this will remain the case subsequent to implementation of the Proposal. The role of this company includes the development of digital products, solutions and services for use in retail. An agreement will be entered into by Scentre Group and Westfield Corporation which will set out the terms under which Scentre Group will be able to participate in the development projects and utilise products developed by Westfield Labs. Further information regarding this agreement is set out in Section 3.10 of the Securityholder Booklet.

Other conditions precedent include:

- approval of the Proposal by WRT and WDC Securityholders
- customary court and regulatory approvals
- the conditions precedent for the financing arrangements necessary to implement the Proposal are satisfied by WRT, WDC, Scentre Group and Westfield Corporation on acceptable terms
- entry into ancillary transaction documentation
- receipt of satisfactory ATO draft rulings
- opinions from the independent experts for both WRT and WDC stating the Proposal is in the best interest of WRT Securityholders and WDC Securityholders, respectively.

4.6 Costs of the Proposal

The total transaction and implementation costs for WRT in relation to the Proposal are estimated to be approximately $75 million. Of this, approximately $10.0 million will have already been incurred prior to the Securityholder meeting to vote on the Proposal.

We note there is also a refinancing cost of $266 million which relates to early redemption of WDC bonds which will be part of Scentre's costs, only if the Proposal is implemented. However, the debt contribution from WDC has been reduced to offset this cost.

5 Scope of the report

5.1 Purpose

There is no statutory requirement for the preparation of this IER. However, the Directors on the IBC of WRT have requested KPMG Corporate Finance to prepare this report to provide an assessment as to whether the Proposal is in the best interests of WRT Securityholders.

In undertaking this work, we have referred to guidance by the Australian Securities and Investments Commission (ASIC) under Regulatory Guide 111 "Content of expert reports" (RG 111).

This report has been prepared for inclusion in the Securityholder Booklet to accompany the Notices of Meeting for the WRT Securityholders. The purpose of this meeting will be to seek the agreement of the WRT Securityholders to approve the Constitution amendments which will affect the Proposal.

5.2 Basis of assessment

RG 111 indicates the principles and matters which it expects a person preparing an expert report for inclusion in an explanatory statement to consider in determining whether the scheme of arrangement is "in the best interests of the members":

"If an expert would conclude that a proposal was "fair and reasonable" if it was in the form of a takeover bid, it will also be able to conclude that the scheme is in the best interests of the members of the company" (RG 111.18)

"If an expert would conclude that a proposal was "not fair, but reasonable" if it was in the form of a takeover bid……… it is still open to the expert to also conclude that the scheme is 'in the best interests of the members of the company………" (RG 111.19)

"If an expert concludes that a scheme proposal is "not fair and not reasonable" then the expert would conclude that the scheme is not in the best interests of the members of the company" (RG 111.20)

Whilst this is not directly applicable to the Proposal, given it does not involve a control transaction, we believe it is appropriate to assess the Proposal on this basis.

We have also given regard to RG 111.29 which states that *"the expert may need to assess whether a scrip takeover is in effect a merger of entities of equivalent value when control of the merged entity will be shared equally between the 'bidder' and the 'target'. In this case, the expert may be justified in using an equivalent approach to valuing the securities of the 'bidder' and the 'target'."*

In considering whether the Proposal is a merger of equals, we have considered the following factors:

- interests of WRT and WDC Securityholders on a collective basis
- the mix of members of the Board and senior management of Scentre Group
- contribution by WRT and WDC to the assets and liabilities of Scentre Group
- whether any securityholders, from either WRT or WDC, will be able to control or significantly influence Scentre Group; and if the securityholders register of Scentre Group will be relatively open after the Proposal

- the intentions of the Board and management of WRT and WDC on entering into the Proposal
- similarity in size and nature of businesses.

5.3 Limitations and reliance on information

In preparing this report and arriving at our opinion, we have considered the information detailed in Appendix 2 of this report. In forming our opinion, we have relied upon the truth, accuracy and completeness of any information provided or made available to us without independently verifying it. Nothing in this report should be taken to imply that KPMG Corporate Finance has in any way carried out an audit of the books of account or other records of WRT for the purposes of this report.

Further, we note that an important part of the information base used in forming our opinion is comprised of the opinions and judgements of management. We have had discussions with management of WRT and the proposed nominated CEO of Scentre Group, in relation to the nature of the business operations, specific risks and opportunities, historical results of WRT and prospects for the foreseeable future of WRT and Scentre Group. This type of information has been evaluated through analysis, enquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

WRT has been responsible for ensuring that information provided by it or its representatives is not false or misleading or incomplete. Complete information is deemed to be information which at the time of completing this report should have been made available to KPMG Corporate Finance and would have reasonably been expected to have been made available to KPMG Corporate Finance to enable us to form our opinion.

We have no reason to believe that any material facts have been withheld from us but do not warrant that our inquiries have revealed all of the matters which an audit or extensive examination might disclose. The statements and opinions included in this report are given in good faith, and in the belief that such statements and opinions are not false or misleading.

The information provided to KPMG Corporate Finance included forecasts/projections and other statements and assumptions about future matters (forward-looking financial information) prepared by the management of WRT and WDC. Whilst KPMG Corporate Finance has relied upon this forward-looking financial information in preparing this report, WRT remain responsible for all aspects of this forward-looking financial information. The forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We have not tested individual assumptions or attempted to substantiate the veracity or integrity of such assumptions in relation to any forward-looking financial information, however we have made sufficient enquiries to satisfy ourselves that such information has been prepared on a reasonable basis.

Notwithstanding the above, KPMG Corporate Finance cannot provide any assurance that the forward-looking financial information will be representative of the results which will actually be achieved during the forecast period. Any variations in the forward-looking financial information may affect our valuation and opinion.

It is not the role of the independent expert to undertake the commercial and legal due diligence that a company and its advisers may undertake. The IBC of WRT, together with the Company's legal and financial advisers, are responsible for conducting due diligence in relation to WDCANZ. KPMG Corporate Finance provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process, which is outside our control and beyond the scope of this report. We have assumed that the due diligence process has been and is being conducted in an adequate and appropriate manner.

The opinion of KPMG Corporate Finance is based on prevailing market, economic and other conditions at the date of this report. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon our opinion. We note that we have not undertaken to update our report for events or circumstances arising after the date of this report other than those of a material nature which would impact upon our opinion.

5.4 Disclosure of information

In preparing this report, KPMG Corporate Finance has had access to all financial information considered necessary in order to provide the required opinion. WRT has requested KPMG Corporate Finance limit the disclosure of some commercially sensitive information relating to WRT and its subsidiaries. This request has been made on the basis of the commercially sensitive and confidential nature of the operational and financial information of the operating entities comprising WRT. As such the information in this report has been limited to the type of information that is regularly placed into the public domain by WRT.

6 Profile of WRT

6.1 Overview

WRT was formed in 2010 when WDC created a separately listed entity to hold 50% of its interests in its Australian and New Zealand property portfolio. It commenced trading on the ASX on 13 December 2010. WRT's overarching strategy is to maximise the long term income and capital returns from investments in ANZ shopping centres to deliver stable and attractive returns to investors by:

- owning a portfolio of high quality retail assets in Australia and New Zealand
- maximising asset returns and investing in retail assets through redevelopments
- acquiring assets that are expected to generate the highest long term returns and divest underperforming assets
- funding activities with the lowest cost of capital while maintaining an investment grade credit rating.

An overview of the retail A-REIT industry, in which WRT operates, is set out in Appendix 3.

WRT is currently the second largest A-REIT listed on the ASX and the carrying value of its property portfolio as at 31 December 2013 was $13.6 billion. This portfolio comprised interests in 46 shopping centres located in Australia (37) and New Zealand (9). The ownership interest held by WRT in these properties is as follows:

- a 50% interest in 17 Australian shopping centres, with the other 50% being held by WDC
- interests ranging from 18.75% to 25% in 20 Australian shopping centres, with the remaining interests being held by WDC and other JV partners[11]
- a 50% interest in 9 New Zealand properties, with the other 50% being held by WDC.

A summary of WRT's shopping centre portfolio as at 31 December 2013 is outlined in the table below.

Table 4: Portfolio summary as at 31 December 2013

	Australia	New Zealand	Total
Centres	37	9	46
Retail outlets	10,712	1,409	12,121
Gross lettable area (m sqm)	3.3	0.4	3.7
Total annual sales (bn)	A$19.3	NZ$2.0	A$21.0
Asset value (bn)	A$12.4	NZ$1.4	A$13.6
Weighted average yield	5.9%	7.3%	6.0%
Portfolio leased	>99.5%	99.5%	>99.5%
Specialty retail sales	A$9,864psm	NZ$8,542psm	
Average specialty store rent	A$1,537psm	NZ$1,128psm	

Source: WRT Annual Report for year ended 31 December 2013
Note: Exchange rate applied AUD/NZD 1.0869

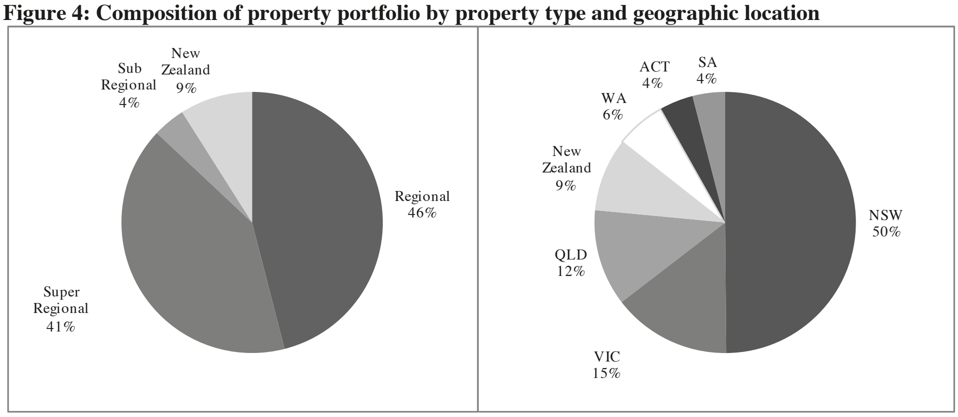
[11] Other joint venture partners includes AMP Capital, DEXUS, GIC, GPT, APPF, Perron, Asia Property Fund, ISPT and QIC

Further details on the centres are included in Appendix 5.

The close of trade on 3 December 2013, the day prior to announcement of the Proposal, WRT had a market capitalisation of $8.94 billion.

The composition of the value of WRT's property portfolio, by property type and by geographic location, is illustrated below.

Figure 4: Composition of property portfolio by property type and geographic location



Source: WRT Annual Report for the year ended 31 December 2013

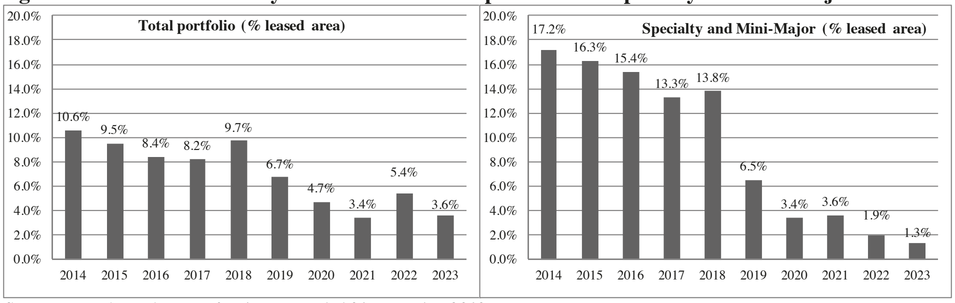
In relation to the property portfolio, we note:

- over 85% of properties are regional or super regional
- 50% of the portfolio is in NSW, however the size and geographic diversity of the portfolio significantly reduces the dependencies on any single retailer or shopping centre.

WRT has a wide cross-section of tenants, including anchor tenants such as the national chain store operators, including Woolworths, Target, K-Mart, Coles, David Jones and Myer, and specialty tenants. The weighted average lease expiry for anchor tenants and specialty and mini-major tenants is 9.7 years and 3.3 years respectively, with occupancy above 99.5% of leased area. Specialty retailers comprise 83% of total portfolio rental income and have lease terms in the range of five to seven years with annual escalations at either CPI plus a fixed percentage, or an annual fixed percentage increase. Anchor tenants generally have longer-term leases in the range of 20 to 25 years with stepped increases throughout the term at a either a fixed rate, CPI based or sales turnover based.

The lease expiry profile of WRT's property portfolio for the 10 years to 2023 is illustrated below.

Figure 5: WALE[1] for the 10 years to 2023 for total portfolio and specialty and mini-major



Source: WRT Annual Report for the year ended 31 December 2013
Note 1: Weighted average lease expiry (WALE)

In relation to the above, we note:

- from a total portfolio perspective, WRT has a weighted average lease expiry (WALE) of 6.9 years, which is comprised of anchor tenants (9.7 years) and specialty and mini major tenants (3.3 years)
- approximately 17.2% of specialty and mini major tenant leases expire in 2014, with renewal terms incorporating the CPI plus 2% increment in rental rates year on year. Given the quality of the centres and location near or in major metropolitan areas, lease renewals do not pose a significant risk for WRT
- tenant speciality leases are structured as shorter terms (5 to 7 year rolling leases), with varying options for renewal at the end of the lease at the CPI plus 2% increment in rental rates
- anchor tenant leases on average are 15 to 25 years with generally no set annual escalations, although rent adjustments are typically every 3 years.

6.2 Operating structure

WRT is a stapled group comprising WRT1 and WRT2. The function of each of these trusts is as follows:

- WRT1 holds direct and indirect interests in retail property assets
- WRT2 generates income from non-rental activities associated with the portfolio.

WRT1's constitution states that its principal investment policy is to invest predominately in property rights in connection with property used primarily for retail and associated purposes located within Australia and New Zealand, and cash and incidental investments.

The constitutions of WRT1 and WRT2 set out the rights and obligations of their respective responsible entities, namely RE1 and RE2 and WRT Securityholders.

RE1 and RE2 are wholly owned subsidiaries of WDC (specifically, WHL). Importantly, as the ultimate owner of the responsible entities, WDC is responsible for appointing the board of WRT. WRT

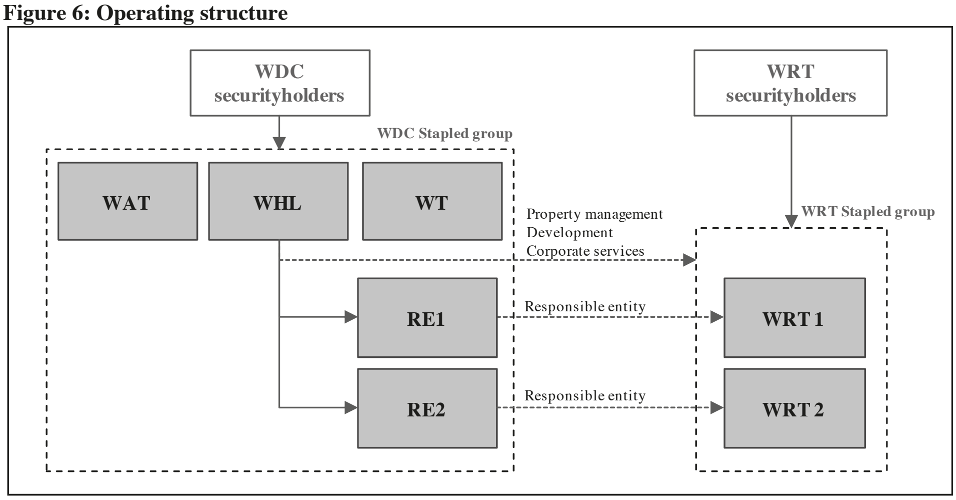
Securityholders have the right to ratify the selected board members but have a limited ability to remove these board members and no ability to nominate or appoint board members.

The constitutions of WRT1 and WRT2 do not authorise the responsible entities to be paid management fees. The responsible entities, however, are entitled to be paid or reimbursed by the Trusts for their costs in connection with performing the role of responsible entity.

WRT relies on WDC for the management and development of the properties in its portfolio, and for the provision of various corporate services. WRT's current arrangements with WDC are described in Section 6.4 of this Report.

The operating structure of WRT is summarised below.

Figure 6: Operating structure



Source: WRT management and WRT Public Offer document November 2010

In relation to WRT's operating structure, we note:

- WRT comprises two trusts, being WRT1 and WRT2, which are stapled and traded as a single unit on the ASX
- WRT1 operates as the property owning trust holding the shopping centre interests and deriving income through rental revenue. WRT2 is treated as a separate business for taxation purposes and manages the non-rental income and other activities for WRT
- RE1 and RE2 are the responsible entities for WRT1 and WRT2 respectively and are owned by WDC.

6.3 Board of directors and senior management

WRT currently has eight board members of which two (Mr Peter Allen and Mr Steven Lowy AM) sit on both the WRT and WDC boards. The senior management team consists of four members, the MD (also sits on the board), Chief Financial Officer (CFO), General Manager (GM) Asset Management and General Counsel/Company Secretary. The table below outlines WRT's board of directors and senior management.

Table 5: Board of directors and senior management

Board member	Senior Management
Mr Richard Egerton-Warburton AO, LVO (Chairman)	Mr Domenic Panaccio - MD
Mr Peter Allen	Mr Brian Mackrill - CFO
Mr Laurence Brindle	Mr Roy Gruenpeter - GM Asset Management
Mr Andrew Harmos	Ms Katherine Grace - General Counsel/Company Secretary
Mr Michael Ihlein	
Mr Steven Lowy AM	
Ms Sandra McPhee AM	
Mr Domenic Panaccio - MD	

Source: WRT Annual Reports for year ended 31 December 2013

6.4 Commercial arrangements between WRT and WDC

WRT is currently party to a number of commercial arrangements with WDC which relate to various aspects of WRT's operations. The arrangements are set out in the following agreements:

Table 6: Commercial arrangements by fee paying type between WRT and WDC

Fee paying arrangements	Non-fee paying arrangements
Property Management Agreements	Co-ownership or Unitholder Agreements
Development Management Agreements	Shareholders Agreement in relation to New Zealand Properties
Design and Construction Agreements	Co-operation Deed
Leasing Agreements	
Corporate Services Agreement	

Source: WRT Annual Report for years ended 31 December 2013

A summary of these agreements is included in Appendix 4. A summary of the fees payable by WRT to WDC under these agreements are set out below.

Table 7: Summary of fees payable under agreements between WRT and WDC

Fee type	Basis
Property management agreement	
Property management fee	5% of WRT's share of annual gross income of the property
Tenancy co-ordination fee	Recovery of WRT's share of costs up to $6,700 per specialty store (increased by CPI)
Development framework agreement	
Property development fee	3% of WRT's share of the project price
Design fee	10% of WRT's share of the project price
Project leasing fee	10% - 15% of WRT's share of first year's rent for leases that become available as a result of the development
Major tenant new lease and renewal lease fee	As negotiated and agreed with co-owners
Major tenant market rent review fee	As negotiated and agreed with co-owners
Tenancy co-ordination fee	WRT's share of up to $6,700 per specialty store (increasing by CPI)
Corporate services agreement	
Corporate services fees	Estimated cost of providing services. The level of fees and services to be provided is negotiated in good faith on an annual basis. The current corporate services fees are $20.0 million per annum

Source: WRT Product Disclosure Statement dated 3 November 2010

The fees paid by WRT to WDC under these agreements during the three years ending 31 December 2013 and forecast for the year ending 31 December 2014 are set out below.

Table 8: Summary of fees paid under agreements between WRT and WDC

For the period ending $ million	31-Dec-11 12 months	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Property management agreement				
Property management fee	46.0	48.8	52.2	54.6
Tenancy co-ordination fee	4.8	5.4	5.6	5.8
	50.8	54.2	57.8	60.4
Development framework agreement				
Project management fees	50.3	86.6	100.6	61.9
Corporate services agreement				
Corporate services fees	23.0	23.0	20.0	20.0
Total	**124.1**	**163.8**	**178.4**	**142.3**

Source: WRT Annual Reports for year ended 31 December 2011, 2012 and 2013, and financial information for Scentre Group 2014

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6.5 Financial performance

The structure of WRT's financial performance report has been modified in our analysis to better reflect the aggregation of the equity accounted entities for each relevant account. As such the adjusted financial performance of WRT for the years ended 31 December 2011, 2012 and 2013 and forecast for 31 December 2014 is summarised below.

Table 9: Financial performance of WRT

For the period ending $ million unless otherwise stated	31-Dec-11[1]	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Property revenue	1,065.6	1,098.4	1,121.9	1,135.4
Property expenses, outgoings and other costs	(278.4)	(289.7)	(302.8)	(298.2)
Net operating income (NOI)	**787.2**	**808.7**	**819.1**	**837.2**
Corporate services costs	(23.0)	(23.0)	(20.0)	(20.0)
Corporate costs	(13.2)	(14.1)	(16.1)	(17.0)
Operational EBIT	**751.0**	**771.6**	**783.0**	**800.2**
Financing costs	(140.4)	(163.3)	(170.6)	(173.6)
Net interest income/(expense)	1.8	(0.2)	1.5	-
Net fair value on currency derivatives	-	-	(0.1)	(0.7)
Tax expense	(17.0)	(16.7)	(17.0)	(18.2)
Funds from Operations (FFO)	**595.4**	**591.4**	**596.8**	**607.7**
Property revaluations	546.8	292.7	163.6	-
Amortisation of tenant allowances	(18.9)	(18.8)	(20.1)	(24.0)
Deferred tax expense	(2.3)	(1.9)	(6.3)	(3.0)
Capital transactions and related costs	(116.8)	1.5	19.6	-
Net fair value gain/(loss) on interest rate hedges	(28.1)	(34.1)	23.5	-
Profit after tax for the period	**976.1**	**830.8**	**777.1**	**580.7**
Statistics				
Basic earnings per stapled security (cents)	*31.96*	*27.21*	*25.85*	*19.85*
FFO per stapled security (cents)	*19.49*	*19.37*	*19.85*	*20.4*
Distribution per stapled security (cents)	*16.94*	*18.75*	*19.85*	*20.4*
Net operating income (NOI) growth (%)	n/a	*2.7%*	*1.3%*	*2.2%*
Interest cover ratio (times) [2]	*5.3*	*4.7*	*4.6*	*4.6*

Source: WRT Annual Reports for years ended 31 December 2011, 2012 and 2013; WRT forecast for the year ending 31 December 2014; KPMG Corporate Finance Analysis
Note 1 – Represents the period from 2 November 2010 to 31 December 2011
Note 2 – Interest cover ratio was calculated using Operational EBIT for the period over the respective total financing cost

In relation to the financial performance of WRT, we note the following:

- as WRT was established on 2 November 2010, its reporting period ended 31 December 2011 represented the period from 2 November 2010 to 31 December 2011. The capital transactions and related costs of $116.8 million during this period include the charges in respect to the establishment of WRT

- the net operating income (NOI) growth rate was 1.3% in FY13 and is forecast to increase to 2.2% in FY14. The growth rate increase is expected as a result of annual rent escalations being partially offset by reductions on renewing leases and reductions on new retailer leases
- property expenses, outgoings and other costs represents costs directly associated with operation of the shopping centres
- corporate services costs relate to amounts paid to WDC under the Corporate Services Agreement
- corporate costs represent amounts incurred by WRT in relation to employee remuneration, share registry fees, non-executive director fees, audit and professional fees and insurances
- financing costs increased by approximately 16% in FY12 as a result of an increase in interest bearing liabilities that included borrowings of $A denominated bank loans and $A denominated notes issued on the Australian bond market
- FFO is forecast to increase by 1.8% in FY14 to $607.7 million. This represents a combination of factors including an increase in NOI of $18.1 million (2.2%), offset by an increase in financing costs of $3.0 million due to the funding of development projects and security buy-backs, partially offset by debt reduction due to the sale of Karrinyup, and an increase in overhead costs of $1.0 million (2.7%)
- FY13 capital transactions and related costs represent the gain on the sale of Karrinyup
- property revaluations totalled $546.8 million in FY11. In FY12, property revaluations amounted to $292.7 million, of which $107.0 million was attributed to the redevelopment of Westfield Fountain Gate.

6.6 Financial position

The structure of WRT's financial position report has been modified in our analysis to better reflect the aggregation of the equity accounted entities for each relevant balance. As such, the adjusted financial position of WRT as at 31 December 2013 is summarised below.

Table 10: Financial position of WRT

As at $ million	31-Dec-13
Assets	
Cash and cash equivalents	42.7
Investment properties	13,879.0
Trade debtors	8.8
Receivables	37.4
Prepayments and deferred costs	21.0
Other assets	2.9
Derivative assets	55.6
Deferred tax assets	0.5
Total assets	**14,047.9**
Liabilities	
Interest bearing liabilities	3,171.0
Trade creditors	43.6
Payables and other creditors	209.9
Tax payable	7.9
Deferred tax liabilities	106.2
Derivative liabilities	34.0
Total liabilities	**3,572.6**
Net assets	**10,475.3**
Statistics	
Stapled securities on issue (millions)	*2,979.2*
NTA per stapled security [1] ($)	*3.52*
Gearing [2] (%)	*22.4%*
Loan to value ratio [3] (%)	*25.4%*

Source: WRT Annual Reports for the year ended 31 December 2013
Note 1: NTA per stapled security calculated as net tangible assets over stapled securities on issue
Note 2: Gearing calculated as net debt (current and non-current interest bearing liabilities less cash) over total assets less cash
Note 3: Loan to value ratio calculated as total liabilities over total assets

In relation to the financial position of WRT, we note the following:

- as at 31 December 2013, the carrying value of WRT's investment property portfolio totalled $13,879.0 million which includes the carrying value of the investment properties ($13,632.0 million) and capitalised costs associated with development and construction in progress ($247.0 million). Further details regarding composition of the property portfolio is set out in Appendix 5
- derivative assets comprise interest rate derivatives which are measured at fair value
- derivative liabilities comprise interest rate and currency derivatives which are measured at fair value

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- interest bearing liabilities comprise finance leases, bank loans and guaranteed notes on issue in the Australian and Euro bond markets.

6.6.1 Interest bearing liabilities

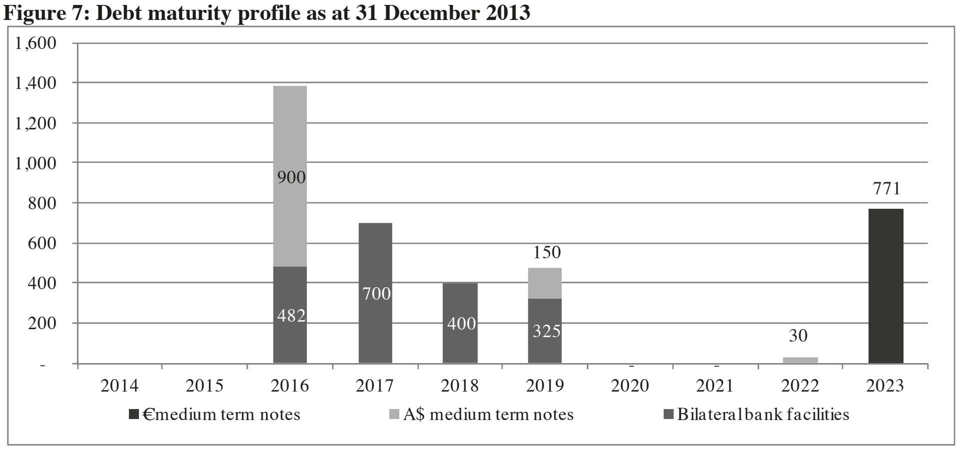
Details of the committed financing facilities available and debt maturity profile of WRT as at 31 December 2013 are set out in the figures below.

Table 11: Financing facilities

$ million	Total facilities	Amount drawn	Available facility
Cash	-	-	21.4
Commercial paper		245.9	
Bilateral bank facilities			614.5[1]
- A$ denominated	1,907.0	527.0	
- NZ$ denominated		519.6	
Medium term notes			
- A$ denominated	1,080.0	1,080.0	-
- € denominated	771.1	771.1	-
Finance leases[2]	27.4	27.4	-
Total	**3,785.5**	**3,171.0**	**635.9**

Source: WRT Annual Reports for the year ended 31 December 2013
Note 1: The available facility of $614.5 million represents the undrawn portion of the bilateral bank facilities offset by the commercial paper outstanding
Note 2: Includes finance leases which are accounted for under the equity accounting method totalling $22.2 million

Figure 7: Debt maturity profile as at 31 December 2013



Source: WRT Annual Reports for the year ended 31 December 2013

Westfield Retail Trust
Independent Expert Report
11 April 2014

In relation to the interest bearing liabilities, we note the following:

- in September 2013, WRT completed a €500 million ($720 million) issue of 10 year fixed rate senior guaranteed notes under its Euro Medium Term Note Programme with a coupon of 3.25%. The net proceeds were used to repay borrowings under WRT's bilateral bank facilities. As at 31 December 2013, guaranteed notes of €500 million were issued in the European bond market. These notes mature in 2023
- in 2013, WRT extended $1.75 billion of existing bilateral facilities and entered into $250 million of additional bilateral facilities
- as at 31 December 2013, guaranteed notes of A$1,080 million were on issue in the Australian bond market. The issues comprised $800 million, $150 million and $30 million of fixed rate notes maturing in 2016, 2019 and 2022 respectively, and $100 million of floating rate notes maturing in 2016
- the bilateral facilities will mature by 2019, with 25% of the total amount maturing each consecutive year from 2016 onwards
- in 2016, $900 million of A$ medium term notes will mature, representing 49% of the total amount of medium term notes.

Details of the financial covenants relating to the medium term notes are set out below, together with WRT's actual performance with respect to each of these covenants.

Table 12: Financial covenants – Medium term notes

Financial covenant	Threshold	31-Dec-11	31-Dec-12	31-Dec-13
Leverage ratio (net debt to net assets)	Not greater than 65%	21.0%	20.7%	22.4%
Secured debt ratio (secured debt to total assets)	Not greater than 45%	0.0%	0.0%	0.0%
Interest coverage ratio (EBITDA to interest expense)	At least 1.5 times	4.9 times	4.3 times	4.2 times
Unencumbered leverage ratio (unencumbered assets to unsecured debt)	Not less than 125%	473%	481%	443%

Source: WRT Annual Reports for the year ended 31 December 2013

Both the financial performance and position of WRT has consistently been well within the financial covenant thresholds.

The changes to the debt structure under the Proposal are set out in Section 8.10 of this report.

6.7 Distributions

WRT pays half-yearly distributions. Distributions for the periods ending 30 June and 31 December are paid in August and February respectively. In 2013, the distribution policy was changed to allow for the payout of 100% of FFO from 2013 onwards.

Distributions paid by WRT in relation to the years ended 31 December 2011, 2012 and 2013 are set out in the table below.

Table 13: Distributions

Period ended	31-Dec-11	31-Dec-12 12 months	31-Dec-13 12 months
Weighted average number of stapled securities entitled to distributions (million units)	3,054.2	3,053.6	3,006.7
FFO ($ millions)	595.4	591.4	596.8
FFO per stapled security (cents)	19.49	19.37	19.85
Distibutions per ordinary stapled security (cents)	16.94	18.75	19.85
Payout ratio	**86.91%**	**96.81%**	**100.00%**

Source: WRT Annual Reports for years ended 31 December 2012 and 2013
Note: 31 December 2011 represents the period from 2 November 2010 to 31 December 2011

6.8 Capital structure

6.8.1 General

At 10 February 2014, WRT had 2,979.2 million stapled securities on issue.

The following table sets out the top 20 ordinary WRT Securityholders as at 10 February 2014.

Table 14: Top 20 WRT Securityholders as at 10 February 2014

		Number of stapled securities	Percentage of issued securities
1	HSBC Custody Nominees (Australia) Limited	840,452,368	28.21%
2	National Nominees Limited	621,900,627	20.87%
3	J P Morgan Nominees Australia Limited	546,296,093	18.34%
4	Citicorp Nominees Pty Limited	250,485,738	8.41%
5	BNP Paribas Nominees Pty Limited	106,870,017	3.59%
6	Citicorp Nominees Pty Limited	45,537,773	1.53%
7	RBC Investor Services Australia Nominees Pty Limited	42,737,944	1.43%
8	AMP Life Limited	39,815,188	1.34%
9	JP Morgan Nominees Australia Limited	38,648,072	1.30%
10	Share Direct Nominees Pty Limited	12,657,750	0.42%
11	Bainpro Nominees Pty Limited	9,124,478	0.31%
12	Bond Street Custodian Limited	8,289,767	0.28%
13	RBC Investor Services Australia Nominees Pty Limited	6,910,239	0.23%
14	Australian Foundation Investment Company Limited	6,700,004	0.22%
15	RBC Investor Services Australia Nominees Pty Limited	6,041,161	0.20%
16	Amondi Pty Ltd	5,869,425	0.20%
17	BNP Paribas Nominees Pty Ltd	5,000,000	0.17%
18	HSBC Custody Nominees (Australia) Limited	4,922,856	0.17%
19	Questor Financial Services Limited	4,882,589	0.16%
20	Suncorp Custodian Services Pty Limited	4,774,911	0.16%
		2,607,917,000	**87.54%**

Source: WRT Annual Report for the year ended 31 December 2013

In relation to the WRT Securityholders, we note:

- the top ten registered WRT Securityholders account for approximately 85% of WRT issued securities
- from the 2,979 million outstanding securities, institutional investors comprise approximately 88% of total securities outstanding, with the five largest institutional investors (by parent company) holding approximately 29% of total outstanding WRT Securities.

6.8.2 Directors' interests

As at 31 December 2013, the directors of WRT held the following securities (directly or indirectly).

Table 15: Director's relevant interests at 31 December 2013

	Balance as at 31-Dec-12	Net change	Balance as at 31-Dec-13
Mr Richard Egerton-Warburton AO, LVO	72,748	-	72,748
Mr Peter Allen	115,000	-	115,000
Mr Laurence Brindle	-	-	-
Mr Andrew Harmos	34,944	-	34,944
Mr Michael Ihlein	36,000	-	36,000
Mr Steven Lowy AM[1]	214,799,637	(214,799,637)	-
Ms Sandra McPhee AM	36,364	-	36,364
Mr Domenic Panaccio	40,000	-	40,000
Total	**215,134,693**	**(214,799,637)**	**335,056**

Source: WRT Annual Report for the year ended 31 December 2013
Note 1: The aggregate interest of Mr Steven Lowy AM includes Lowy Family Group holdings

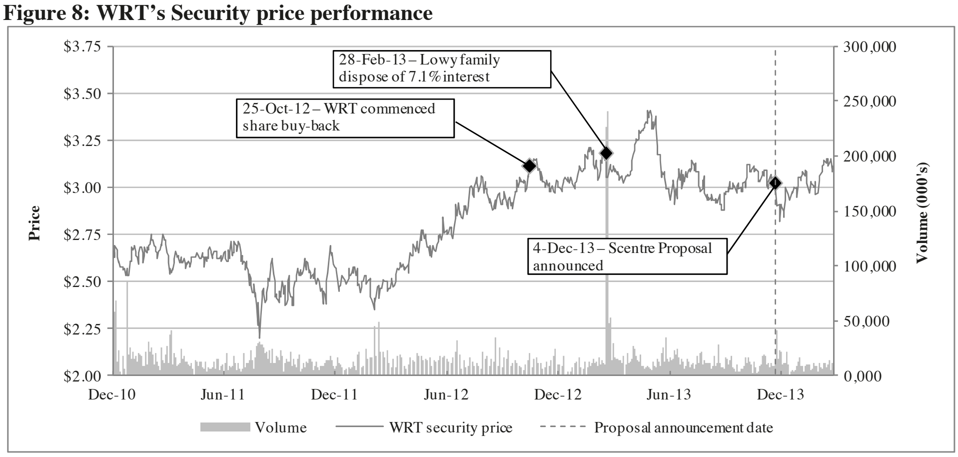
KPMG

6.9 Security price performance

6.9.1 Recent security market trading

WRT's history and volume of trading from 13 December 2010 to 7 March 2014 is set out below.

Figure 8: WRT's Security price performance



Source: S&P Capital IQ and KPMG Corporate Finance Analysis

Since WRT's Securities commenced trading in December 2010, the security price has ranged between a low of $2.20 in August 2011 to a high of $3.41 in May 2013. WRT's Security price peaked at $3.41 on 8 May 2013 which is consistent with the ASX 200 A-REIT Index (A-REIT Index).

On 25 October 2012, WRT commenced an on-market buy-back, under which it would repurchase up to 70 million WRT Securities for a value of $200 million. On 10 September 2013, this buy-back program was increased to up to 102 million securities for $300 million. From the commencement of the buy-back until 31 December 2013, WRT repurchased 74.9 million WRT Securities for $226 million.

On the day prior to announcement of the Proposal, WRT's Security price closed at $3.00. During the week subsequent to the announcement, WRT's Security price closed at a low of $2.82 on 11 December 2013. This coincided with a dip in the broader S&P/ASX 200 Index (ASX 200 Index). WRT's Security price has since increased to a close of $3.08 at 7 March 2014.

6.9.2 Liquidity

An analysis of the volume of trading in WRT Securities, including the volume weighted average price (VWAP) for the period to 4 December 2013 (Announcement Date) is set out below.

Table 16: Volume of trading in WRT Securities prior to 4 December 2013

Period	Price (low) $	Price (high) $	VWAP $	Cumulative volume million	% of issued capital
1 day	3.00	3.05	3.01	15.2	0.5%
1 week	3.00	3.08	3.03	56.1	1.9%
1 month	2.98	3.11	3.05	231.6	7.8%
3 months	2.87	3.15	3.03	603.3	20.2%
6 months	2.87	3.17	3.01	1,414.6	47.3%

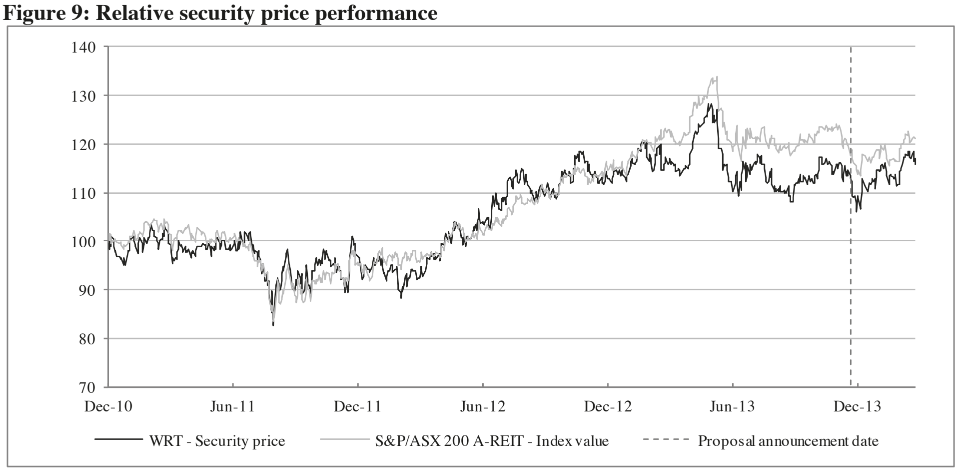
Source: S&P Capital IQ and KPMG Corporate Finance Analysis

In relation to the above, we note that during the six month period prior to the Announcement Date, 47.3% of issued securities were traded. This indicates that under normal market conditions, the trading price of WRT's Securities is unlikely to be materially impacted by the level of liquidity.

6.9.3 Relative security price performance

The figure below illustrates the performance of WRT Securities between 13 December 2010 and 7 March 2014, relative to the A-REIT Index.

Figure 9: Relative security price performance



Source: S&P Capital IQ and KPMG Corporate Finance Analysis

WRT is the second largest listed entity within the A-REIT Index, making up 10% of the A-REIT index from a market capitalisation perspective.

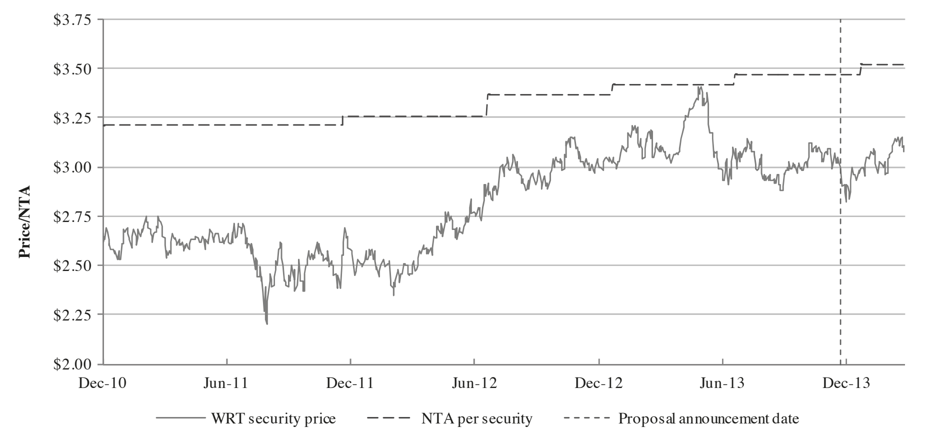
The movement of WRT's Security price has been reasonably consistent with the A-REIT Index during the period set out above. The increase in price achieved by WRT Securities during this period was 16.9%, which was below the 20.4% increase achieved by the A-REIT Index.

The A-REIT Index experienced a strong period of growth between February 2012 through to May 2013, which is in-line with WRT's Security trading for that period. This high growth was driven by a number of domestic macroeconomic factors, including a reduction in interest rates and a positive outlook for retail sales. This improvement in economic outlook was also reflected in international markets.

6.9.4 Security price relative to NTA

WRT's Security performance together with its reported net tangible assets (NTA) is illustrated below.

Figure 10: NTA relative security price



Source: Capital IQ and KPMG Corporate Finance Analysis

WRT's Securities have consistently traded at a discount to NTA. The average discount to NTA during the six months prior to the announcement of the Proposal was 12.9%. The discount to NTA on 3 December 2013, being the day prior to the announcement, was 13.5%. While difficult to quantify, reasons for the discount may include:

- the market's perception regarding the outlook for growth rates in retail leases
- the related party agreements with WDC and the associated payment of fees by WRT for property management, development and corporate services
- the lack of control associated with the appointment of Directors
- the inability to grow WRT outside Australia and New Zealand
- overhead costs required to operate WRT which are not captured in NTA
- unlikelihood of a change of control transaction given WRT's current structure and relationship with WDC.

7 Profile of WDC's Australia and New Zealand Business

7.1 Overview of WDC

WDC, in its current form, was established in 2004 through the merger of WHL, WT and WAT.

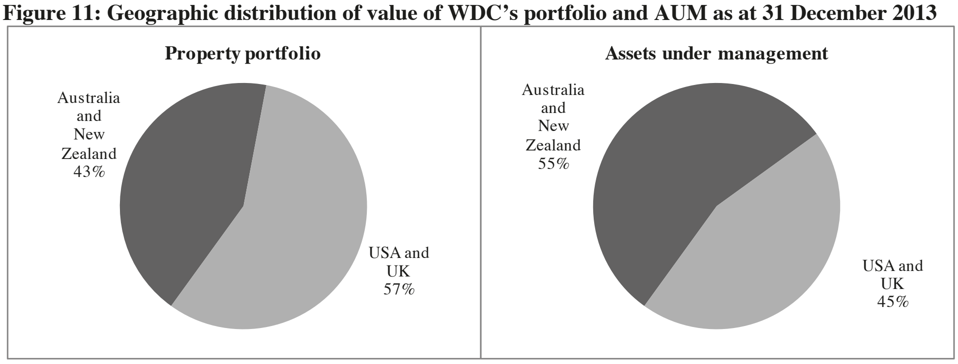
WDC is currently the largest A-REIT listed on the ASX, with a market capitalisation at the close of trade on 3 December 2013 of $21.5 billion.

WDC invests in retail properties and holds a property portfolio which includes interests in 90 shopping centres. These shopping centres are located in Australia (38), New Zealand (9), the US (38) and the UK (5)[12]. The carrying value of these interests totalled $34.0 billion as at 31 December 2013.

In addition to holding interests in shopping centres, WDC performs a range of related functions including property management, leasing and marketing services, property development, design and construction, as well as asset management across the jurisdictions outlined above. The value of assets under the management of WDC totalled $70.0 billion as at 31 December 2013.

The geographic distribution of the value of WDC's portfolio and the value of its AUM is illustrated below.

Figure 11: Geographic distribution of value of WDC's portfolio and AUM as at 31 December 2013



Source: WDC Annual Report for the year ended 31 December 2013

WDC is a stapled group comprising WHL, WT and WAT. The function of each of these entities is as follows:

- WHL is the primary entity through which shopping centre development, design, construction management and leasing operations and, funds and asset management activities are conducted
- WT is the primary entity which owns interests in shopping centres in Australia and New Zealand
- WAT is the primary entity which owns interests in shopping centres in the US. Interests in the UK properties are held through WHL and WT.

[12] As at 31 December 2013, based on the WDC Annual Report for the year ended 31 December 2013

The Proposal, from the perspective of WRT Securityholders, relates to the merger with WDCANZ and the Operating Platform. As such, we have focused our description of WDC on these geographic regions, Australia and New Zealand, rather than WDC as a whole.

7.2 Overview of WDC's Australia and New Zealand business

The business consists of the following:

- WDC's ANZ shopping centre portfolio, jointly owned with WRT and other third parties
- WDC's effective 25% interest in Westfield Carindale, a 50% interest in a development site at Coomera in Queensland (QLD) and other sundry property interests
- the vertically integrated Operating Platform in Australia and New Zealand with extensive capabilities in property management, leasing, design, development, construction, marketing and funds management.

Westfield Carindale is an equal proportioned JV between Carindale Property Trust and the Australian Prime Property Fund Retail. Carindale Property Trust is an ASX listed property trust of which WDC holds 50%.

7.2.1 Property management activities – Australia and New Zealand

WDCANZ is appointed as the property manager of all 47 Australian and New Zealand properties within its portfolio and is also appointed as the property manager of one property in which it does not hold an interest, (Eastgardens)[13]. As the manager of these properties, WDCANZ is responsible for the collection of rent and outgoing contributions from tenants, payment of operating expenses for each property, managing the leasing of retail space, maintaining and operation of trust accounts, preparation of annual budgets for each property and consulting with co-owners of the property to address specific management and operation matters.

The rights and obligations of WDCANZ as property manager and those of the co-owners of the properties are set out in the individual agreements which are in place for each property.

The properties within WDCANZ's portfolio are either wholly owned by WDC and WRT or held by WDC and WRT together with one or more JV partners or in the case of Westfield Carindale, by Westfield Group (through its interest in the Carindale Property Trust) and its JV partners. The property management agreements which are in place differ depending upon the circumstances of the particular property. In this regard we note:

- in circumstances where properties are wholly owned by WDC and WRT, the Property Management Agreement which is summarised in Appendix 4 of this report is in place

[13] In one case WDCANZ is appointed as an asset manager (including property management) under an asset management agreement.

- for third party owned properties, specific agreements are in place. We understand that the terms of these agreements are materially similar to those of the Property Management Agreement, however there are variances.

As outlined in Section 6.4, in general terms, management revenue received by WDCANZ represents 5% of the annual gross income of each property. In addition, WDCANZ receives a reimbursement of specific internal and external costs that it incurs in providing tenancy design and co-ordination services.

Under the management agreements that are currently in place between WDCANZ, WRT and third party co-owners, WDCANZ's appointment as property manager is akin to a perpetual agreement, so long as it maintains an ownership interest of 25% in the property (or in one case, 20%).

The terms of these agreements provide very limited circumstances under which WDCANZ's management rights may be terminated. In general terms, these limited circumstances include a breach of its obligations, other specified default events and failure to remedy a default within a specified period of time. For further information regarding the circumstances which could result in termination, refer to Appendix 4.

Given that WDCANZ can control the ownership interest that it maintains in each property, and compliance with the property management agreements, WDCANZ is essentially able to control the continuity of its appointment as manager with respect to all properties within its portfolio.

The table below sets out the property management revenue received by WDCANZ from WRT and third parties during the three years ending 31 December 2013 and forecast for the year ending 31 December 2014.

Table 17: Property management revenue received by WDCANZ

For the period ending $ million	31-Dec-11 12 months	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Received from WRT	46.0	48.8	52.2	54.6
Received from third parties	45.1	47.3	52.3	55.8
Total property management revenue	**91.1**	**96.1**	**104.5**	**110.4**

Source: Financial Information for Scentre Group, Securityholder Booklet

7.2.2 Development activities

WDCANZ has a Development Framework Agreement in place with respect to all Australian and New Zealand properties within its portfolio[14]. In addition, WDCANZ has a Design and Construction Agreement in place with AMP Capital with respect to the Macquarie Centre and Pacific Fair properties.

As outlined in Section 6.4, generally under the Development Framework Agreements, project revenue received by WDCANZ represents development and design fees equal to a total of 13% of the project price. In addition, WDCANZ receives leasing fees and tenancy design and co-ordination fees in respect of each small shop lease entered into as a result of the development.

[14] In one case WDCANZ is appointed as an asset manager (which includes development roles) under an asset management agreement.

Generally under the Development Framework Agreements that are currently in place between WDC, WRT and third party co-owners, WDC is appointed as the exclusive provider of a comprehensive range of planning services, design services and development services in relation to the future development of the properties within its portfolio. The agreements are akin to perpetual agreements, so long as WDC maintains an ownership interest of 25% in the property (or in one case, 20%).

The terms of these agreements provide very limited circumstances under which WDCANZ's development rights may be terminated. In general terms, these circumstances include a breach of its obligations, other specified default events and failure to remedy a default within a specified period of time. For further information regarding the circumstances which could result in termination, refer to Appendix 4.

Given that WDCANZ controls the ownership interest that it maintains in each property, and compliance with the Development Framework Agreements, WDCANZ is essentially able to control the continuity of its appointment as provider of development services with respect to all properties within its portfolio.

The table below sets out the project management revenue recognised by WDCANZ from WRT and third parties during the three years ending 31 December 2013 and the forecast revenue for the year ending 31 December 2014.

Table 18: Project management revenue received by WDCANZ

For the period ending	31-Dec-11	31-Dec-12	31-Dec-13	31-Dec-14
$ million	12 months	12 months	12 months	12 months[1]
Received from WRT	50.3	86.6	100.6	61.9
Received from third parties	29.0	30.8	25.1	77.3
Total project management revenue	**79.3**	**117.4**	**125.7**	**139.2**

Source: Financial Information for Scentre Group, Securityholder Booklet
Note 1: Amount received from WRT for period ending 31 December 2013 includes $47.0 million of project profits in relation to Fountain Gate and Westfield Sydney which were excluded from the Merger Ratio.

A summary of the recent development projects undertaken, and development projects currently under construction, together with total project costs and completed/projected completion dates are set out below.

Table 19: Development projects completed during FY11, FY12 and FY13

	Total project cost ($ million)	Year of completion
Belconnen (ACT)	125	2011
Carindale (QLD)	310	2012
Westfield Sydney (NSW)	1,200	2012
Fountain Gate (VIC)	340	2012
West Lakes (SA)	92	2013
Total development projects completed	**2,067**	

Source: WRT Annual Results for year ended 31 December 2011, 2012 and 2013, and WDC Annual Report Presentation for the year ended 31 December 2011, 2012 and 2013

WDCANZ has $1.9 billion of current projects including Pacific Fair (Queensland) (QLD) and Macquarie (New South Wales) (NSW) which are design and construction projects on behalf of AMP Capital. The composition of WDCANZ's current development projects are set out below.

Table 20: Development projects currently under construction

	Total project cost ($ million)	Anticipated year of completion
Miranda (NSW)	435	2014/2015
Mt Gravatt (QLD)	400	2014
Macquarie (NSW)[1]	390	2014
Pacific Fair (QLD)[1]	670	2016
Total development projects currently under construction	**1,895**	

Source: WDC Annual Report Presentation for the year ended 31 December 2013
Note 1: Design and construction project for AMP Capital

In addition to the development projects currently under construction, WDCANZ is currently undertaking pre-development activities in relation to future development opportunities connected with the centres listed below.

Table 21: Major development opportunities

Australia	New Zealand
Carousel (WA)	Albany (NZ)
Chermside (QLD)	Newmarket (NZ)
Knox (VIC)	St Lukes (NZ)
Kotara (NSW)	
Marion (SA)	
North Lakes (QLD)	
Plenty Valley (VIC)	
Tea Tree Plaza (SA)	
Tuggerah (NSW)	
Warringah Mall (NSW)	
Whitford City (WA)	

Source: Securityholder Booklet

WDCANZ has a redevelopment pipeline of $3.0 billion (WDCANZ's share representing $1.0 billion). The target unlevered internal rates of return range between 12% to 15% on investment.

7.2.3 Corporate services

Under the Corporate Services Agreement, WDC provides WRT with resources and services which enable the responsible entities to perform their duties under the constitutions of the respective trusts. These duties include the provision of investment management, administration, accounting, compliance, reporting, investor relations and other aspects of operating the responsible entities.

The Corporate Services Agreement continues until it is terminated, and may be terminated, or the level of services or fees changed, on 12 months notice by either party. The agreement is automatically terminated if RE1 and RE2 cease to be the responsible entities of WRT1 and WRT2 respectively. As previously noted, RE1 and RE2 are owned by WHL.

The table below sets out the corporate services fees received by WDC from WRT during the three years ending 31 December 2013 and forecast for the year ending 31 December 2014.

Table 22: Corporate services fees received by WDCANZ

For the period ending $ million	31-Dec-11[1]	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Received from WRT	23.7	23.0	20.0	20.0
Total corporate services revenue	**23.7**	**23.0**	**20.0**	**20.0**

Source: Financial Information for Scentre Group and WRT, Securityholder Booklet
Note 1: The amount $23.7 million for corporate services received includes the amount of corporate services payable to WDC from the period of establishment of WRT from 2 November 2010 to 31 December 2011.

The corporate services fee is subject to an annual review at which time the scope and associated cost of the services provided under the agreement can be varied. The fee charged for the services provided are based on an estimate of the costs that WRT would be required to incur if it engaged a third party to provide these services.

7.3 Pro forma financial position

Outlined in the table below is the pro forma financial position for WDCANZ on a proportionate basis which consolidates the financial position with its equity accounted investments.

Table 23: Financial position of WDCANZ – prepared on a proportionate basis

As at $ million unless otherwise stated	
Assets	
Cash and cash equivalents	211.5
Investment properties	14,402.5
Development projects and construction in progress	280.3
Receivables and other current assets	168.1
Other non-current assets	176.2
Total assets	**15,238.6**
Liabilities	
Interest bearing liabilities	7,305.5
Trade creditors and other payables	666.3
Deferred tax liabilities	149.8
Property linked notes	1,371.4
Other non-current liabilities	31.0
Total liabilities	**9,524.0**
Net assets	**5,714.6**
Securities on issue	2,078.1
Statistics	
NTA per security[1] ($)	*2.75*
Gearing[2] (%)	*47%*

Source: Financial Information for Scentre Group, Securityholder Booklet
Note 1: NTA per stapled security calculated as net tangible assets over stapled securities on issue
Note 2: Gearing calculated net debt over total assets less cash

In relation to the financial position of WDCANZ, we note the following:

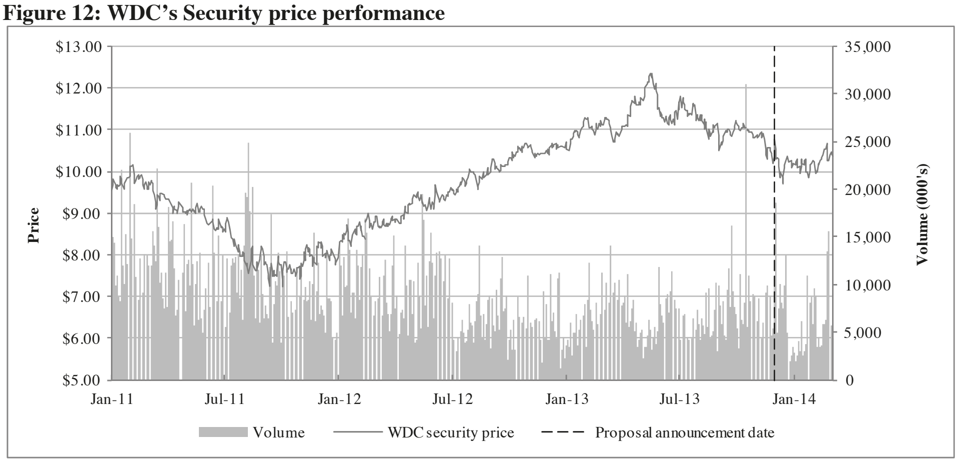
- as at 31 December 2013, the carrying value of WDCANZ's investment property portfolio totalled $14.4 billion and the carrying value of capitalised costs associated with development and construction in progress, including properties held for development, totalled $280.3 million. Further details regarding the composition of the property portfolio are set out in Appendix 5
- amounts categorised as receivables and other current assets, and trade creditors and other payables, primarily represent the working capital associated with the Operating Platform
- interest bearing liabilities represents the debt that will be taken on by Scentre Group in connection with the assets of WDCANZ. Further information regarding the debt structure of Scentre Group subsequent to implementation of the Proposal is set out in Section 8.10 of this Report
- in late 2006 and early 2007, WDC issued two tranches of PLNs over six Australian properties, raising $1.25 billion. At 31 December 2013, the PLNs had a market value of $1.4 billion. The PLNs provide returns based on the performance of the underlying property asset, with coupons payable semi annually for as long as the notes remain outstanding. The first review date of the PLNs will be in December 2016, at which time the holder may elect to have the notes redeemed. On redemption, the obligation to pay the amount due can be satisfied, at WDC's option, by cash or by a transfer of the relevant interest in the underlying property. The obligations associated with these notes will be assumed by Scentre Group.

7.4 Security price performance

7.4.1 Recent security market trading

WDC's history and volume of trading from 4 January 2011 to 7 March 2014 is set out below.

Figure 12: WDC's Security price performance



Source: S&P Capital IQ and KPMG Corporate Finance Analysis

WDC's security price has ranged between a low of $7.24 in September 2011to a high of $12.34 in May 2013.

WDC implemented an on market security buy-back program which commenced on 15 February 2012 and ceased on 18 October 2013 (with a settlement date of 23 October 2013). During this period, WDC bought back a total of 230.9 million shares with a total value of $2.4 billion. The buy-back was funded from existing credit facilities utilising inflows from centre dispositions and JVs principally in the US and UK.

At the date of the announcement, the security price was trading at $10.36[15]. Subsequently, the security price has traded at a two month VWAP to 7 March 2014 of $10.22.

7.4.2 Liquidity

An analysis of the volume of trading in WDC Securities, including the VWAP for the period to the Announcement Date is set out below.

Table 24: Volume of trading in WDC Securities prior to the Announcement Date

Period	Price (low) $	Price (high) $	Price VWAP $	Cumulative value $m	Cumulative volume m	% of issued capital
1 week	10.11	10.53	10.39	330.3	31.8	1.5%
1 month	10.11	10.98	10.61	1,460.0	137.6	6.6%
3 months	10.11	11.26	10.81	5,323.9	492.7	23.3%
6 months	10.11	11.80	11.00	9,637.5	875.7	41.0%

Source: Capital IQ and KPMG Corporate Finance Analysis

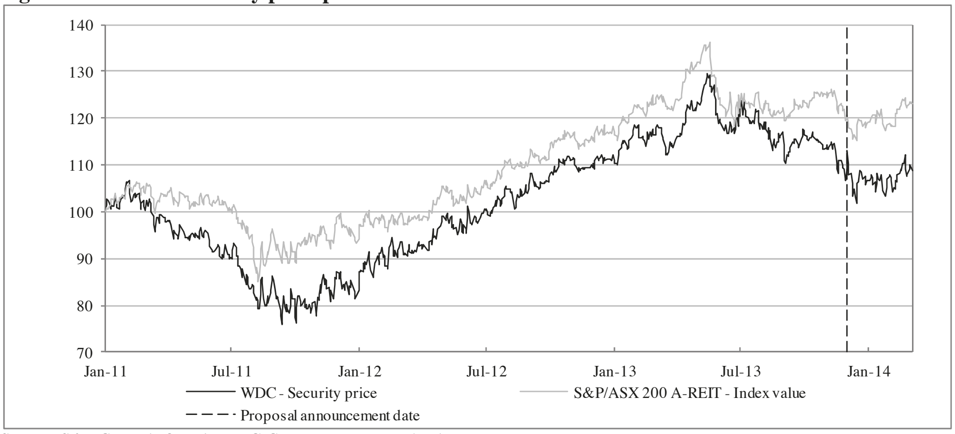
In relation to the above, we note that during the six month period prior to the Announcement Date, 41% of issued shares were traded. This indicates that under normal market conditions, the trading price of WDC's securities is unlikely to be materially impacted by the level of liquidity.

15 Price taken at close of trade 3 December 2013.

7.4.3 Relative security price performance

The figure below illustrates the performance of WDC Securities between 4 January 2011 and 7 March 2014, relative to the A-REIT Index.

Figure 13: Relative security price performance



Source: S&P Capital IQ and KPMG Corporate Finance Analysis

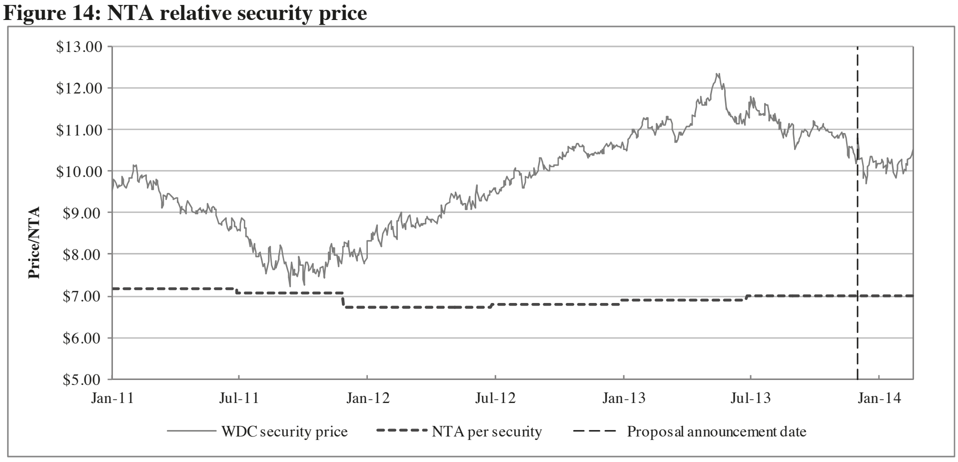
As at 7 March 2014, WDC represented approximately 24.3% of the A-REIT Index. While the overall trend in WDC's security price during the above period has been reasonably consistent with the A-REIT Index, it has underperformed the index, increasing by 10.5% over the period 4 January 2011 to 3 December 2013, compared to 24% for the index.

The performance of the A-REITs has improved in recent years following the difficult market conditions that resulted from the Global Financial Crisis (GFC) (in early 2009). This period characterised by restricted access to debt and equity markets, and generally weak economic conditions. The recovery in performance in recent years reflects stabilisation in equity markets and the general economic environment.

7.4.4 Security price relative to NTA

WDC's security performance together with its reported NTA is illustrated below for the period between 4 January 2011 to 7 March 2014.

Figure 14: NTA relative security price



Source: Capital IQ and KPMG Corporate Finance Analysis

WDC's securities have consistently traded at a premium to NTA. The average premium to NTA during the six months prior to the announcement of the Proposal was 59%. The premium to NTA on 3 December 2013, being the day prior to the announcement, was 48%. While difficult to quantify, reasons for the premium to NTA include:

- the value attributable to the Operating Platform which includes the property management and property development earnings is not reflected in the NTA due to its intangible characteristics
- the value expected to be generated from the future development pipeline and from the development projects which WDC currently has underway that will enhance the value of its existing properties
- the ability to undertake future growth strategies.

8 Profile of Scentre Group

8.1 Overview

The implementation of the Proposal will result in the formation of Scentre Group. Scentre Group will be an internally managed Australian and New Zealand focused A-REIT comprising a property portfolio of 47 shopping centres in Australia and New Zealand, operating under the Westfield brand. Scentre Group will have total assets of $29.2 billion and $38.5 billion of AUM.

Scentre Group will hold a 100% interest in 26 assets which have a combined value of $18.9 billion. The remaining assets will continue to be held in JV arrangements with third parties.

Scentre Group is expected to be in the top 20 of the ASX in terms of market capitalisation and be the largest A-REIT within the sector.

In addition to the combined property portfolio, Scentre Group will control the Operating Platform which includes property management, leasing, design, development, construction, marketing and funds management services. Scentre Group will have over 2,000 employees with its corporate head office in Sydney and offices across Australia and New Zealand. Scentre Group's Operating Platform will be led by WDC's existing Australia and New Zealand management team.

A summary of Scentre Group's asset portfolio is set out below.

Table 25: Scentre Group asset portfolio

As at 31 December 2013	Unit	Australia	New Zealand	Total
Centres		38	9	**47**
Retail outlets		11,135	1,409	**12,544**
Gross lettable area	(m sqm)	3.4	0.4	**3.8**
Weighted average yield	%	5.9%	7.3%	**6.0%**
Scentre Group ownership interest	(billion)	$26.0	NZ$2.8	**$28.5**
JV partner ownership interest	(billion)	$10.0	NZ$0.0	**$10.0**
Assets under management (AUM)	(billion)	$36.0	NZ$2.8	**$38.5**
Scentre Group share of AUM	%	72%	100%	**74%**

Source: Securityholder Booklet
Note 1: All values are presented in AUD, unless otherwise stated
Note 2: Exchange rate applied AUD/NZD 1.0869

Further information regarding the profile of Scentre Group is detailed in Section 5 of the Securityholder Booklet.

8.2 Property management

External property management income will be generated by Scentre Group in relation to the services that it provides to the third party co-owners that hold interests in 21 properties within Scentre Group's portfolio. These arrangements with third parties are currently in place with WDCANZ and will continue to operate in fundamentally the same manner as they do under the existing structure should the Proposal be implemented.

The property management income to be generated by Scentre Group is relatively stable as it is based on the portion of rental income attributable to third party co-owners of the respective properties.

8.3 Property development

External property development income will be generated by Scentre Group in relation to the development services that it provides to the third party co-owners of properties within Scentre Group's portfolio, and in limited cases, third parties where Scentre Group does not hold a common interest in a property. The Development Framework Agreements with third parties that are currently in place with WDCANZ will continue to operate in fundamentally the same manner as they do under the existing structure should the Proposal be implemented. Scentre Group will gain the WDCANZ's track record of shopping centre development in Australia and New Zealand.

The property development income to be generated by Scentre Group will be based on a percentage of the project price, construction margin being the difference between external contracted price and construction costs incurred, together with other fees associated with the leasing of newly developed space. This income is therefore dependant entirely on the level of development activity that is undertaken during a particular period, being driven by developments which are currently underway and the future development pipeline.

8.4 Senior management

The proposed composition of Scentre Group's senior management is set out below.

Table 26: Senior management

Senior management	
Mr Peter Allen - Chief Executive Officer (CEO)	Mr Peter Leslie - Director, Leasing
Mr Mark Bloom - Chief Financial Officer (CFO)	Mr Justin Lynch - Director, NZ
Mr John Batistich - Director, Marketing	Mr Richard Williams - Treasurer
Mr Paul Giugni - General Counsel	Mr John Widdup - Chief Operating Officer (COO) of Development, Design and Construction
Mr Ian Irving - Director, Design & Construction	

Source: Securityholder Booklet

Mr Peter Allen, who is currently an executive Director and the Group CFO of WDC and a non-executive Director of WRT, is the nominated CEO of Scentre Group.

The existing WRT Board of Directors considers that retaining the members of the WDC management team will provide Scentre Group with knowledge and expertise with respect to property management and development, which will enable it to continue to manage the Operating Platform.

8.5 Board of directors

The proposed composition of Scentre Group's Board of Directors is set out below.

Table 27: Board of directors

Mr Frank Lowy AC - Chairman	Mr Andrew Harmos
Mr Brian Schwartz AM - Deputy Chairman	Mr Michael Ihlein
Mr Peter Allen - CEO	Mr Steven Lowy AM
Mr Richard Egerton-Warburton AO, LVO	Ms Sandra McPhee AM
Mr Laurence Brindle	

Source: Securityholder Booklet

If the Proposal is implemented, the Board of Directors for Scentre Group will comprise nine directors, of whom:

- five are currently directors of WRT only
- one is currently a director of both WRT and WDC, and will be a director of Scentre Group only
- one is currently a director of both WRT and WDC, and will be a director of both Scentre Group and Westfield Corporation
- two are currently directors of WDC, and will be directors of both Scentre Group and Westfield Corporation.

Mr Frank Lowy AC will chair the Board, with Mr Brian Schwartz AM, as Deputy Chairman.

The existing Board of WRT expects that having Mr Frank Lowy AC, Mr Brian Schwartz AM and Mr Steven Lowy AM on the boards of both Scentre Group and Westfield Corporation will aid the achievement of a smooth transition from the existing structure to the proposed structure.

8.6 Pro forma financial performance

Scentre Group's pro forma financial performance for the years ending 31 December 2011, 2012 and 2013 and forecast for 31 December 2014 is summarised below and has been prepared on a proportionate basis which consolidates Scentre Group's equity accounted investments.

Table 28: Pro forma financial performance – prepared on a proportionate basis

For the period ending $ million unless otherwise stated	31-Dec-11 12 months	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Net property income	1,675.2	1,744.3	1,785.4	1,829.9
Project income	29.0	30.8	25.1	77.3
Property management income	45.1	47.3	52.3	55.8
Overheads	(103.8)	(101.4)	(104.0)	(98.0)
Currency gain/(loss) (excluding net fair value gain or loss)	1.4	5.6	0.8	(0.7)
Funds from Operations (FFO) before interest and tax	**1,646.9**	**1,726.6**	**1,759.6**	**1,864.3**
Net interest expense				(593.6)
Current tax expense				(90.2)
FFO attributable to external non-controlling interest				(11.5)
FFO				**1,169.0**
Adjustment to exclude mark to market of WRT fixed rate debt and derivatives				(29.0)
Adjusted FFO				**1,140.0**
Securities on issue (post Proposed Merger) (millions)				5,311.5
Adjusted FFO per security (cents)				**21.5**

Source: Financial Information for Scentre Group and Securityholder Booklet

Scentre Group's pro forma forecast financial performance represents the consolidated forecast financial performance of WRT and WDCANZ for the year ending 31 December 2014, and has been prepared on the following basis:

- assumes the Proposal was implemented 1 January 2014
- adjustments have been made for related party transactions, including the management income WDC received from WRT
- an adjustment has been made for the estimate of the non-cash mark to market accounting adjustment to WRT fixed rate debt and derivatives in accordance with acquisition accounting requirements
- NOI includes income from Carindale and PLNs and does not deduct property management fees on internally owned assets
- as appropriate, costs associated with development management activities are capitalised into development projects
- excludes the non-recurring costs incurred as part of the implementation of this Proposal.

The pro forma forecast FFO for Scentre Group (including a description of assumptions and adjustments made) is set out in Section 6.4.1 of the Securityholder Booklet. The forecast has been prepared by WRT and WDC. The total pro forma forecast impact of the transaction for FY14 as set out in Annexure C of the Securityholder Booklet has been reviewed by Ernst & Young (EY).

8.7 Distributions

The level of future distributions from FFO is a matter for the Board of Scentre Group depending on financial and other circumstances at the time. Historically, WRT and WDC have paid distributions twice yearly (in respect of the periods ending June and December) and are expected to continue to be a combination of income, capital gains, tax depreciated amounts, capital gains tax concessional amounts and franked dividends.

Scentre Group's proposed distribution policy is to payout up to 100% of FFO, subject to general business conditions considered relevant by Scentre Group's Board. Scentre Group's distribution for the six months to 31 December 2014 is expected to be 10.2 cents per Scentre Group Security.

8.8 Pro forma financial position

The table below reflects the pro forma balance sheet for Scentre Group as at 31 December 2013.

Table 29: Pro forma financial position – prepared on a proportionate basis

As at $ million unless otherwise stated	31-Dec-13
Assets	
Cash and cash equivalents	254.2
Investment properties	28,034.5
Development projects and construction in progress	515.8
Receivables and other current assets	210.0
Other non-current assets	267.9
Total assets	**29,282.4**
Liabilities	
Interest bearing liabilities	11,395.5
Trade creditors and other payables	985.3
Deferred tax liabilities	256.0
Other non-current liabilities	1,436.9
Total liabilities	**14,073.7**
Net assets	**15,208.7**
Securities on issue (millions)	5,311.5
Statistics	
NTA per security[1] ($)	*2.86*
Gearing[2] (%)	*38.4%*

Source: Financial Information for Scentre Group
Note 1: NTA per stapled security calculated as net tangible assets over stapled securities on issue (prior to elimination of minority interests)
Note 2: Gearing has been calculated as net debt over total assets less cash

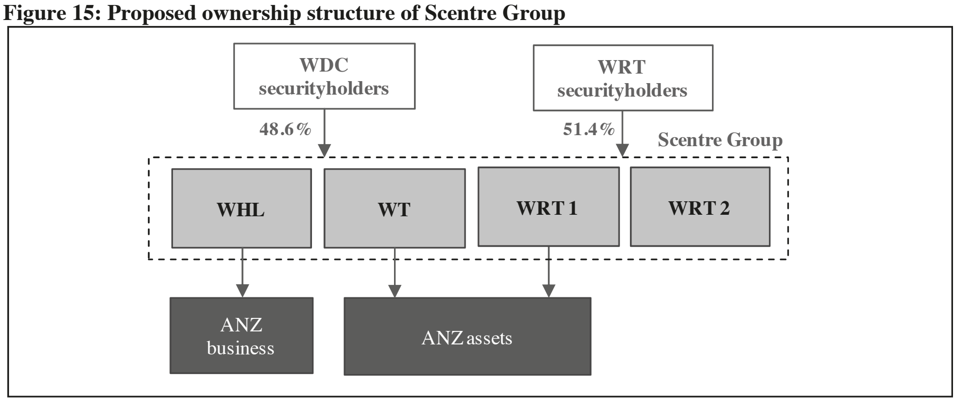
Scentre Group's pro forma financial position has been prepared on the basis that the Proposal was implemented on 31 December 2013. It recognises all aspects of the Proposal including the $850 million Capital Return to WRT Securityholders and transactions costs. A detailed pro forma statement of financial position (including descriptions of the assumptions and adjustments made) is set out in Section 6.4 of the Securityholder Booklet.

8.9 Structure

Upon implementation of the Proposal, Scentre Group will have 5,311 million stapled securities on issue and is expected to commence trading on the ASX on 17 June 2014.

The proposed structure of Scentre Group is summarised below.

Figure 15: Proposed ownership structure of Scentre Group



Source: Securityholder Booklet

The stapled entities of Scentre Group comprising WHL, WT, WRT1and WRT2 will be renamed Scentre Group Limited, Scentre Group Trust 1, Scentre Group Trust 2 and Scentre Group Trust 3 respectively.

8.10 Gearing

Under the Proposal, Scentre Group will retain WRT's existing financing arrangements which currently amount to approximately $3.8 billion. In addition, Scentre Group will enter into new financing facilities totalling $9.0 billion, comprising the following:

- a bridge facility of $5.0 billion for a term of two years with an option to extend for a further year
- an unsecured bilateral revolving loan of $4.0 billion facility with maturities ranging from three to five years.

These facilities will provide drawings in Australian dollars and New Zealand dollars and will be supported by WRT's master guarantee and master negative pledge, which will be amended under Scentre Group.

The financial covenants which will apply to Scentre Group under the master negative pledge are as follows:

- **gearing**: the ratio of net debt to net assets as at each reporting date shall not exceed 0.65:1
- **unencumbered pool**: unencumbered assets shall not be less than 150% of outstanding unsecured debt at all times

- **cash flow to fixed charges**: the ratio of operating cash flow to fixed charges for the 12 month period ending on a reporting date to be at least 1.50:1
- **priority debt**: certain debt incurred directly by operating subsidiaries must not to exceed 40% of total assets at any time
- **unencumbered interest cover**: if on a reporting date priority debt exceeds 25% of total assets, the ratio of unencumbered operating cash flow to unencumbered interest expense for the 12 months ending on that reporting date must be at least 1.50:1.

Scentre Group will continue to manage its financial risks in-line with the current WRT Board policies. In this regard, various board committees will be established for Scentre Group including an audit committee, a risk and compliance committee and a remuneration, people and performance committee.

The interest rate exposure that arises in relation to these facilities will be hedged to an extent deemed prudent using interest rate derivatives and fixed rate debt. Scentre Group's hedge profile will be designed to broadly match WRT's exiting hedge book structure, with a weighted average hedge term of approximately 2.5 years.

Scentre Group's pro forma financial position indicates net debt of $11.1 billion and total assets (net of cash) of $29.0 billion. As a result, the pro forma gearing for Scentre Group as at 31 December 2013 will be approximately 38.4%. The following table sets out a comparison of Scentre Group's proposed gearing to that of WRT and WDC currently, and a number of listed A-REITs.

Table 30: Comparison of Scentre Group's gearing to listed A-REITs

	Net debt[1] ($m)	Assets[2] ($)	Gearing[3] (%)	Current credit rating
Scentre Group	11,141.3	28,987.1	38.4%	to be reviewed[4]
Westfield Retail Trust	3,159.8	13,771.1	22.9%	A+
Westfield Group	12,960.5	33,755.0	35.8%	A-
Cromwell Property Group	1,026.1	2,339.0	43.9%	n/a[5]
Charter Hall Retail REIT	590.2	2,054.1	28.7%	n/a[5]
Australand Property Group	1,143.8	3,722.9	30.7%	n/a[5]
DEXUS Property Group	2,336.2	7,931.5	29.5%	BBB+
Shopping Centres Australasia Property Group	550.2	1,519.4	36.2%	n/a[5]
CFS Retail Property Trust Group	2,238.9	8,689.7	25.8%	A
Abacus Property Group	739.5	2,133.4	34.7%	n/a[5]
Investa Office Fund	570.6	2,681.4	21.3%	BBB+
Commonwealth Property Office Fund	934.0	3,870.1	24.1%	A-
Mirvac Group	2,686.6	9,579.1	28.0%	BBB+
Stockland	2,679.9	14,118.4	19.0%	A-
BWP Trust	326.0	1,645.6	19.8%	A-
GPT Group	2,094.4	9,143.1	22.9%	A-
Goodman Group	1,743.9	8,793.1	19.8%	BBB
Federation Centres	1,166.1	5,042.1	23.1%	BBB+
Charter Hall Group	25.3	830.8	4.7%	n/a[5]
Low			**19.0%**	
High			**43.9%**	
Mean			**26.2%**	
Median			**24.9%**	

Source: S&P Capital IQ, company Annual Reports and KPMG Corporate Finance Analysis
Note 1: Net debt calculated as total borrowing less cash on a statutory basis
Note 2: Assets calculated as total assets less cash on a statutory basis
Note 3: Gearing calculated as net debt over total assets less cash
Note 4: Credit rating for Scentre Group is to be determined
Note 5: n/a = not available

In relation to the table above, we note:

- gearing for Scentre Group is expected to be approximately 38.4%, which is higher than the current gearing levels of WRT and WDC and at the high end of the range indicated by other listed A-REITs
- Scentre Group's aim is to maintain gearing in the range of 30% to 40%.

Further details of Scentre Group facilities are detailed in Section 6.12 of the Securityholders Booklet.

8.11 Relationship between Scentre Group and Westfield Corporation

As part of the Proposal, Scentre Group will enter into a number of agreements with Westfield Corporation in relation to the following:

- Scentre Group's ability to have the exclusive and royalty-free right to use the 'Westfield' brand in Australia and New Zealand for existing and future qualifying shopping centres
- the provision of transitional services between Scentre Group and Westfield Corporation during the period following implementation of the Proposal
- the terms under which future development undertaken by Westfield Labs (Labs) will be funded and the licensing rights associated with any solutions which are developed.

The key points of the agreements which deal with each of these commercial arrangements are set out below.

8.11.1 Trade Mark Licence Agreement

Subsequent to implementation of the Proposal, the 'Westfield' brand (Licensed Trade Marks) will continue to be owned by Westfield Corporation and will be licensed to Scentre Group. The key terms of this agreement are summarised as follows:

- Scentre Group is permitted only to use the Licensed Trade Marks within Australia and New Zealand, with some exceptions relating to promotions
- Scentre Group is permitted only to use the Licensed Trade Marks in relation to all its existing shopping centres and future shopping centres acquired having agreed qualifying characteristics and permitted brand extensions as defined by the agreement
- Scentre Group will have exclusive use of the Licensed Trade Marks within Australia and New Zealand
- the trade mark license agreement will extend indefinitely unless terminated due to certain termination triggers as defined by the agreement. These termination triggers for Westfield Corporation's right to terminate include, but are not limited to:
  - if Scentre Group becomes insolvent
  - if Scentre Group challenges or disputes the validity of any of the License Trade Marks.
- no royalty fee will be charged by Westfield Corporation to Scentre Group for use of the Licensed Trade Marks.

Further information regarding this agreement is set out in Annexure F of the Securityholder Booklet.

8.11.2 Transitional Services Agreement

At present, the Australian and New Zealand business and the international business of WDC rely on shared resources for areas such as corporate head office, treasury, tax, finance, compliance, insurance and IT environment. Subsequent to the implementation of the Proposal, Scentre Group and Westfield

Corporation will transition to being entities which operate independently of one another (with the exception of trade mark licensing referred to above and the Labs agreement referred to below). A Transitional Services Agreement will be entered into by Scentre Group and Westfield Corporation which will set out the terms under which ongoing services will be provided and orderly separation of the operations of the entities will take place. The key terms of this Agreement are summarised as follows:

- Scentre Group will provide various transitional services to Westfield Corporation, including corporate accounting, company secretarial, treasury, tax, IT, payroll and Human Resource services
- the annualised fees payable by Westfield Corporation to Scentre Group for these transitional services will be approximately $9.0 million
- this fee is expected to reduce substantially after the first year
- the transition is expected to be completed in approximately two years
- Westfield Corporation will provide some corporate services to Scentre group on a limited basis
- fees for transitional services will be charged on a full cost recovery basis.

Further information regarding this agreement is set out in Annexure F of the Securityholder Booklet.

8.11.3 Labs Agreement

Labs is currently a wholly owned subsidiary of WDC, and will form part of Westfield Corporation subsequent to implementation of the Proposal. The role of Labs includes the development of digital products, solutions and services for use in retail. An agreement will be entered into between Scentre Group and WDC that will set out the terms under which Scentre Group will be able to participate in the development projects and utilise any products developed. The key terms of this agreement are summarised as follows:

- prior to the commencement of each year, Labs will provide details of the products that it intends to develop including the expected costs
- an initial term until 31 December 2016 has been agreed during which time Scentre Group will have access to certain digital innovation activities of Westfield Corporation provided by Labs in return for a 50% contribution to the funding of Labs
- subject to meeting proportional costs, products developed by Labs will be licensed to Scentre Group royalty free and exclusively for use in Australia and New Zealand
- Scentre Group will not be obliged to licence products developed by Labs and if Scentre does not wish to license a product, Labs will have the right to license the product to third parties in Australia and New Zealand
- Scentre Group will be free to develop its own digital products, independent of Labs.

Further information regarding this Agreement is set out in Annexure F of the Securityholder Booklet.

8.12 Risk profile of Scentre Group compared to WRT

The existing WRT Securityholders are currently subject to a set of risks associated with the underlying assets and operations of WRT. The implementation of the Proposal, and formation of Scentre Group, will result in WRT Securityholders being subject to the risk profile of the newly formed Scentre Group. We set out below a summary of the key risks which WRT Securityholders are currently subject to and the risks which they will be subject to as Scentre Group Securityholders. Discussions of risks associated with an investment in Scentre Group are summarised in Section 7 of the Securityholder Booklet.

Table 31: Comparison of key risks

Key risk	WRT	Scentre Group	Comments
Risks associated with being responsible for performing the property management function	Not an existing risk	Scentre Group will be exposed to this risk	The current WDC staff and management team have a strong performance track record for all properties managed. They will continue in these roles for Scentre Group ensuring knowledge and expertise is maintained
Risks associated with being responsible for performing the property development function	Not an existing risk	Scentre Group will be exposed to this risk	The current WDC development and construction staff and management team will continue in these roles for Scentre Group, having consistently delivered projects on time and to budget
General market risks including fluctuation in interest rates, currency exchange rates and fluctuation in the value and rental income of the properties	Existing risk	The types of risks Scentre Group will be exposed to will remain unchanged; the degree of exposure will likely change, particularly in relation to interest rates as a result of the proposed gearing level which is higher than WRT's current gearing level	Whilst this risk exists, Scentre Group will have protection to these general market risks in the form of maintaining an interest rate hedging profile similar to that of WRT's current profile. Scentre Group will have close to 90% of its property portfolio denominated in $A and will have the highest quality shopping centres in Australia at over 99.5% leased

Risks associated with the restrictions imposed by co-ownership of assets	Existing risk	Risk is marginally reduced	Risk will be mitigated as Scentre Group will hold 100% interest in 26 of the 47 properties enhancing Scentre Group's flexibility in managing the corporate and capital structure and reducing JV restrictions
Risks associated with relying on WDC to perform the property management and development function and for the outsourcing of corporate services	Existing risk	Risk will be eliminated	The Operating Platform will be internalised for Scentre Group so there will be no reliance on WDC for the property management and development function and the provision of corporate services
Exposure to variability in property values, economic performance or regulatory changes in Australia or New Zealand	Existing risk	No material change in risk exposure	Whilst this risk exists, increasing ownership of the portfolio will allow Scentre Group to appropriately manage its capital structure and property ownership levels to reduce the impacts of external factors and also provide the ability to take advantage of strategic opportunities that may become available in the market place
Property specific risks including a possible inability to continue to lease space on economically favourable terms, closure of major tenants	Existing risk	No material change in risk exposure	The high quality portfolio of retail assets generates $22.0 billion of annual retail sales and has high occupancy with the portfolio having over 99.5% of space leased

Source: WRT and KPMG Corporate Finance Analysis

In relation to the above, we note:

- whilst there has been a shift in the risk of the WRT Securityholder's profile due to the Proposal, particularly the risks associated with the internalisation of WDCANZ's Operating Platform, there are a number of mitigating factors
- one of the key mitigating factors is that the existing WDCANZ staff and management will continue to perform the roles associated with the Operating Platform, thereby reducing execution risk. We note that the Managing Director of WDCANZ's Operations is retiring post the Proposal if implemented,

however the new nominated CEO Mr Peter Allen, WDC's Group CFO for 10 years has operational experience as CEO of UK/Europe.

Further risks associated with an investment in Scentre Group are summarised in Section 7 of the Securityholder Booklet. These include, although are not limited to:

- risk that following the implementation of the Proposal, Scentre Group may not achieve the benefits as expected which could materially affect business and operational results
- there is no certainty as to the market value of Scentre Group after implementation of the Proposal or assurance Scentre Group Securities will trade at a particular price. However, there is also no assurance WRT Securities will continue to trade at recent price levels
- Scentre Group may be required to refinance borrowings on less attractive terms. Scentre Group bridge facilities are intended to be refinanced within a two-year period and option for one year extension. This short timetable could expose Scentre Group to refinancing risks. However, Scentre Group has the option to extend the bridge for a further year if necessary
- there is a risk that the conditions precedent to the Proposal may not be satisfied providing completion risk. If this is the case, transaction costs incurred by WRT are estimated at $10.0 million
- the ATO may fail to issue the Class Ruling in the form set out in the Draft Class Ruling as detailed in Section 8 of the Securityholder Booklet
- inability to obtain third party consents required to restructure contracts or guarantees of WHL or WT that relate to WDC's international business. In which case, Scentre may be liable to third parties under the contracts even though it relates to the international business of WDC
- information and due diligence risks which may result in Scentre Group's financial position being materially different than expected by WRT.

The IBC performed a due diligence process and appointed financial, legal, tax and accounting advisers to consider and address these risks.

9 Valuation of WRT

9.1 General

Given the assessment of the Proposal as a merger of equals, in accordance with RG 111.28, KPMG Corporate Finance has used an equivalent, consistent approach in valuing WRT and WDCANZ.

In determining the value of a WRT security, KPMG Corporate Finance has applied a sum-of-the-parts approach whereby each of WRT's assets are individually valued using the most appropriate valuation methodology. We have then capitalised an estimate of the ongoing annual overhead costs to be incurred by WRT and subtracted this amount from the value of the assets.

We have adopted a valuation date of 31 December 2013 (Valuation Date). This Valuation has been prepared on the basis of 'Fair Value'.

The generally accepted definition of Fair Value' (and that applied by us in forming our opinion) is the value agreed in a hypothetical transaction between a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious seller, acting at arm's length and with knowledge of all relevant operational and financial information. Fair Value excludes 'special value', which is the value over and above fair value that a particular buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay.

Based on our sum-of-the-parts approach outlined above, we have valued 100% of the equity in WRT to be in the range of $10,160.8 million to $10,197.8 million. This equates to an underlying fair value per WRT Security of between $3.41 and $3.42, as outlined in the table below.

Table 32: Summary of WRT valuation

$ million	Reference	Low	High
NTA as at 31 December 2013	9.3.1	10,475.3	10,475.3
Less: Capitalised value of corporate overheads	9.4.1	(314.5)	(277.5)
Fair value of WRT		**10,160.8**	**10,197.8**
Number of WRT Securities on issue as at 31 December 2013 (million)		2,979.2	2,979.2
Fair value of WRT per Security ($)		**3.41**	**3.42**

Source: KPMG Corporate Finance analysis

The approach that we have undertaken in arriving at the value range set out above is described throughout the following sections of this Report.

9.2 Valuation methodology

In selecting an appropriate valuation methodology, KPMG Corporate Finance has considered the methodologies outlined in RG 111, as well as generally accepted valuation methodologies, comprising:

- capitalisation of earnings
- discounted cash flow
- net assets or cost based
- analysis of company's security trading history.

Each methodology is appropriate in certain circumstances. The decision as to which methodology is suitable generally depends on the nature of the business or assets being valued, and the availability of appropriate information. Each methodology is discussed further in Appendix 7.

Having reviewed the methodologies set out above, we consider the most appropriate methodology to be adopted in assessing the value of a WRT security is the net assets methodology, together with an adjustment for capitalised overhead costs. This methodology is preferred as the majority of the value of WRT lies in the underlying assets, with an allowance required to be made in order to reflect the costs associated with operating the business.

Under a net assets methodology, a premium can be added to reflect the value of intangible assets which are not recorded on the balance sheet. In this respect, we do not consider there to be any intangible assets which are not currently recorded on WRT's balance sheet.

In addition to using the net assets methodology, KPMG Corporate Finance has also completed a number of cross-checks with reference to:

- the recent trading history of WRT Securities
- comparing broker forecasts of WRT security prices
- comparing the earnings multiples implied by KPMG Corporate Finance's valuation of WRT Securities with those of comparable listed A-REITs.

9.3 Net assets methodology

A net assets methodology requires a valuer to determine the fair value of the assets and liabilities, excluding any realisation costs, at the Valuation Date.

In this regard, we have determined the value of WRT with reference to its underlying investment properties.

9.3.1 Fair value of assets and liabilities

To estimate the value of assets and liabilities at the Valuation Date, KPMG Corporate Finance has relied on the WRT balance sheet at 31 December 2013.

Table 33: Summarised WRT balance sheet

As at $ million	Reference	31-Dec-13
Investment properties[1]	9.3.2	13,879.0
Other assets	9.3.3	168.9
Total assets		**14,047.9**
Interest bearing liabilities	9.3.4	3,171.0
Other liabilities	9.3.5	401.6
Total liabilities		**3,572.6**
Net assets		**10,475.3**

Source: WRT Annual Report for the year ended 2013
Note 1: Investment properties comprise the value of investment properties and capitalised development costs amounting to $13,632 million and $247 million respectively

9.3.2 Investment properties

The net asset value of WRT is largely dependent on the value of the underlying investment properties. The investment properties are carried on the balance sheet at fair value (which approximates the market value), based on the Directors' assessment. This assessment takes into account the latest independent valuations, which are generally prepared annually, and consider several factors, such as projected rental and vacancy rates, property operating expenses, capital expenditure and interest rates, changes in tenants, changes in competitors, changes in operating costs and any significant adverse changes in legal factors or business climate. In determining the fair value, property valuers typically use a number of methodologies including the capitalisation of net income method, the discounting cash flow method and direct comparison to determine individual property values.

As at 31 December 2013, WRT's property portfolio (excluding capitalised development costs) was valued at $13.6 billion, representing 97 percent of total assets. Set out in the table below is a summary of the Weighted Average Capitalisation Rate (WACR) for the portfolio and portfolio value at 31 December 2013 as well as prior periods (refer to Appendix 5 for further detail).

Table 34: WRT's historical portfolio values and WACR

As at	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13
Portfolio value ($ million)	11,939.0	12,614.8	13,296.8	13,632.0
WACR (%)	6.1%	6.1%	6.0%	6.0%

Source: WRT Annual Reports for the years ended 2011 and 2013

KPMG Corporate Finance has relied on the Directors' assessment of fair value and the independent valuations conducted by third party valuers for the purposes of this report, and did not undertake its own valuations of the properties. KPMG Corporate Finance has undertaken a review of a sample of the independent valuations, including those relating to the properties set out below.

Table 35: Independent valuation reports reviewed

	Valuer	Value of WRT's interest ($ million)	% of portfolio
Albany [1]	Colliers International	199.7	1.5%
Belconnen	Colliers International	404.0	3.0%
Bondi Junction	Cushman & Wakefield	1,126.9	8.3%
Carousel	CBRE	495.0	3.6%
Chermside	Knight Frank	824.3	6.0%
Doncaster	Knight Frank	405.0	3.0%
Marion	CBRE	295.0	2.2%
Total		**3,749.9**	**27.5%**

Source: Independent valuation reports
Note 1: Exchange rate applied AUD/NZD 1.0869

Based on a review of these reports, we conclude that:

- the property valuers were independent of WRT and WDC
- the engagement instructions were appropriate and did not limit the scope of the valuations
- the property valuations were completed by reputable valuation companies and by valuers who have the appropriate qualifications in accordance with the standards of the Australian Property Institute (API)
- the valuation methods used appear to be consistent with those generally applied in the industry, with the valuation conclusions selected having regard to the results of each methodology.

We note our review does not imply that the valuations have been subject to any form of audit or due diligence.

In addition, we note that the valuations:

- assume that the properties are sold on an individual basis (and not sold in one line)
- in accordance with normal property valuation methodologies, allowing for selling costs
- we also note that the valuations of the investment properties are the same valuations adopted by WDC for the commonly held assets.

On this basis, KPMG Corporate Finance considers the valuations of the investment properties are not unreasonable and are appropriate for use in a net asset valuation approach.

Weighted average capitalisation rate

In addition to reviewing the valuation reports, KPMG Corporate Finance has also compared the WACR of the WRT portfolio with the WACR of the Australian retail property portfolios of other listed A-REITs at 31 December 2013, as set out in the table below.

Table 36: Key metrics of comparable retail property portfolios of other A-REITs

	WACR (%)	WALE (years)	Occupancy (%)	No. of properties[1]	Valuation 31-Dec-13 ($ million)	Sales per sqm ($)[2]
WRT	6.0%	6.9	99.5%	46	13,632.0	9,647.2
CFS Retail Property Trust Group	6.4%	np	99.2%	28	8,600.0	9,642.0
Charter Hall Retail REIT	7.9%	7.5	98.2%	77	1,924.8	8,354.0
Federation Centres	7.4%	6.1	99.5%	57	4,196.1	5,834.6
GPT Group (Retail portfolio)	6.1%	np	99.5%	17	99.5	8,964.0
Shopping Centres Australasia Property Group	8.0%	13.8	97.1%	73	1,549.5	np
Retail A-REITs - Mean[3]	**7.1%**	**9.1**	**98.7%**			

Source: Publicly available information regarding each A-REIT
Note 1: Number of properties includes properties that are less than 100 percent owned
Note 2: WRT sales per sqm represents the weighted average of the portfolio including Australia and New Zealand
Note 3: Mean does not include WRT

In relation to the table above, we note:

- the WACR of the WRT portfolio is the lowest compared to that of other listed retail A-REITs and is supported by the highest sales per square metre
- a lower WACR implies a higher property value. KPMG Corporate Finance does not consider this unreasonable considering that the WRT portfolio comprises 14 of Australia's top 20 performing shopping centres by annual sales, the highest sales per square metre and has the equal highest occupancy rate
- the WACR of a portfolio is impacted by the characteristics of the properties forming the portfolio, such as WALE, tenant quality, occupancy rates and capital expenditure required on properties.

Capitalised development costs

Capitalised development costs as at 31 December 2013 amounted to $247 million or 1.7% of total assets. These costs are assessed for fair value based on the Directors' assessment at each reporting date. We have adopted the carrying value for the purposes of our valuation.

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9.3.3 Other assets

The composition of other assets, based on their respective carrying values as at 31 December 2013, is as set out below.

Table 37: Other assets

As at $ million	31-Dec-13
Cash and cash equivalents	42.7
Trade debtors	8.8
Receivables	37.4
Prepayments and deferred costs	21.0
Other assets	2.9
Derivative assets	55.6
Deferred tax assets	0.5
Total other assets	**168.9**

Source: WRT Annual Report for the year ended 2013

At 31 December 2013, these assets have been recorded at face value and KPMG Corporate Finance considers that such values are reasonable for the purpose of our valuation and reflect fair value.

9.3.4 Interest bearing liabilities

At 31 December 2013, interest bearing liabilities are carried at either fair value or amortised cost and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

9.3.5 Other liabilities

The composition of other liabilities, based on their respective carrying values as at 31 December 2013, is as set out below.

Table 38: Other liabilities

As at $ million	31-Dec-13
Trade creditors	43.6
Payables and other creditors	209.9
Tax payable	7.9
Deferred tax liabilities	106.2
Derivative liabilities	34.0
Total other liabilities	**401.6**

Source: WRT Annual Report for the year ended 2013

At 31 December 2013, these liabilities have been recorded at face value and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

9.4 Value per WRT Security

We have estimated the fair value of WRT under the net assets methodology to be between \$10,160.8 million and \$10,197.8 million. This equates to \$3.41 to \$3.42 per security as set out in the table below.[16][17]

Table 39: Valuation of WRT

$ million	Reference	Low	High
NTA as at 31 December 2013	9.3.1	10,475.3	10,475.3
Less: Capitalised value of corporate overheads	9.4.1	(314.5)	(277.5)
Fair value of WRT		**10,160.8**	**10,197.8**
Number of WRT Securities on issue as at 31 December 2013 (million)		2,979.2	2,979.2
Fair value of WRT per Security ($)		**3.41**	**3.42**

Source: WRT Annual Report for the year ended 31 December 2013 and KPMG Corporate Finance analysis

Our valuation is based primarily on carrying values of WRT's property portfolio, together with the carrying values of other assets, interest bearing liabilities and other liabilities.

In assessing the fair value WRT, we have subtracted the capitalised value of corporate overhead costs. The basis for this adjustment is outlined in the following section.

9.4.1 Corporate overheads

WRT is forecast to incur \$37 million in corporate overhead costs during the year ending 31 December 2014. This amount comprises corporate services fees which are paid to WDC each year amounting to \$20 million and other corporate overheads amounting to \$17 million. These costs comprise:

- the corporate services fees charged by WDC for the services that it provides to WRT which include, investment management, administration, accounting, compliance, reporting, investor relations and other aspects of operating the responsible entities of WRT
- corporate overheads incurred by WRT in relation to employee remuneration, share registry fees, non-executive director fees, audit and professional fees and insurances.

The independent property valuations for the WRT property portfolio reflect only costs associated with the management of the properties and do not reflect any corporate costs. Therefore, KPMG Corporate Finance has made an allowance in the valuation of WRT for the corporate overheads only.

We note that an acquirer of 100% of WRT would be able to save a certain proportion of corporate overhead expenses, however, given that valuations of WRT and WDCANZ have been conducted on the basis that the Proposal represents a merger of equals, we have not removed any such specific synergies.

[16] We have not adjusted the value of WRT for the distribution paid on 28 February 2014, as we were unable to obtain the equivalent adjustment for WDCANZ.

[17] We have not adjusted the value of WRT to reflect the fair value of fixed rate debt under the assumption that these liabilities will be held to maturity by WRT, in which case the carrying value would be appropriate.

KPMG Corporate Finance has applied a capitalisation rate of 7.5 times to 8.5 times to the budgeted annual costs, resulting in assessed capitalised cost of between $277.5 million and $314.5 million. We have subtracted these amounts from the NTA.

9.5 Cross-check of primary valuation methodology

In order to assess the reasonableness of the value of a WRT Security derived from our analysis, we have completed a cross-check by:

- analysing the recent trading history of WRT Securities
- comparing broker forecasts of WRT security prices
- comparing the earnings multiples implied by KPMG Corporate Finance's valuation WRT Securities with those of comparable listed A-REITs.

9.5.1 Recent trading history of WRT Securities

In analysing the recent trading history of WRT Securities, we have considered trading prior to the announcement date and post the announcement date of the Proposal as set out in the table below.

Table 40: Recent trading history of WRT Securities

Period	Price (low) $	Price (high) $	VWAP $	Cumulative value $ million	Cumulative volume million	% of issued capital
Period ended 4 Mar 13						
1 week	3.08	3.16	3.12	119.7	38.3	1.3%
1 month	2.93	3.18	3.08	509.7	165.5	5.6%
3 months	2.82	3.18	3.00	1,723.9	575.0	19.3%
Period ended 3 Dec 13 - proposal announcement						
1 week	3.00	3.08	3.03	169.9	56.1	1.9%
1 month	2.98	3.11	3.05	705.8	231.6	7.8%
3 months	2.87	3.15	3.03	1,827.1	603.3	20.2%
6 months	2.87	3.17	3.01	4,264.7	1,414.6	47.3%

Source: S&P Capital IQ and KPMG Corporate Finance analysis

As set out in the table above, the VWAP of WRT Securities during the six months prior to the announcement of the Proposal, and during the three months following the announcement, was $3.01 and $3.00 respectively. When compared to the mid-point of our fair value per WRT Security of $3.415, the VWAPs indicate that WRT Securities traded at a discount of 11.9% and 12.2% during the respective sample periods. While we note that it is not possible to precisely identify the factors which have resulted in WRT's Securities trading at this discount, we consider that an important factor may be the market's perception regarding the restrictions that WRT is subject to due to its commercial arrangements with WDC as outlined in Section 6 of this Report.

9.5.2 Broker forecasts

WRT is followed by a number of firms in the Australian broking community. Set out in the table below is a summary of the current price targets and recommendations from various brokers.

Table 41: Broker forecasts with respect to WRT Securities

Date	Broker	12 month price target ($)	Recommendation
26-Feb-14	Broker 1	3.40	Buy
06-Dec-13	Broker 2	3.18	Neutral
04-Dec-13	Broker 3	3.22	Neutral
13-Nov-13	Broker 4	3.50	Overweight
10-Sep-13	Broker 5	3.51	Outperform
08-Aug-13	Broker 6	n/a	Underweight
Minimum		**3.18**	
Maximum		**3.51**	
Average		**3.36**	

Source: Various broker reports

The fair value range per WRT Security of $3.41 to $3.42 appears reasonable when compared to the 12 month price targets published by the brokers which range between $3.18 and $3.51 and reasonably consistent with the average of $3.36.

9.5.3 Earnings multiples

The implied EBIT multiple for the current financial year and next financial year using the fair value of $3.41 and $3.42 per WRT security is set out below.

Table 42: EBIT multiples implied by the assessed value of a WRT Security

$ million unless otherwise stated	Low	High
Assessed fair value of a WRT security ($)	3.41	3.42
Number of shares on issue (million)	2,979.2	2,979.2
Implied equity value of WRT	10,159.1	10,188.9
Net debt	3,197.3	3,197.3
Implied enterprise value of WRT	13,356.4	13,386.2
Implied FY13 EBIT multiple	**16.9**	**17.0**
Implied FY14 EBIT multiple	**16.5**	**16.5**

Source: WRT full-year results for year ended 31 December 2013, Capital IQ and KPMG Corporate Finance analysis
Note 1: FY13 EBIT obtained from the WRT full-year results for year ended 31 December 2013
Note 2: FY14 EBIT obtained from consensus estimates

The fair value range of $3.41 and $3.42 per WRT security implies a mid-point EBIT multiples based on FY13 and FY14 earnings of 16.95 times and 16.5 times respectively.

Set out in the table below is the current and forecast EBIT multiples for other listed A-REITs.

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Table 43: Comparable listed A-REIT trading multiples

	Management basis[1]	Enterprise value[2] ($ million)	EBIT Multiple FY13[3]	EBIT Multiple FY14[4]
Retail REITs				
CFS Retail Property Trust Group	E	8,092.6	17.4	15.0
Charter Hall Retail REIT	E	1,893.0	14.3	13.8
Federation Centres	I	4,767.5	15.0	15.0
Shopping Centres Australasia Property Group	I	1,429.4	14.0	12.8
Westfield Group	I	34,098.4	16.0	14.8
Office REITs				
Commonwealth Office Property Fund	E	3,856.0	15.7	14.8
Cromwell Property Group	I	3,869.7	20.4	18.0
Investa Office Fund	E	2,492.7	14.2	13.4
Industrial REITs				
BWP Trust	I	1,699.5	16.7	14.3
Goodman Group	I	10,199.4	20.4	15.3
Diversified REITs				
Abacus Property Group	I	2,010.4	13.0	12.8
Australand Property Group	I	3,946.6	25.2	14.2
Charter Hall Group	I	1,153.6	17.0	13.5
DEXUS Property Group	I	6,987.6	15.5	13.1
GPT Group	I	7,857.0	19.0	13.1
Mirvac Group	I	8,843.7	17.8	14.6
Stockland	I	10,998.7	21.7	17.2
Low			**13.0**	**12.8**
High (excluding outliners)[5]			**20.4**	**18.0**
Median (excluding outliers)[5]			**15.8**	**14.5**

Source: Financial reports of each entity, S&P Capital IQ and KPMG Corporate Finance analysis
Note 1: E = externally managed; I = internally managed
Note 2: Enterprise values are as at 31 December 2013
Note 3: FY13 represents the trailing twelve months earnings as at 31 December 2013
Note 4:FY14 estimates are based on consensus estimates for the twelve months ending 31 December 2014
Note 5: The median relating to FY13 excludes Australand Property Group and Stockland which are considered to be outliners

Based on the table above, given the limited number of truly comparable externally managed entities (such as Charter Hall Retail REIT), we have compared WRT's implied EBIT multiples based on earnings for FY13 and FY14 to a wider list of A-REITs. Given WRT's size and quality of property portfolio (with a WACR of 6% as at 31 December 2013) the multiples do not appear unreasonable to the comparative companies.

10 Valuation of WDCANZ

10.1 General

Given the assessment of the Proposal as a merger of equals and in accordance with RG 111.28, KPMG Corporate Finance has used an equivalent approach in valuing WRT and WDCANZ.

In determining the value of WDCANZ, KPMG Corporate Finance has applied a sum-of-the-parts approach whereby each of WDCANZ's assets are individually valued using the valuation methodologies which are appropriate for the respective assets.

We have adopted a valuation date of 31 December 2013 and the valuation has been based on the concept of fair value as defined in Section 9.1.

Based on our sum-of-the-parts approach outlined above, we have valued 100% of the equity of WDCANZ to lie in the range of $8,669.5 million to $8,886.0 million, as outlined in the table below.

Table 44: Summary of WDCANZ valuation

$ million	Reference	Low	High
NTA as at 31 December 2013	10.3.1	5,485.4	5,485.4
Add: Capitalised value of the Operating Platform	10.4	2,814.5	3,031.0
Add: Working capital adjustment	10.5.1	284.1	284.1
Add: Deferred tax liability adjustment	10.5.2	26.0	26.0
Add: Securities in WDC	10.5.3	59.5	59.5
Fair value of WDCANZ		**8,669.5**	**8,886.0**

Source: KPMG Corporate Finance analysis

The approach that we have undertaken in arriving at the value range set out above is described throughout the following sections of this report.

10.2 Valuation methodology

In selecting an appropriate valuation methodology, KPMG Corporate Finance has considered the methodologies outlined in RG 111, as well as generally accepted valuation methodologies, comprising:

- capitalisation of earnings
- discounted cash flow
- net assets or cost based.

Each methodology is appropriate in certain circumstances. The decision as to which methodology is suitable generally depends on the nature of the business or assets being valued, and the availability of appropriate information. Each methodology is discussed further in Appendix 7 of this report.

Having reviewed the methodologies set out above and given the two main operations of WDCANZ, being its property ownership business and its Operating Platform, we consider the most appropriate methodologies to be adopted in assessing the value of WDCANZ as follows:

- property ownership business – the net assets methodology

- Operating Platform – capitalisation of earnings approach.

The majority of WDCANZ's property assets are common to WRT. We have applied the net assets methodology consistently when valuing these assets, with the same independent property values being relied on in both cases.

While a discounted cash flow approach would generally be our preferred method for valuing an asset such as WDCANZ's Operating Platform, we did not have access to sufficient information to enable us to use this method.

In addition to using the above methodologies, KPMG Corporate Finance has also completed a number of cross-checks by reference to:

- analysing the recent trading history of WDC Securities and identifying, to the extent possible, the proportion related to WDCANZ
- comparing the earnings multiples implied by KPMG Corporate Finance's valuation of WDCANZ with those of comparable listed A-REITs.

10.3 Net assets methodology – Property ownership business

A net assets methodology requires a valuer to determine the fair value of the assets and liabilities, excluding any realisation costs, at the Valuation Date.

In this regard, we have determined the fair value of WDCANZ with reference to its underlying investment properties.

10.3.1 Fair value of assets and liabilities

To estimate the fair value of assets and liabilities at the date of preparing this report, KPMG Corporate Finance has relied on the pro forma WDCANZ balance sheet at 31 December 2013.

Table 45: Summarised WDCANZ

As at $ million	Reference	31-Dec-13
Investment properties[1]	10.3.2	14,682.8
Other assets	10.3.3	555.8
Total assets		**15,238.6**
Interest bearing liabilities	10.3.4	7,305.5
Property linked notes	10.3.5	1,371.4
Other liabilities	10.3.6	847.1
Total liabilities		**9,524.0**
Net assets		**5,714.6**
Minority interest	10.3.7	(229.2)
Net assets attributable to WDCANZ		**5,485.4**

Source: Scentre Group's pro forma historical statement of net assets
Note 1: Investment properties comprise the value of investment properties and capitalised development costs amounting to $14,402.5 million and $280.3 million respectively

10.3.2 Investment properties

The net asset value of WDCANZ is largely dependent on the value of the underlying investment properties. The investment properties are carried on the balance sheet at fair value, based on the Directors' assessment. This assessment takes into account the latest independent valuations, which are generally prepared annually, and consider several factors, such as projected rental and vacancy rates, property operating expenses, capital expenditure and interest rates, changes in tenants, changes in competitors, changes in operating costs and any significant adverse changes in legal factors or business climate. In determining the fair value, property valuers typically use a number of methodologies including, the capitalisation of net income method, the discounting cash flow method and direct comparison to determine individual property values.

As at 31 December 2013, WDCANZ's property portfolio (excluding capitalised development costs) was valued at $13.6 billion, representing 97 percent of total assets. Set out in the table below is a summary of the Weighted Average Capitalisation Rate (WACR) for the portfolio and portfolio value at 31 December 2013 as well as prior periods (refer to Appendix 5 for further detail).

Table 46: WDCANZ's historical portfolio values and WACR

As at	31-Dec-10	31-Dec-11	31-Dec-12	31-Dec-13
Portfolio value ($ million)	12,922.9	13,145.0	14,055.0	14,402.5
WACR (%)	6.1%	6.1%	6.0%	6.0%

Source: WDC Annual Reports for the years ended 31 December 2011, 2012 and 2013

As outlined in Section 9.3.2 of this report, at 31 December 2013, all properties held by WDCANZ were carried at values determined by independent third party valuers and KPMG Corporate Finance has relied on these valuations for the purposes of this report. On this basis, KPMG Corporate Finance considers the valuations of the investment properties are not unreasonable and have adopted the net asset value as the basis for the valuation of WDCANZ.

Weighted average capitalisation rate

In addition to reviewing the valuation reports, KPMG Corporate Finance has also compared the WACR of the WDCANZ portfolio with the WACR of the Australian retail property portfolios of other listed A-REITs at 31 December 2013, as set out in the table below.

Table 47: Key metrics of comparable office property portfolios of other A-REITs

Company	WACR (%)	WALE (years)	Occupancy (%)	No. of properties[1]	Valuation 31-Dec-13 ($ million)	Sales per sqm ($)[2]
WDCANZ	6.0%	6.9	99.5%	47	14,402.5	9,686.1
CFS Retail Property Trust	6.4%	np	99.2%	28	8,600.0	9,642.0
Charter Hall Retail REIT	7.9%	7.5	98.2%	77	1,924.8	8,354.0
Federation Centres	7.4%	6.1	99.5%	57	4,196.1	5,834.6
GPT Group (Retail portfolio)	6.1%	np	99.5%	17	99.5	8,964.0
Shopping Centres Australasia	8.0%	13.8	97.1%	73	1,549.5	np
Retail A-REITs - Mean[3]	**7.1%**	**9.1**	**98.7%**			

Source: Publicly available information regarding each A-REIT
Note 1: Number of properties includes properties that are less than 100 percent owned
Note 2: WDCANZ sales per sqm represents the weighted average of the portfolio including Australia and New Zealand
Note 3: Mean does not include WDCANZ

In relation to the table above, we note:

- the WACR of a portfolio is impacted by the characteristics of the properties forming the portfolio, such as WALE, tenant quality, occupancy rates and capital expenditure required on properties.
- the WDCANZ portfolio's characteristics include that it comprises 15 of Australia's top 20 performing shopping centres by annual sales, has the highest sales per square metre and has the equal highest occupancy rate
- the WACR is lower than that of other listed retail A-REITs (a lower WACR implies a higher property value) which is supported by the characteristics set out above.

Capitalised development costs

Capitalised development costs as at 31 December 2013 amounted to $275.3 million or 1.8% of total assets. These costs are assessed for fair value based on the Directors' assessment at each reporting date. We have adopted the carrying value for the purposes of our valuation.

10.3.3 Other assets

The composition of other assets, based on their respective carrying values as at 31 December 2013, is as set out below.

Table 48: Other assets

As at $ million	31-Dec-13
Cash and cash equivalents	211.5
Receivables and other current assets	168.1
Other non-current assets	176.2
Total other assets	**555.8**

Source: Pro forma historical statement of net assets

At 31 December 2013, these assets have been recorded at face value and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

10.3.4 Interest bearing liabilities

At 31 December 2013, interest bearing liabilities are carried at amortised cost and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

10.3.5 Property linked notes

At 31 December 2013, property linked notes are carried at fair value and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

10.3.6 Other liabilities

The composition of other liabilities, based on their respective carrying values as at 31 December 2013, is as set out below.

Table 49: Other liabilities

As at $ million	31-Dec-13
Trade creditors and other payables	666.3
Deferred tax liabilities	149.8
Other non-current liabilities	31.0
Total other liabilities	**847.1**

Source: Pro forma historical statement of net asset, WDC financial position

At 31 December 2013, these liabilities have been recorded at face value and KPMG Corporate Finance considers such values reasonable for the purpose of our valuation.

10.3.7 Minority interest

The Carindale Property Trust is consolidated in the balance sheet of WDCANZ. The minority interest represents a 50% interest in Carindale Property Trust which is attributable to external non-controlling interests.

10.4 Operating Platform

We have adopted a capitalisation of earnings approach in assessing the value of the Operating Platform.

A capitalisation of earnings methodology involves the capitalisation of a business' earnings at a multiple that reflects the risks of the business and the income stream that it generates. Application of this methodology requires the determination of two key factors, being the estimated future maintainable earnings of the business, and an appropriate range of capitalisation multiples.

We note that the value attributed to the Operating Platform is, in our view, the most subjective component of our valuation. The factors that we have considered in arriving at this value are set out in the remainder of this section, with the assessed value range summarised in the table below.

Table 50: Value of the Operating Platform

$ million	Reference	Low	High
EBIT attributable to the Operating Platform	10.4.1	216.5	216.5
Capitalisation multiple	10.4.2	13.0	14.0
Value of the Operating Platform		**2,814.5**	**3,031.0**

Source: KPMG Corporate Finance analysis

10.4.1 Estimated future maintainable earnings

The capitalisation of earnings approach involves estimating the sustainable level of future earnings of a business (Maintainable Earnings). In considering the Maintainable Earnings of the Operating Platform, we have considered a number of factors including whether the historical performance of the business reflects the sustainable level of future earnings, particularly in relation to income generated from property development activities.

We have adopted EBIT as the earnings base for assessing the Maintainable Earnings of the Operating Platform. We consider EBIT to be the appropriate earnings base in this case for the following reasons:

- the depreciation charges incurred in operating a management platform are typically not significant and are consistent across the industry
- as we are undertaking our valuation of WDCANZ using a sum-of-the-parts approach, the debt attributable to WDCANZ has been captured in the net tangible asset component of the valuation.

In making our assessment of the Maintainable Earnings attributed to the Operating Platform, we have given consideration to the historical and forecast financial performance of the Operating Platform. Set out below is a summary of the financial performance of the Operating Platform for the three years ending 31 December 2013 and the forecast year ending 31 December 2014.

Table 51: Financial performance of the Operating Platform

For the period ending $ million	31-Dec-11 12 months	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Property management fees received from WRT	46.0	48.8	52.2	54.6
Property management fees received from third parties	45.1	47.3	52.3	55.8
Total property management income	**91.1**	**96.1**	**104.5**	**110.4**
Project management fees received from WRT[1]	50.3	86.6	100.6	61.9
Project management fees received from third parties	29.0	30.8	25.1	77.3
Total project management income	**79.3**	**117.4**	**125.7**	**139.2**
Property management fees saved by WDCANZ on assets held[2]	41.7	44.7	48.1	50.3
Project management fees saved by WDCANZ on assets held[1]	50.3	86.6	100.6	61.9
Total property and project management fees saved[3]	**92.0**	**131.3**	**148.7**	**112.2**
Total property and project management income	**262.4**	**344.8**	**378.9**	**361.8**
Overhead costs[4]	(80.8)	(78.4)	(84.0)	(74.2)
EBIT	**181.6**	**266.4**	**294.9**	**287.6**

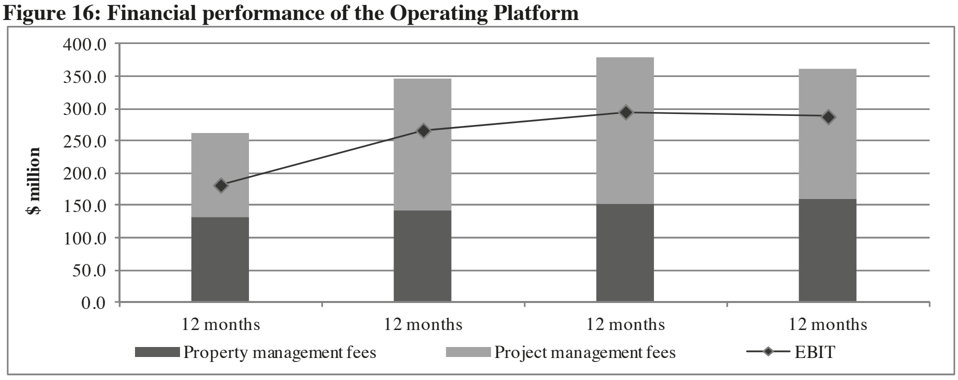
Source: Pro forma financial information of Scentre Group, WRT management
Note 1: FY14 project management fees of $61.9 million includes $47 million of project management profits in relation to Fountain Gate and Westfield Sydney
Note2: Include amounts equal to those received from WRT less management fees associated with PLNs
Note 3: Property and project management fees saved by WDCANZ represent the savings associated with the assets which are owned by WDCANZ and managed by the Operating Platform (i.e. the internally managed portion AUM)
Note 4: Overhead costs include the corporate services fees received from WRT

Table 52: Total earnings attributable to the Operating Platform

For the period ending $ million	31-Dec-11 12 months	31-Dec-12 12 months	31-Dec-13 12 months	31-Dec-14 12 months
Total property management earnings[1]	132.8	140.8	152.6	160.7
Total project management earnings[1]	129.6	204.0	226.3	201.1
Total income attributable to Operating Platform	**262.4**	**344.8**	**378.9**	**361.8**
Growth in property management earnings		*6.0%*	*8.4%*	*5.3%*
Change in project management earnings		*57.4%*	*10.9%*	*-11.1%*

Source: Pro forma financial information of Scentre Group, WRT management
Note 1: Includes total property management income and project manage fees saved by WDCANZ on assets held

Figure 16: Financial performance of the Operating Platform



Source: Pro forma financial information of Scentre Group, WRT management

In relation to the financial performance of the Operating Platform outlined above, we note the following:

- property management income has increased consistently since 2011, at rates greater than 5% per annum. These fees are based on a percentage of rental income and therefore have a risk profile which is akin to that of the rental income generated by the property portfolio
- project management fees fluctuate during each year depending upon the scale of the projects being undertaken during each period. Given the size and scale of the property portfolio, WDCANZ are able to manage the level of project management fees as they develop and redevelop the shopping centres within the portfolio. In this regard, during difficult economic times, developments may be slowed down or delayed as was the case in 2009. WDCANZ are also able to compliment activity relating to the existing portfolio with third party developments such as with AMP Capital
- project management profits relating to Fountain Gate and Westfield Sydney totalling $94 million are included in the financial performance of the Operating Platform for the year ending 31 December 2014 (refer to note 1 of Table 51 above). This amount has been excluded from the FFO upon which the Merger Ratio was based as it represents profits generated by the Operating Platform on developments during prior years
- property and project management fees saved by WDCANZ represent the savings associated with the assets which are owned by WDCANZ and managed by the Operating Platform (i.e. the internally managed portion AUM). The management services provided by the Operating Platform enables WDCANZ to retain earnings that it would otherwise need to pay to an external manager if appointed (as is the case from the perspective of WRT, for example). Under the current structure, these savings are reflected in the financial performance of WDCANZ in two ways:
  - property management fees saved are reflected in the yields generated by WDCANZ on its property portfolio effectively being higher than other owners who are required to pay property management fees in relation to their portion of the property income

- project management fees saved are reflected in lower development costs as a margin is not required to be paid to a third party which, upon revaluation of a property subsequent to completion of a project, results in a larger value uplift relative to other property owners

- Overhead costs remained reasonably stable during 2011, 2012 and 2013, being within the range of $78.4 million and $84 million. These costs are forecast to be reduced by $9.8 million to $74.2 million in 2014. These costs primarily comprise employee remuneration associated with corporate head office functions and the property management operations.

In assessing the sustainability of project management income, we have considered historic profitability, the remaining profit which is forecast to be generated in relation to current projects and the volume of the future development pipeline. Projects which are expected to commence during 2014 and 2015 have estimated project costs totalling $1.2 billion. In addition, projects currently identified which may commence during the years 2016 to 2020 (inclusive) have estimated total project costs of $3.0 billion. The potential profits estimated to be generated in relation to these developments are able to support the project management income component of the Operating Platform during the short to medium term.

Over the long term we consider the size of WDCANZ's property portfolio will enable the development team to maintain a pipeline of projects involving the refurbishment and expansion of the shopping centres which supports the long term sustainability of a base level of profit to be generated by the Operating Platform from development activities.

Overhead costs relate to both the property management and project management functions of the Operating Platform. The overhead costs stated above include the corporate services fees received from WRT.

Based on our consideration of the factors outlined above, we consider the appropriate maintainable EBIT for the Operating Platform to be based on a forecast EBIT of $216.5 million. The composition of this amount is set out below.

Table 53: Estimated future maintainable earnings of the Operating Platform

$ million	
Property management fees	160.7
Project management fees	130.0
Overhead costs	(74.2)
EBIT attributable to the Operating Platform	**216.5**

Source: Pro forma financial information of Scentre Group

The basis upon which we have adopted each of the components within the estimate of the Operating Platform's Maintainable Earnings is as follows:

- property management fees are based on the amounts forecast for the year ending 31 December 2014. We consider this appropriate as these amounts are relatively stable, given that they are closely correlated with expected rental income

- project management fees inherently have a higher degree of variability compared to property management fees, with historical earnings ranging between $129.6 million in 2011 to $226.3 million 2013 (inclusive of fees saved by WDCANZ). We therefore consider that the selection of an estimated maintainable earnings should be based on the following factors rather than simply adopting forecast earnings for the year ending 31 December 2014:

- the average project management earnings during the three years ending 31 December 2011 to 2013 and forecast for the year ending 31 December 2014 was $190 million
- project management earnings during the year ending 31 December 2011 was $129.6 million which was lower than subsequent years. The reason for this amount being lower is due to no major projects being undertaken during 2009 which had a flow on effect
- the extent to which the historical averages are representative of forecast future earnings
- the ability of the current and future development pipeline to support these earnings.

Having considered the above factors, we have adopted estimated maintainable earnings of $130.0 million. We consider this earnings level to be conservative on the basis that, while it is higher than the $107.1 million, which is the adjusted forecast for the year ending 31 December 2014 (excluding $94 million profit associated with Fountain Gate and Sydney)[18] it is:

- materially consistent with the low level of earnings of $129.6 million during the year ended 31 December 2011
- lower than the average for the three years ending 31 December 2013 ($186.6 million)
- lower than the earnings which are expected to be generated from the current and future project pipeline during the years ending 31 December 2015 and 2016

* overhead costs are based on the amounts forecast for the year ending 31 December 2014. We consider this appropriate as overhead costs have historically been relatively stable and largely represent fixed costs.

10.4.2 Capitalisation multiple

The multiple applied in a capitalisation of earnings methodology should reflect the return expected by an investor in the business. Therefore the selected multiple should reflect, amongst other things:

* the operational risk of the business
* the growth profile of the business
* the nature of the environment in which the business operates.

In selecting the range of capitalisation multiples to be applied, consideration is generally given to data from listed comparable companies and recent transactions in a comparable sector, with adjustments being made for business specific factors where appropriate.

[18] Project management profits relating to Fountain Gate and Sydney were excluded from FFO because they represent the release of reserves from prior years rather than profit associated with current projects.

In making our assessment as to the appropriate capitalisation multiple range to apply in assessing the value of the Operating Platform, we considered the following factors:

- the historical financial performance of the Operating Platform
- the forecast financial performance and sustainability of the Operating Platform
- the business and risk profile of the Operating Platform as distinct from the property ownership business of WDCANZ
- the security of the Operating Platform revenue streams due to WDCANZ's degree of contractual and practical entrenchment as the property manager and provider of development services with respect to the property portfolio
- the quality and size of the property portfolio that is managed by the Operating Platform
- the size of the current and future development pipeline
- the size and nature of the overhead costs and the differences in characteristics to those incurred by WRT
- the level of expertise, experience and track record of the Operating Platform's team in its ability to manage retail property assets and development projects
- the size of the Operating Platform in relation to the comparable listed companies and those involved in comparable transactions
- the composition of income generated by the Operating Platform including that from third parties and the risk and growth profiles of each the operating margins being achieved by the Operating Platform compared to those of comparable companies.

Transactions involving the internalisation of management

In assessing the appropriate capitalisation multiple to apply in valuing the Operating Platform, we have considered the net savings multiples implied by internalisation transactions of operating platforms. A number of transactions involving the internalisation of management which have taken place during recent years are set out below. Further information regarding each of these transactions is set out in Appendix 6.

Table 54: Transactions involving the internalisation of management

Announcement date		Consideration ($ millions)	Multiple of net savings[1]
Oct 2013	GDI Property Group	27.3	n/a
Jul 2013	CFS Retail Property Trust Group[2]	460.0	12.0
Jul 2013	Kiwi Income Property Trust	70.6	6.1
Oct 2012	DUET Group	95.6	7.1
Aug 2011	Centro Retail Australia	240.0	n/a
Apr 2011	Spark Infrastructure	49.0	13.6
Feb 2011	Qube Logistics Holdings	40.0	5.7
Jun 2010	Westpac Office Trust	15.0	n/a
Oct 2010	ING Industrial Fund	22.5	n/a
Oct 2009	Macquarie Media Group	40.5	7.0
Oct 2009	Macquarie Infrastructure Group	50.0	5.4
Jul 2009	Macquarie Airports	345.0	10.7
Jun 2009	Macquarie Leisure Trust Group	15.9	15.9
May 2009	Orchard Industrial Property Fund	6.0	5.0
May 2009	Viridis Clean Energy Group	2.8	n/a
Apr 2009	Babcock & Brown Japan Property Trust	22.1	n/a
Feb 2008	DB RREEF Funds Management	260.0	n/a
Low			**5.0**
High			**15.9**
Mean			**8.9**
Median			**7.1**

Source: Publicly available information regarding each transaction and KPMG analysis
Note 1: Net savings multiples were calculated as gross consideration divided by net savings obtained (base management fee less incremental operating costs)
Note 2: The net savings upon which this multiple has been based exclude the performance fee. Inclusion of the performance fee would result in a net savings multiple of 9.5 times

In relation to the above transactions we note the following:

- the internalisation transactions which have taken place during recent years generally involve either REITs or infrastructure funds. Given that the activities of the Operating Platform include an asset management function, we consider that transactions involving both of these types of operations are relevant
- in analysing internalisation transactions the multiple of net savings represents the consideration paid divided by the net savings which accrue to the acquirer. Net savings generally include management fees avoided less incremental overhead costs. We consider the net savings to be a proxy for EBIT and as such these multiples are an appropriate basis for our valuation of the Operating Platform
- the net savings multiples implied by the transactions above, range between 5.0 to 15.9 times. The transactions at the higher end of the multiple range can be attributable to:
  - a high degree of manager entrenchment. This was the case for the Spark Infrastructure and CFS Retail Property Trust Group (CFX) internalisations which implied 13.6 times and 12 times multiples respectively
  - performance fee arrangements are in place with the likelihood of high performance fees being paid to the manager. The Macquarie Leisure Trust Group and Macquarie Airports (MAp)

transactions reflected this characteristic which resulted in implied net savings multiples of 15.9 times and 10.7 times respectively

- arrangements for certain investments that have debt and/or pre-emptive rights triggers embedded into the management agreements. This was the case in the MAp transaction
- the manager having significant interests in the entity which positions them to potentially block any resolutions that are proposed for the removal of the responsible entity, as was reflected in the MAp transaction

- a number of transactions were a result of financially distressed managers (Babcock & Brown) or a recapitalisation or restructure (Qube Logistics Holdings Limited and Orchard Industrial Property Fund), which distorts the range of multiples
- we note the recent transaction relating to the CFX internalisation and its comparability to WDCANZ. The CFX internalisation had a net savings multiple of 12 times on the basis of its perpetual agreements for both property and project management, strong development pipeline and quality of assets as represented by the portfolio's WACR of 6.4% and retail sector focus.

  Whilst there are a number of comparable factors particularly the perpetual like qualities of the agreements, we consider WDCANZ's Operating Platform would attract a higher multiple primarily as the quality and value of WDCANZ property portfolio is considered to be greater than that of the CFX property portfolio. This is supported by the WACR for WDCANZ's property portfolio being 6.0% as determined by the independent property valuers and supported by the high occupancy rates and high sales per square metre. Additionally, WDCANZ is significantly larger with AUM of $38.5 billion compared to CFX's AUM of $13.9 billion. This increase in scale of the portfolio, facilitates WDCANZ's ability to manage its development pipeline and revenue through the cycle.

Transactions involving the acquisition of a real estate management platform

We have considered the EBIT multiples implied by transactions which involved the acquisition of a real estate management platform. There have been a number of these transactions in recent years, a sample of which are set out in the table below. Further information regarding each of these transactions is set out in Appendix 6.

Table 55: Transactions involving the acquisition of a real estate management platform

Date	Transaction	Consid - eration ($ millions)	AUM ($ millions)	Consid - eration / AUM	EBIT Multiple historical	EBIT Multiple forecast
Dec 2013	Acquisition of CPA management rights by DEXUS	41.0	3,824.0	1.1%	2.9	2.9
Aug 2011	Centro Properties Group services business	240.0	6,975.0	3.4%	6.0	6.8
Oct 2010	Acquisition of ING Industrial Fund management rights by Goodman Industrial Funds Limited	22.5	2,500.0	0.9%	n/a	n/a
Oct 2010	Acquisition of Becton Investment Management Limited by 360 Capital Group	6.0	900.0	0.7%	0.5	n/a
Feb 2010	Charter Hall acquisition of Macquarie Group real estate management platform[1]	119.0	7,186.0	1.7%	4.8	8.5
Feb 2008	DB REEF Holdings acquisition of remaining 50% interest	260.0	15,200.0	1.7%	n/a	10.5
Oct 2004	Macquarie Goodman Group formation	832.0	4,698.0	17.7%	23.6	16.6
Aug 2004	DB REEF Trust 50% acquisition of manager	140.0	9,164.0	1.5%	8.3	7.5
Apr 2004	Westfield Group formation	5,665-6,590	32,000.0	17.7%-20.6%	24.1-28.0	20.0-23.3
Low					**2.9**	**2.9**
High					**28.0**	**23.3**
Median					**5.7**	**8.5**

Source: Publicly available information regarding each transaction and KPMG analysis
Note 1: In addition to the upfront consideration of $108.0 million payable to Macquarie Group for the real estate management platform acquired by Charter Hall Group, a contingent consideration of $15.0 million was payable in the event that certain cumulative revenue targets were achieved by the offshore platform between 1 March 2010 and 30 June 2013. Based on actual cumulative revenue targets achieved $11.0 million was payable to Macquarie Group as reported in the Charter Hall Group Annual Report for the year ended 30 June 2013

In relation to the above transactions we note the following:

- the historical and forecast EBIT multiple ranges are quite wide, ranging between 2.9 times and 28 times and 2.9 times and 23.3 times respectively. Transactions at the higher end of the ranges occurred pre-GFC, as the market attributed a higher value to successful standalone managers due to the minimal capital requirements of operating a management platform and the strong earnings growth from the property development pipeline and fund management expansion. Additionally, the size and nature of the entities, and the properties that were being managed and the quality of the income streams, supported the high EBIT multiple range
- the implied EBIT multiples of transactions involving Centro Properties Group (Centro) and Becton Investment Management (Becton) were at the lower end of the range as they were under financial distress.

Trading multiples of listed A-REITs

We have considered the trading multiples of a number of listed A-REITs which are internally managed. The functions performed by the management operations of these A-REITs are broadly similar to those performed by the Operating Platform. These multiples are set out in the table below, with further information regarding each entity set out in Appendix 6.

Table 56: Internally managed listed A-REITs

	Enterprise value[1] ($ million)	EBIT Multiple FY13[2]	EBIT Multiple FY14[3]
Retail REITs			
Federation Centres	4,767.5	15.0	15.0
Shopping Centres Australasia Property Group	1,429.4	14.0	12.8
Westfield Group	34,098.4	16.0	14.8
Office REITs			
Cromwell Property Group	3,869.7	20.4	18.0
Industrial REITs			
BWP Trust	1,699.5	16.7	14.3
Goodman Group	10,199.4	20.4	15.3
Diversified REITs			
Abacus Property Group	2,010.4	13.0	12.8
Australand Property Group	3,946.6	25.2	14.2
Charter Hall Group	1,153.6	17.0	13.5
DEXUS Property Group	6,987.6	15.5	13.1
GPT Group	7,857.0	19.0	13.1
Mirvac Group	8,843.7	17.8	14.6
Stockland	10,998.7	21.7	17.2
Low		**13.0**	**12.8**
High (excluding outliners)[4]		**20.4**	**18.0**
Median (excluding outliers)[4]		**16.7**	**14.3**

Source: Financial reports of each entity, S&P Capital IQ and KPMG Corporate Finance analysis
Note 1: Enterprise values are as at 31 December 2013
Note 2: FY13 represents the trailing twelve months earnings as at 31 December 2013
Note 3:FY14 estimates are based on consensus estimates for the twelve months ending 31 December 2014
Note 4: The median relating to FY13 excludes Australand Property Group and Stockland which are considered to be outliners

We note that the earnings upon which the above multiples are based include those from both property ownership and property management operations. These multiples are therefore not directly comparable to the Operating Platform, as its earnings are attributable solely to the property management operations. Given that a significant portion of the Operating Platform's earnings have a risk profile which is akin to that of rental income, we consider that these multiples are still useful in considering an appropriate multiple to apply to the earnings of the Operating Platform.

Selection of the capitalisation multiple

Having regard to the analysis outlined above, we consider an EBIT multiple range of 13.0 times to 14.0 times to be appropriate in assessing the value of the Operating Platform.

In selecting the appropriate multiple to apply, we have exercised our skill and judgement and therefore the multiple selected is ultimately subjective in nature. In relation to the range of multiples selected, we note the following:

- the multiple range represents a blended multiple based on an analysis of the composition of revenue from property management, project management and associated overhead costs

- in selecting the multiple range we have considered the sustainability and growth prospects of the Operating Platform's earnings given the size of the property portfolio compared to the comparable transactions
- the multiple range is at the high end of the range when compared to recent transactions involving internalisations of management. We consider this to be justified due to the WDCANZ's high degree of entrenchment as the manager and provider of development services to the properties. The factors which demonstrate the Operating Platform's entrenchment are as follows:
  - under the Agreements that are currently in place between WDCANZ, WRT and third party co-owners, WDCANZ's appointment as property and development manager is akin to a perpetual agreement, so long as it maintains a legal interest of 25% in the property
  - the terms of these Agreements provide very limited circumstances under which WDCANZ's management rights may be terminated. In general terms, these limited circumstances include a material breach of its obligations, other specified default events and failure to remedy a default within a specified period of time
  - given that WDCANZ will be in control of the legal interest that it maintains in each property, and it will also be in control maintaining compliance with the Property Management Agreements, WDCANZ is essentially able to control the continuity of its appointment as manager with respect to all properties within its portfolio
  - as previously outlined, we consider WDCANZ's Operating Platform would attract a higher multiple compared to the management platform recently acquired for the following reasons: the superior quality of the portfolio managed by the Operating Platform, as evidenced by the higher capitalisation rate applied by the independent valuers
  - the Operating Platform's significantly larger scale, with AUM of $38.5 billion.
- during the three years ending 31 December 2013, between 40.9% and 51.4% of the earnings generated by the Operating Platform represented property management income. As property management income is based on a percentage of rental income, this income stream has a risk profile which is akin to that of the underlying rental income generated by the property portfolio. If this portion of the Operating Platform's income was to be capitalised at the same rate as the weighted average yield of the property portfolio that it manages (being 6.0%), the applicable multiple would be 16.7 times
- during the three years ending 31 December 2013, between 48.6% and 59.1% of the earnings generated by the Operating Platform represented project management income. We have separately considered how the risk and growth profile of these earnings should be reflected in the blended multiple. In making this assessment we have considered the earnings multiples internally managed A-REITs that are involved in project management.

10.5 Value of WDCANZ

We have estimated the fair value of a WDCANZ Security to be between $8,669.5 million and $8,886.0 million, as set out in the table below.[19]

Table 57: Valuation of WDCANZ

$ million	Reference	Low	High
NTA as at 31 December 2013	10.3.1	5,485.4	5,485.4
Add: Capitalised value of the Operating Platform	10.4	2,814.5	3,031.0
Add: Working capital adjustment	10.5.1	284.1	284.1
Add: Deferred tax liability adjustment	10.5.2	26.0	26.0
Add: Securities in WDC	10.5.3	59.5	59.5
Fair value of WDCANZ		**8,669.5**	**8,886.0**

Source: Pro forma financial information of Scentre Group and KPMG Corporate Finance analysis

Our valuation is based on the net assets of WDCANZ as outlined in Section 10.3, the value of the Operating Platform as outlined in Section 10.4, an adjustments related to working capital, deferred tax liabilities and securities in WDC which are outlined below.

10.5.1 Working capital adjustment

The NTA of WDCANZ as at 31 December 2013 includes current assets and liabilities, a portion of which are associated with the Operating Platform, with the remaining portion being associated with its property ownership operations. Our valuation of the Operating Platform has been undertaken on a capitalisation of earnings basis. A feature of this methodology is that the multiple adopted in the valuation has regard to the necessary working capital required to generate the relevant earnings. As the working capital needs have been included in our valuation, it is necessary to adjust the net assets of WDCANZ to avoid double counting.

In assessing the appropriate adjustment, we have reviewed the composition of current assets and liabilities stated on the pro forma balance sheet of WDCANZ as at 31 December 2013 and identified the balances which relate to the Operating Platform. These balances amount to a net working capital liability of $284.1 million.

We have been unable to cross check this working capital balance against industry participants as sufficient detailed information relating to property management operations is not publicly available. However, we have no reason to believe that the working capital balances in the pro forma balance sheet of WDCANZ do not reflect an appropriate level of working capital.

[19] We have not adjusted the value of WDCANZ for the distribution paid by WDC on 28 February 2014, as we were unable to obtain the portion of this distribution which was directly attributable to WDCANZ. In order to be consistent in this respect, we have also not adjusted WRT for its distribution paid on 28 February 2014.

10.5.2 Deferred tax liability adjustment

We consider that there are two amounts included in WDCANZ's deferred tax liabilities balance, totalling $26 million, which require adjustment and exclusion from the value of WDCANZ. These amounts represent the following:

- $20 million being a timing difference between the claiming of tax deductions in relation to design and construction costs and the recognition of the associated development profit, which does not represent a further cash outflow of WDCANZ
- $6 million which represents tax on WRT Securities held in a WDC long-term employee incentive plan. This tax will not be payable in the future where the securities are used to satisfy employee related incentive liabilities.

10.5.3 Securities in WDC

The net assets of WDCANZ do not include the value attributable to 5.9 million WDC shares held by Amondi Pty Limited (Amondi). The securities are held by Amondi as Trustee of the Westfield Executive Option Plan, which will be contributed by WDC to Scentre Group.

In our view, this represents a further contribution from WDC to Scentre Group, and we have therefore included this amount in our valuation of WDCANZ. We have assigned a value of $59.5 million to these securities based on the market price of WDC securities as at 31 December 2013 of $10.09.

10.6 Cross-check of primary valuation methodology

In order to assess the reasonableness of the value of WDCANZ derived from our analysis, we have conducted the following cross-checks:

- comparing the earnings multiples and yield implied by our valuation with those of comparable listed A-REITs
- comparing the premium to NTA implied by our valuation to the difference between the market capitalisation of WDC and its NTA.

10.6.1 Earnings multiples

The implied EBIT multiples for the year ending 31 December 2013 and the forecast year ending 31 December 2014 are set out below.

Table 58: EBIT multiples implied by the assessed value of WDCANZ

$ million	Low	High
Implied equity value of WDCANZ	8,669.5	8,886.0
Net debt[1]	7,094.0	7,094.0
Property linked notes	1,371.4	1,371.4
Implied enterprise value of WDCANZ	17,134.9	17,351.4
Implied FY13 EBIT multiple	**15.8**	**16.0**
Implied FY14 EBIT multiple	**15.4**	**15.6**

Source: Pro forma financial information of Scentre Group and KPMG Corporate Finance analysis
Note 1: Net debt represents interest bearing liabilities of $7,305.5 million less cash of $211.5 million

WDCANZ's implied FY13 and FY 14 EBIT multiple ranges are 15.8 times to 16.0 times and 15.4 times to 15.6 times respectively. We have compared these multiples to those of the internally managed listed A-REITs set out in Table 55 (on page 93) and note the following:

- the implied multiples based on our assessed range are within the ranges of the listed A-REITs, which supports our valuation range
- the implied multiple for WDCANZ is below the FY13 median of the listed A-REITs (16.7 times) which supports our valuation range
- the implied multiple for WDCANZ is above the FY14 median of the listed A-REITs (14.3 times), we consider the implied multiples to be reasonable given the high proportion of WDCANZ's earnings which are generated from property revenue and the related property management services. The WACR of the portfolio linked to these income streams has been determined by independent property valuers to be 6%, which would equate to a multiple of 16.7 times, supporting our valuation.

10.6.2 Premium to NTA

WDCANZ's premium to NTA based on our assessed value range is set out below.

Table 59: WDCANZ premium to NTA

$ million	Low	High
WDCANZ assessed value	8,669.5	8,886.0
NTA	5,485.4	5,485.4
Premium to NTA	**3,184.1**	**3,400.6**
Premium to NTA (%)	**58.0%**	**62.0%**

Source: S&P Capital IQ and KPMG Corporate Finance analysis

WDC's implied premium to NTA as at 31 December was $5,796.7 million (representing a premium of 38.4%) as detailed in the table below.

Table 60: WDC premium to NTA

$ million	
WDC market capitalisation as at 31 December 2013	20,908.7
NTA as at 31 December 2013	15,112.0
Premium to NTA	**5,796.7**
Premium to NTA (%)	**38.4%**

Source: S&P Capital IQ and KPMG Corporate Finance analysis
Note 1: Based on the closing price of $10.09 per WDC security and the number of WDC securities on issue of 2,072.2 million as at 31 December 2013

The premium to NTA is likely to be attributable to both its ANZ and international operations.

In order to compare our assessed premium to NTA for WDCANZ, we have estimated the portion of WDC's premium which is attributable to the ANZ operations by reference to a pro rata allocation of the premium based on the composition of AUM. The basis upon which we have arrived at the estimates is set out below.

Table 61: Pro rata allocation of WDC's premium to NTA based AUM

	AUM ($ billion)	AUM (%)	Pro rata allocation premium to NTA ($ million)
Australia	36.0	51.4%	2,980.2
New Zealand	2.5	3.6%	211.0
Sub-total ANZ	**38.5**	**55.1%**	**3,191.2**
US	20.4	29.1%	1,686.8
UK	11.1	15.9%	919.7
Sub-total international	**31.5**	**45.0%**	**2,606.5**
Total	**70.0**	**100.0%**	**5,796.7**

Source: S&P Capital IQ, WDC balance sheet as at 31 December 2013, KPMG Corporate Finance analysis

Based on this analysis, the portion of WDC's premium to NTA which is estimated to be specifically attributable to the ANZ properties AUM is $3,191.2 million which implies a premium of 58.2% over WDCANZ's NTA. Whilst this analysis should be viewed with caution, it does support the premium to NTA of our assessed value of WDCANZ as it is within our range of a premium to NTA of 58.0% to 62.0%. This further supports our primary valuation methodology, as the market value of WDC is based on trades of minority parcels.

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Appendix 1 – KPMG Corporate Finance Disclosures

Qualifications

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are Ian Jedlin and Sean Collins. Ian is an Associate of the Institute of Chartered Accountants in Australia and a Senior Fellow of the Financial Securities Institute of Australia and holds a Master of Commerce from the University of New South Wales. Sean is a Fellow of the Institute of Chartered Accountants in Australia, a Fellow of the Chartered Institute of Securities and Investments in the UK and holds a Bachelor of Commerce degree from the University of Queensland. Both Ian and Sean have a significant number of years experience in the provision of corporate financial advice, including specific advice on valuations, mergers and acquisitions, as well as the preparation of expert reports.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than KPMG Corporate Finance's opinion as to whether the Proposal is in the best interests of WRT Securityholders. KPMG Corporate Finance expressly disclaims any liability to any WRT Securityholder who relies or purports to rely on the report for any other purpose and to any other party who relies or purports to rely on the report for any purpose whatsoever.

Other than this report, neither KPMG Corporate Finance nor the KPMG Partnership has been involved in the preparation of the Securityholder Booklet or any other document prepared in respect of the Proposal. Accordingly, we take no responsibility for the content of the Securityholder Booklet as a whole or other documents prepared in respect of the Proposal.

We note that the forward-looking financial information prepared by the Company does not include estimates as to the potential impact of any future changes in taxation legislation in Australia and New Zealand. Future taxation changes are unable to be reliably determined at this time.

Independence

In addition to the disclosures in our Financial Services Guide, it is relevant to a consideration of our independence that, during the course of this engagement, KPMG Corporate Finance provided draft copies of this report to management of WRT for comment as to factual accuracy, as opposed to opinions which are the responsibility of KPMG Corporate Finance alone. Changes made to this report as a result of those reviews have not altered the opinions of KPMG Corporate Finance as stated in this report.

Consent

KPMG Corporate Finance consents to the inclusion of this report in the form and context in which it is included with the Securityholder Booklet to be issued to the WRT Securityholders. Neither the whole nor the any part of this report nor any reference thereto may be included in any other document without the prior written consent of KPMG Corporate Finance as to the form and context in which it appears.

Declarations

Our report has been prepared in accordance with professional standard APES 225 "Valuation Services" issued by the Accounting Professional & Ethical Standards Board (APESB). KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently.

Appendix 2 – Sources of information

In preparing this report we have been provided with and considered the following sources of information:

Publicly available information:

- the Securityholder Booklet
- annual reports for the three years ended 31 December 2013 for WRT and WDC
- company presentations and ASX announcements of WRT and WDC
- annual reports, company presentations and news releases of comparable companies
- various broker and analyst reports
- industry reports including:
  - IBISWorld industry reports
  - *Westpac – Melbourne Institute Consumer Sentiment Index report November 2013*
  - *Colliers 2014 Global Investor Sentiment*
  - *Colliers research and forecast report – Australia & New Zealand first half year 2013*
  - *Australia Retail Marketview Q4 2013 – CBRE*
  - *NAB Online Retail Sales Index Monthly update – November 2013*
- data providers including S&P, Capital IQ and Connect 4
- other publicly sourced information made available by the Australian Bureau of Statistics (ABS) and Oxford Economics.

Non-public information provided by WRT:

- Board papers and other internal briefing papers prepared by WRT and their advisers in relation to the Proposal
- the Implementation Deed
- Other confidential documents, presentations and workpapers
- external property valuations for WRT properties.

In preparing this report, we have held discussions with, and obtained information from, senior management of WRT, their advisers, the nominated CEO of Scentre Group and the IBC.

Appendix 3 – Industry overview

Overview

WRT and WDC are retail sector specific REITs which are listed on the ASX. Their respective property portfolios include shopping centres located in Australia and New Zealand.

Should the Proposal be implemented, the newly formed Scentre Group will hold the existing Australian and New Zealand property portfolios of WRT and WDC, including Westfield Carindale.

In order to provide context regarding the current economic factors which are relevant to WRT and WDC, we have set out below an overview of the A-REIT sector and the retail property operators sector in Australia and New Zealand.

A-REIT sector

A-REITs are trust structures that provide securityholders the opportunity to invest in a vehicle that has investments in direct and/or indirect property assets, both domestically and internationally.

At 7 March 2014, the market capitalisation of the A-REIT Index was $88.5 billion. The A-REIT Index comprises 17 constituents, with WDC and WRT being the two largest, making up approximately 24.3% and 10.4% of the total market capitalisation respectively.

A-REITs invest in a range of properties in various sub-sectors and geographic locations. Securityholders generally evaluate A-REITs by assessing the security of the income, the quality of the individual properties and tenants, the length of tenant leases, the level of gearing and the quality of management. The relative risk of these elements will generally be reflected in the yield of individual A-REITs.

A-REITs are often sector-specific, concentrating on a particular sub-sector of the property market. A-REITs that invest across several sub-sectors are known as diversified A-REITs. The sub-sectors within property market and the type of properties within each are as follows:

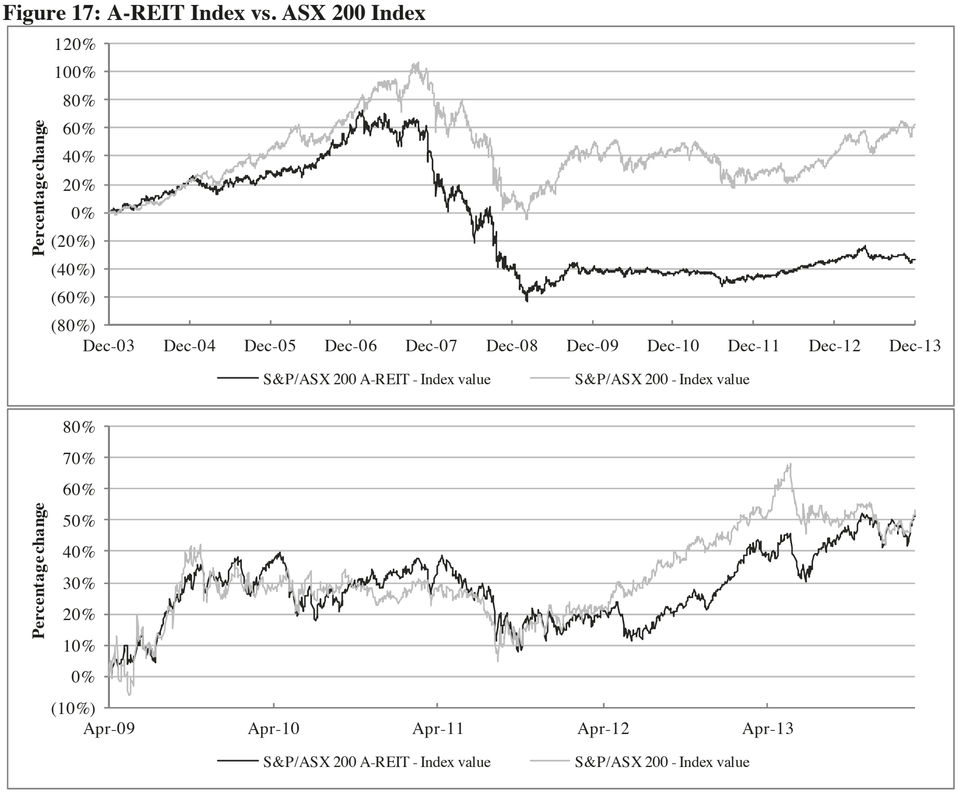
- Retail: investment in shopping malls, outlet malls, neighbourhood and community shopping centres
- Industrial: investment in industrial warehouse and distribution properties
- Office: investment in office buildings and office parks
- Residential: investment in residential properties including housing, apartments and student housing properties
- Hotel: investment in properties that provide accommodation on a room and/or suite basis
- Bulky goods: investment in retail warehouse which contain white goods and hardware.

A-REITs may be able to access tax concessions (such as capital allowances and tax deferral on rental income) which are generally passed onto securityholders through tax deferred distributions.

Historical performance

The relative performance of the A-REIT Index and the ASX 200 Index from 31 December 2003 to 31 December 2013 is illustrated below.

Figure 17: A-REIT Index vs. ASX 200 Index



Source: Capital IQ

The A-REIT Index performed in-line with the ASX 200 Index between December 2003 and December 2006. During the period from January 2006 to March 2009, the A-REIT Index significantly underperformed the ASX 200 Index. This underperformance is attributable to the GFC which influenced changes in debt markets resulting in tighter gearing requirements and stringent debt covenant conditions, leading to declines in property valuations and higher debt costs. These changes had a particularly negative impact on A-REITs, many of which were highly geared, as they had to raise equity capital at significant discounts to their NTA in order to reduce gearing to more sustainable levels.

During the period from April 2009 to the present, the A-REIT Index has performed reasonably in-line with the ASX 200 Index, although it has not fully recovered the value lost during the GFC.

Retail property in Australia and New Zealand

The retail property industry comprises of entities that are focused on investment in retail property. Retail property operators are primarily involved in leasing and development of properties for the purpose of shopping centre operation, bulky goods retail operation and other retail operations.

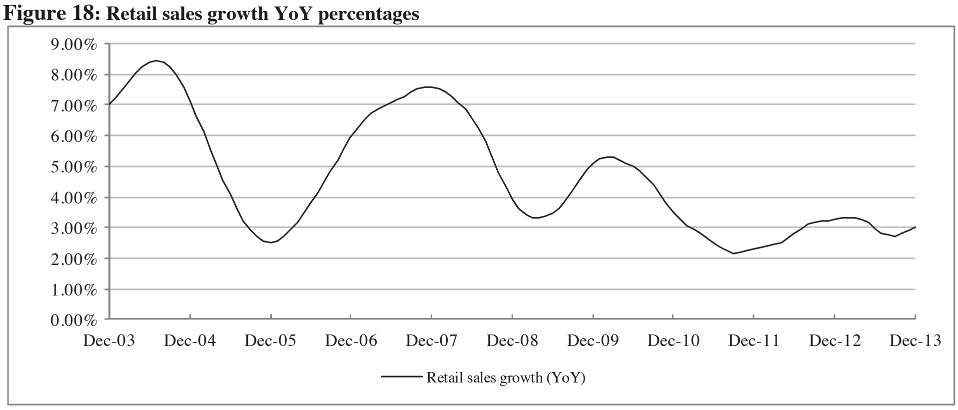
During 2009 to 2014, revenue for this industry grew at an annualised rate of 3.9%, reaching $28.9 billion for 2013 to 2014, and total profit amounted to $7.4 billion. The three largest retail A-REITs are WDC, WRT and Colonial First State (CFS) Retail Property Trust.

Current themes in the retail property operator sector

Retail sales

Retail sales are one of the key drivers of the sector as sales volumes impact the demand for retail space and occupancy rates, growth in leasing rates, and in turn, overall retail property values. The figure below summarises annual growth in Australian retail sales year on year (YoY) from December 2005, as published by the Australian Bureau of Statistics (ABS).

Figure 18: Retail sales growth YoY percentages



Source: ABS retail sales turnover data and KPMG Corporate Finance Analysis

The graph illustrates the cyclical nature of retail sales and the close relationship with the state of the economy. Retail sales growth was high during the period from December 2005 to December 2007, which is consistent with the buoyant economic climate that prevailed during this period. Subsequent to this retail sales growth has generally been lower. This can be attributed to a combination of factors including relatively weaker economic conditions, as a result of the GFC, and a generally reduced propensity of consumers to spend disposable income.

Retail sales have shown signs of improvement during 2013, with growth particularly strong during the final quarter of the year, having increased by 4.2% based on the corresponding quarter in 2012. Retail sales growth in 2014 is expected to be supported by continued low interest rates and relatively stable economic conditions.[20]

Consumer sentiment

Consumer sentiment has a strong positive correlation with retail sales. Consumer sentiment is measured based on a number of indexes that measure the ability and willingness of consumers to purchase major household items. Whilst still well below historic highs, consumer sentiment has exhibited an improving trend since December 2011.[21] This supports the positive trend observed in retail sales growth and stabilising equity markets.

Foreign retailers entering domestic markets

Despite Australia's retail sales being weaker relative to its historical performance, the Australian domestic retail market has been marginally outperforming mature international retail markets. As a consequence, a number of foreign retailers have established (or are in the process of establishing) operations in the Australian market in an attempt to capture the relatively higher retail market returns. Examples of international retailers which have recently entered the Australian market include Zara, H&M and Topshop.[22] The entrance of foreign retailers is expected to increase foot traffic amongst the CBD centres which has the potential to increase retail sales.[23]

Online shopping

Growth in online shopping has significantly outperformed growth in traditional retail sales during the past three years.[24] This trend is attributable to a number of factors including the increased adoption of technology, a greater acceptance of online shopping, lower prices being offered by online retailers and the strength of the Australian dollar. This trend represents a structural challenge which is impacting traditional retailers, which in-turn, impacts the demand for retail space and leasing rates. This challenge is expected to continue to put pressure on traditional retailers into the foreseeable future.

Real household disposable income and consumption

Growth in real household disposable income and the discretionary spending and saving patterns of consumers directly impacts retail sales. These factors are generally driven by broader economic conditions such as GDP growth, inflation and interest rates.

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[20] Australia Retail Marketview Q4 2013 - CBRE

[21] Westpac – Melbourne Institute Consumer Sentiment Index report December 2013

[22] IBISWorld – Retail Property Operators in Australia

[23] Australia Retail Marketview Q4 2013 - CBRE

[24] NAB Online Retail Sales Index Monthly update – November 2013

Real household disposable income is estimated to have increased at a rate of 2.5% during 2013, being supported by stable economic conditions and decreases in interest rates.[25] This has contributed to increased retail sales growth during the latter quarter of this year.

Rental growth and re-leasing spreads

Rental rates are a key driver of retail property revenue, and are a function of retail sales trends, retailer revenue and occupancy costs. Retail property operators have experienced growth in rental rates which has exceeded the growth in retail sales, due to leases incorporating annual rent escalations in excess of CPI.

Due to the lower retail growth experienced during recent years, retail property operators are under increased pressure in terms of the re-leasing spreads that they can achieve. Retail property operators collectively experienced negative re-leasing spreads in 2013, and there is an expectation that this trend will continue in 2014.[26]

Outlook for the retail property industry

While there are some measures indicating an improvement in retail sales growth, and consumer confidence is expected to be supported by low interest rates over the short term and relatively stable economic conditions, uncertainty exists as to whether this trend will be sustained.

Economic growth is forecast to be below trend through to June 2015, with the unemployment rate edging higher, putting downward pressure on wage inflation. Interest rates are predicted to stay on hold for a period of 12 to 18 months. These macro economic factors are likely to lead to subdued growth in real household disposable income which will impact the level of growth in retail sales.

A number of challenges remain for the retail property industry, including the overall flat rental growth associated with negative releasing spreads and the structural challenges associated with continued growth in online sales. These trends are expected to continue through 2014 which may restrain profit growth and the growth in retail property asset values.

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[25] IBISWorld Business Environment Report – Real household disposable income
[26] Australia Retail Marketview Q4 2013 - CBRE

Appendix 4 – Agreements between WRT and WDC

The following is an overview of key contractual arrangements between WRT and WDC (where they are the only parties to the agreements) including an overview of agreements relating to shopping centres that are wholly owned by WDC and WRT.

Co-ownership or Unitholder Agreements

These Agreements regulate the joint ownership by WML and RE1 of the Australian properties or the unit trusts that directly or indirectly own Australian properties. The key matters covered by these agreements are as follows:

- the proportionate sharing of income and expenses between the co-owners/unitholders in accordance with their respective interests
- the establishment of committees responsible for making decisions regarding commercial and operational issues concerning the relevant property
- regulate dealings by the parties with respect to their respective property interests or unitholders. Subject to specified exceptions, restricts the ability to dispose of a relevant property interest or a unitholding without first offering to sell it to the other parties (the Pre-emption Procedure). If the interest or unitholding is not sold through the Pre-emption Procedure, the selling party may sell the property interest or unitholder on the open market
- where a co-owner or unitholder disposes of the whole or part of its property interest or unitholding, it will be required to procure that the transferee accedes to the co-ownership agreement or unitholder agreement and, where applicable, the property management agreement and development framework agreement that relates to the relevant property
- provisions which deal with the default of a co-owner.

Shareholders Agreement – New Zealand Properties

WRT and WDC each hold 50% interests in Westfield NZ Holdings Limited (WNZ), which in turn indirectly holds the New Zealand property portfolio. A shareholders agreement is in place which regulates the ownership of the issued shares of WNZ and WNZ's ownership of the New Zealand properties. The key matters are similar to those set out above pertaining to the co-ownership or unitholder agreements, including the following:

- the establishment of committees responsible for making decisions regarding commercial and operations issues in respect of the New Zealand properties
- pre-emptive rights in relation to dealings by shareholders in their respective shareholdings in WNZ.

Property Management Agreements

Under each of these Property Management Agreements, WDC is appointed by the co-owners to manage the relevant centre.

The key terms of these Property Management Agreements are as follows:

- WDC is appointed as the sole manager and agent to manage, operate, promote and provide leasing services for each property
- the appointment will continue until WDC holds a legal interest of less than a 25%
- the fee paid to WDC for the management services is equal to 5% of the annual gross income of each property
- in addition to management fees, WDC is entitled to be reimbursed for specific internal and external costs and expenses that are incurred in connection with providing management services
- the management agreement may be terminated by co-owner/s of the property or unitholder/s of the property holding entity (as applicable) which has, or together have, at least a 50% property interest or unitholding in circumstances where WDC has breached its obligations, or in the event of other specified defaults and fails to remedy its default within a specified period of time
- the name of the relevant centre may include the word 'Westfield'.

Development Framework Agreements

WRT is party to a Development Framework Agreement with WDC in relation to each property in its portfolio.

The key terms of the Development Framework Agreements are as follows:

- WDC is exclusively appointed to provide a comprehensive range of planning services, design services and development services approved from time to time by the co-owners in relation to the future development of each property. These services also include preparing a leasing strategy for leasing of space in relation to development works
- where the co-owners of a property approve a proposal to proceed with particular development works, those works are to be undertaken in accordance with a Design and Construction Agreement and Leasing Agreement (both of which are outlined below)
- WDC will be entitled to be paid the following fees for the services that are provided:
  - a development fee equal to 3% of the project price
  - a design fee equal to 10% of the project price
  - a leasing fee of up to 15% of the first year's rent payable by tenants of new retail space created by the development works and by tenants who take leases of retail space which existed prior to the development and that was previously occupied by tenants who lease new retail space created by the development works
  - a tenancy design and co-ordination fee of up to $6,700 in respect of each specialty store lease entered into in respect of a project (increased by CPI)
- in addition to the above fees, WDC is entitled to be reimbursed for third party costs incurred by it in carrying out the various services provided under the Development Framework Agreement in accordance with the budget approved by the co-owners

- WDC is entitled to be paid accrued costs and expenses that it incurs in the provision of services in relation to development works that the co-owners agree should not proceed
- the appointment will continue for so long as members of WDC hold at least a 25% direct or indirect interest in the property to which an agreement relates
- the agreement may be terminated by a co-owner holding at least 50% direct or indirect interest in the relevant property in circumstances where WDC has breached its obligations, or in the event of other specified defaults and fails to remedy its default within a specified period of time
- any co-owner may terminate WDC's appointment where the applicable co-owners agreement or property management agreement for the property concerned has been validly terminated.

Design and Construction Agreements and Leasing Agreements

Where a proposal to undertake development works has been approved, WRT and WDC will enter into a Design and Construction Agreement and a Leasing Agreement.

The Design and Construction Agreements set out the rights and obligations of WDC as the developer, WRT and any other co-owners relating to the undertaking of project.

The Leasing Agreements appoint WDC as a leasing manager to undertake specified development leasing services necessary to secure appropriate lessees to enter into retail space leases in relation to the development project and related services.

Co-operation Deed

WRT and WDC are parties to a Co-operation Deed which governs their relationship in connection with any new investment opportunities, the use of Westfield trademarks and circumstances where WDC wishes to dispose of certain properties. The key matters covered by this Deed are as follows:

- where WDC or WRT have an opportunity to acquire an interest in a retail property or development site in Australia or New Zealand, they must offer the other the same opportunity to acquire 50% of the available interest in that property
- where WRT acquires an opportunity to appoint a property manager and/or developer, if lawfully permitted to do so, it must offer this role to WDC
- WRT must at all times support WDC being appointed as property manager and/or developer of any opportunity it shares with WDC
- these arrangements will continue until terminated by mutual agreement or WDC, which may elect to do so where RE1 and RE2 cease to be responsible entities of WRT
- WDC has certain rights to require WRT to join WDC and sell their respective interests in the office component of Westfield Sydney
- WHL is restricted from disposing of its shares in RE1 or RE2 for so long as they are the responsible entities of WRT1 and WRT2
- WRT is licensed to use the 'Westfield' trademarks solely in relation to their scheme names for so long as RE1 and RE2 are responsible entities of WRT1 and WRT2. The ability to use the 'Westfield'

trademarks in the name of the centre is separately provided for in the relevant Property Management Agreement.

Corporate Services Agreement

The responsible entities of WRT are party to an agreement with WDC under which WDC will provide them with the staff, systems, resources and services required to enable the responsible entities to properly perform their duties under the constitutions of the respective trusts. This includes the provision of resources and services for investment management, administration, accounting, compliance, reporting, investor relations and other aspects of operating the responsible entities. The key terms of the Agreement are as follows:

- the Agreement continues until terminated. They may be terminated on 12 months' notice given by either party and is automatically terminated if RE1 and RE2 cease to be responsible entities of WRT
- the amount payable for resources and services under the Agreement is negotiated annually
- WDC is liable for the quality of the staff and other services and resources it provides in case of negligence, fraud, misconduct or breach of the Agreement, subject to a cap on its liability of twice the annual fees paid or payable under the Agreement.

Appendix 5 – Property portfolio

WRT and WDC hold equal interests in each property within the Australian and New Zealand property portfolio with the exception of the following properties:

- WDC holds an effective 25% interest in Carindale, whereas no interest is held by WRT in this property
- the interests held by WDC and WRT in Tea Tree Plaza are 31.25% and 18.75% respectively.

The following table sets out the existing interests which comprise the Australian and New Zealand property portfolios of WRT and WDC, and the portfolio which will be held by Scentre Group, should the Proposal be implemented.

Table 62: Australian portfolio

As at 31-Dec-13 $ million	Estimated weighted average yield	WRT Interest	 Fair value	WDC Interest	 Fair value	Scentre Interest	 Fair value
Australian Capital Territory							
Belconnen	6.00%	50.0%	404.0	50.0%	404.0	100.0%	808.0
Woden	6.25%	25.0%	162.5	25.0%	162.5	50.0%	325.0
New South Wales							
Bondi Junction	5.25%	50.0%	1,126.9	50.0%	1,126.9	100.0%	2,253.8
Burwood	6.00%	50.0%	420.1	50.0%	420.1	100.0%	840.2
Chatswood	6.00%	50.0%	452.9	50.0%	452.9	100.0%	905.8
Figtree	7.50%	50.0%	77.5	50.0%	77.5	100.0%	155.0
Hornsby	6.00%	50.0%	447.2	50.0%	447.2	100.0%	894.4
Hurstville	7.00%	25.0%	135.0	25.0%	135.0	50.0%	270.0
Kotara	6.25%	50.0%	355.0	50.0%	355.0	100.0%	710.0
Liverpool	6.25%	25.0%	225.0	25.0%	225.0	50.0%	450.0
Miranda	5.75%	25.0%	346.5	25.0%	346.5	50.0%	693.0
Mt Druitt	7.00%	25.0%	118.7	25.0%	118.7	50.0%	237.4
North Rocks	7.25%	50.0%	61.5	50.0%	61.5	100.0%	123.0
Parramatta	5.75%	25.0%	404.5	25.0%	404.5	50.0%	809.0
Penrith	6.00%	25.0%	273.8	25.0%	273.8	50.0%	547.6
Tuggerah	6.25%	50.0%	330.0	50.0%	330.0	100.0%	660.0
Warrawong	8.00%	50.0%	93.5	50.0%	93.5	100.0%	187.0
Warringah Mall	6.00%	25.0%	287.5	25.0%	287.5	50.0%	575.0
Westfield Sydney	5.29%	50.0%	1,679.1	50.0%	1,679.1	100.0%	3,358.2
Queensland							
Carindale	5.75%	0.0%	-	50.0%	685.0	50.0%	685.0
Chermside	5.50%	50.0%	824.3	50.0%	824.3	100.0%	1,648.6
Helensvale	6.50%	25.0%	97.5	25.0%	97.5	50.0%	195.0
Mt Gravatt	6.00%	50.0%	459.4	50.0%	459.4	100.0%	918.8
North Lakes	6.25%	25.0%	116.3	25.0%	116.3	50.0%	232.6
Strathpine	7.25%	50.0%	137.5	50.0%	137.5	100.0%	275.0

As at 31-Dec-13 $ million	Estimated weighted average yield	WRT Interest	 Fair value	WDC Interest	 Fair value	Scentre Interest	 Fair value
South Australia							
Marion	5.90%	25.0%	295.0	25.0%	295.0	50.0%	590.0
Tea Tree Plaza	6.00%	18.8%	128.2	31.3%	213.7	50.0%	341.9
West Lakes	6.25%	25.0%	130.0	25.0%	130.0	50.0%	260.0
Victoria							
Airport West	7.00%	25.0%	86.3	25.0%	86.3	50.0%	172.6
Doncaster	5.50%	25.0%	405.0	25.0%	405.0	50.0%	810.0
Fountain Gate	5.75%	50.0%	727.5	50.0%	727.5	100.0%	1,455.0
Geelong	6.25%	25.0%	120.0	25.0%	120.0	50.0%	240.0
Knox	6.50%	25.0%	257.5	25.0%	257.5	50.0%	515.0
Plenty Valley	6.50%	25.0%	78.8	25.0%	78.8	50.0%	157.6
Southland	5.85%	25.0%	339.0	25.0%	339.0	50.0%	678.0
Western Australia							
Carousel	5.50%	50.0%	495.0	50.0%	495.0	100.0%	990.0
Innaloo	7.00%	50.0%	137.0	50.0%	137.0	100.0%	274.0
Whitford City	6.75%	25.0%	150.0	25.0%	150.0	50.0%	300.0
Total Australia portfolio	**5.9%**		**12,385.5**		**13,156.0**		**25,541.5**

Source: WRT2013 annual report; WDC annual financial report 2013

Table 63: New Zealand portfolio

As at 31-Dec-13 NZ$ million	Estimated weighted average yield	WRT Interest	 Fair value	WDC Interest	 Fair value	Scentre Interest	 Fair value
New Zealand							
Albany	6.50%	50.0%	217.0	50.0%	217.0	100.0%	434.0
Chartwell	8.25%	50.0%	87.5	50.0%	87.5	100.0%	175.0
Glenfield	8.38%	50.0%	53.0	50.0%	53.0	100.0%	106.0
Manukau	7.63%	50.0%	167.8	50.0%	167.8	100.0%	335.6
Newmarket	7.13%	50.0%	124.5	50.0%	124.5	100.0%	249.0
Queensgate	7.25%	50.0%	156.0	50.0%	156.0	100.0%	312.0
Riccarton	7.50%	50.0%	235.0	50.0%	235.0	100.0%	470.0
St Lukes	6.88%	50.0%	223.5	50.0%	223.5	100.0%	447.0
West City	8.38%	50.0%	90.5	50.0%	90.5	100.0%	181.0
Total New Zealand	**7.3%**		**1,354.8**		**1,354.8**		**2,709.6**
Exchange rate			1.0869		1.0869		1.0869
Total New Zealand portfolio in $A			**1,246.5**		**1,246.5**		**2,493.0**
Total Australia and New Zealand portfolio			**13,632.0**		**14,402.5**		**28,034.5**

Source: WRT2013 annual report; WDC annual financial report 2013

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Appendix 6 – Comparable companies and transactions

Comparable transactions

To support our evaluation of the Proposal, we have benchmarked the fairness of the Proposal to WRT Securityholders with comparable transactions that reflect similar characteristics to the terms of the Proposal. As such, we have considered comparable transactions that have resulted in the internalisation of management for A-REITs and similar entities as a cross check to support our evaluation.

We note that it is difficult to make direct comparisons between the Proposal and recent internalisation transactions as these transactions have not been undertaken on a merger of equals basis. Additionally, as the Proposal does not have a defined consideration in either cash or scrip, multiples of net savings from internalisation of management for the Proposal may not be directly comparable, more so an indication of net savings that may be attainable from the internalisation of management.

Since 2007 there have been numerous internalisation transactions involving REITs which have occurred due to the need, in some cases, to better align the interest of management and the manager and reduce overheads and management costs. As such we have utilised information from transactions relating to the internalisation of management for selected entities to support the evaluation of the Proposal. However, we note that in comparing the Proposal to similar transactions, the multiples identified should be viewed with caution as the nature of the management arrangements and circumstances under which the transactions took place may vary to that of the Proposal.

Outlined in the table below is a summary of a number of transactions which have taken place since 2007 involving Australian entities, comprising A-REITs and Infrastructure funds, where consideration was provided for the internalisation of management rights.

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Table 64: Comparable internalisation transactions

Announcement date		Consideration ($ millions)	Multiple of net savings[1]
Oct 2013	GDI Property Group	27.3	n/a
Jul 2013	CFS Retail Property Trust Group[2]	460.0	12.0
Jul 2013	Kiwi Income Property Trust	70.6	6.1
Oct 2012	DUET Group	95.6	7.1
Aug 2011	Centro Retail Australia	240.0	n/a
Apr 2011	Spark Infrastructure	49.0	13.6
Feb 2011	Qube Logistics Holdings	40.0	5.7
Jun 2010	Westpac Office Trust	15.0	n/a
Oct 2010	ING Industrial Fund	22.5	n/a
Oct 2009	Macquarie Media Group	40.5	7.0
Oct 2009	Macquarie Infrastructure Group	50.0	5.4
Jul 2009	Macquarie Airports	345.0	10.7
Jun 2009	Macquarie Leisure Trust Group	15.9	15.9
May 2009	Orchard Industrial Property Fund	6.0	5.0
May 2009	Viridis Clean Energy Group	2.8	n/a
Apr 2009	Babcock & Brown Japan Property Trust	22.1	n/a
Feb 2008	DB RREEF Funds Management	260.0	n/a
Low			**5.0**
High			**15.9**
Mean			**8.9**
Median			**7.1**

Source: Publicly available information regarding each transaction and KPMG Corporate Finance Analysis
Note 1: Net savings multiples were calculated as gross consideration divided by net savings obtained (base management fee less incremental operating costs)
Note 2: For the CFS Retail Property Trust Group internalisation we have excluded the $10.2 million related to performance fees avoided to increase comparability to WRT's management fee structure.

The CFS Retail Property Trust Group's (CFX) transaction to internalise its management function has the greatest comparability to the Proposal, as CFX has a similar management fee structure relating to property and project management fees payable, has a relatively entrenched manager with perpetual project and property management agreements, and a similar number of retail properties under management. The CFX internalisation reflected a 12 times multiple (with the exclusion of performance fees avoided) of net savings. Furthermore, factoring in these elements, CFX's weighted average yield of 6.4% for its property portfolio and AUM of $13.9 billion, provide support for the implied multiple of 12 times.

Whilst there are a number of comparable factors particularly the perpetual like qualities of the agreements, we consider WDCANZ's Operating Platform would attract a higher multiple due to the quality and value of WDCANZ property portfolio is considered to be greater than that of the CFX property portfolio. This is supported by the WACR for WDCANZ's property portfolio being 6.0% as determined by the independent property valuers and supported by the high occupancy rates and high sales per square metre. This compares to the WACR of 6.4% for CFX's property portfolio. Additionally, WDCANZ has significantly larger scale portfolio with AUM of $38.5 billion compared to CFX's AUM of $13.9 billion. This increase in scale of the portfolio, facilitates WDCANZ's ability to manage its development pipeline and revenue through the cycle.

Moreover, in relation to the transactions in the above table, we note:

- the net savings multiples implied by the transactions above, range between 5.0 to 15.9 times. The transactions at the higher end of the multiple range can be attributable to the high degree of manager entrenchment which could be characterised by the following factors:
  - the manager has significant contractual entrenchment through either long-term management contracts, as was the case in the internalisation of Spark Infrastructure (13.6 times multiple of net savings) whereby the contract term was for 25 years, perpetual agreements embedded in management contracts, seen in the CFS Retail Property Trust Group internalisation (12.0 times multiple of net savings) where the property and development management agreements had perpetual terms, and termination of the arrangement was only possible through significant breaches in duties or performance
  - performance fee arrangements are in place with the likelihood of high performance fees being paid to the manager. Under this circumstance, a higher consideration would be expected to be paid for the management platform as it would be indicative of the performance fees foregone by the manager. An example of this can be seen in the Macquarie Airports (MAp) and Macquarie Leisure Trust Group internalisation transactions, as there was a high likelihood of significant performance fees being paid to the manager, resulting in a higher net savings multiple (10.7 and 15.9 times multiples of net savings respectively)
  - arrangements for certain investments that have debt and/or pre-emptive rights triggers embedded into the management agreements. Under these circumstances, changes in control of certain investments may trigger existing debt agreements which may result in significant financial costs to the entity. This can be seen from the MAp internalisation transaction whereby a change in control could trigger either immediate repayment or a renegotiation of the terms of the debt, as well as financial implications to MAp should losses to shareholders arise from the change in control
  - the manager having significant interests in the entity which positions them to potentially block any resolutions that are proposed for the removal of the responsible entity. As seen in the MAp transaction, the manager had a 22.8% interest in MAp, which provided a practical capacity to block special resolutions
- the transactions at the lower end of the net savings multiple range represent those which involved managers that were not heavily entrenched and where there was a lower likelihood of paying performance fees. This was seen in the DUET Group (7.1 times multiple of net savings) and Macquarie Media Group (7.0 times multiple of net savings) transactions. In the DUET Group transaction, the management contract had no definitive term and allowed for the manager to be removed through a resolution featuring a 50% vote by securityholders. For the Macquarie Media Group transaction, there was low likelihood of performance fees being paid for the preceding four year period due to continued underperformance of the security price since listing in 2005
- a number of these transaction took place under financially distressed situations, as seen in the Babcock & Brown Japan Property Trust transaction, where the internalisation came about to separate from the distressed manager. Similarly the Centro Retail Australia transaction featured a restructure

of the entity due to considerable financial stress, resulting from unsustainable debt levels and leading to the sale of its property and management services business. As such these transactions are therefore less comparable as the nature from which they originated was from a necessity standpoint rather than for strategic benefit

- the majority of the above transactions involved cash consideration with the exception of Qube Logistics (cash and scrip), Viridis Clear Energy Group (scrip) and DUET Group (scrip) which is not in-line with the consideration of the Proposal and thus reducing direct comparability.

In determining an appropriate multiple range for WDC's Operating Platform, we have had considerations to the following:

- under the management agreements that are currently in place between WDCANZ, WRT and third party co-owners, WDCANZ's appointment as property manager is perpetual in nature, so long as it maintains a legal interest of 25% in the property
- the terms of these agreements provide very limited circumstances under which WDCANZ's management rights may be terminated. In general terms, these limited circumstances include a breach of its obligations, other specified default events and failure to remedy a default within a specified period of time
- given that WDCANZ is in control of the legal interest that it maintains in each property, and it will also be in control of maintaining compliance with the property management agreements, WDCANZ is essentially able to control the continuity of its appointment as manager with respect to all properties within its portfolio
- the shopping centre portfolio supported by the Operating Platform are of a high quality by comparison to its competitors.

Comparable transactions – real estate management platform acquisitions

In addition to the range of multiples identified in the section above, KPMG Corporate Finance has also reviewed information available for transactions that have involved the acquisition of an integrated real estate management platform.

Whilst we note there have been a number of real estate management platform acquisitions during the past ten years, we have focused our selection on transactions involving management platforms which include a development function, as we consider these to be more comparable to WDCANZ.

The transactions outlined in the table below provide the consideration as a percentage of AUM, and the EBIT multiples relating to the management platforms which perform property management, development management and funds management.

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Table 65: Real estate management platform acquisitions

Date	Transaction	Consid - eration ($ millions)	AUM ($ millions)	Consid - eration / AUM	EBIT Multiple historical	EBIT Multiple forecast
Dec 2013 (pending)	Acquisition of CPA management rights by DEXUS	41.0	3,824.0	1.1%	2.9	2.9
Aug 2011	Centro Properties Group services business	240.0	6,975.0	3.4%	6.0	6.8
Oct 2010	Acquisition of ING Industrial Fund management rights by Goodman Industrial Funds Limited	22.5	2,500.0	0.9%	n/a	n/a
Oct 2010	Acquisition of Becton Investment Management Limited by 360 Capital Group	6.0	900.0	0.7%	0.5	n/a
Feb 2010	Charter Hall acquisition of Macquarie Group real estate management platform[1]	119.0	7,186.0	1.7%	4.8	8.5
Feb 2008	DB REEF Holdings acquisition of remaining 50% interest	260.0	15,200.0	1.7%	n/a	10.5
Oct 2004	Macquarie Goodman Group formation	832.0	4,698.0	17.7%	23.6	16.6
Aug 2004	DB REEF Trust 50% acquisition of manager	140.0	9,164.0	1.5%	8.3	7.5
Apr 2004	Westfield Group formation	5,665-6,590	32,000.0	17.7%-20.6%	24.1-28.0	20.0-23.3
Low					**2.9**	**2.9**
High					**28.0**	**23.3**
Median					**11.7**	**12.1**

Source: Publicly available information regarding each transaction and KPMG Corporate Finance Analysis
Note 1: In addition to the upfront consideration of $108.0 million payable to Macquarie Group for the real estate management platform acquired by Charter Hall Group, a contingent consideration of a $15.0 million earn-out was payable in the event that certain cumulative revenue targets were achieved by the offshore platform between 1 March 2010 and 30 June 2013. Based on actual cumulative revenue targets achieved $11.0 million was payable to Macquarie Group as reported in the Charter Hall Group Annual Report for the year ended 30 June 2013.

In relation to the table above, we note:

- the historical and forecast EBIT multiples observed for the comparable transactions range between 2.9 times to 28.0 times and the percentage of AUM ranges between 1.5% to 20.6%. Transactions at the higher end of both ranges occurred pre-GFC, as the market attributed greater value to successful standalone managers, reflecting minimal capital requirements of operating a management platform and the strong earnings growth from the property development pipeline and fund management expansion. This was particularly relevant for the formation of Macquarie Goodman Group and Westfield Group which resulted in EBIT multiples in excess of 20 times and percentage of AUM above 17%. Additionally, the size and nature of the entities, the properties that were being managed and the quality of the income streams, supported the high EBIT multiple range
- the transactions with EBIT multiples at the lower end of the range occurred from 2008, as market sentiment fell and a number of entities became financially distressed. This was the case with:
  - Centro Properties Group (Centro), where the services business was sold as part of the restructuring of Centro as the entity had fallen into considerable financial stress resulting from taking on unsustainable levels of debt. This resulted in EBIT multiples ranging between 6.0 times to 6.8 times and a percentage of AUM of 3.4%
  - the acquisition of Becton Investment Management's (Becton) Operating Platform implied an extremely low EBIT multiple (0.6 times) as Becton was in a financial situation whereby it

would not have been able to meet its short term debt obligations had the proposed acquisition not been approved

- the DB RREEF transaction in 2008 was an acquisition of the remaining 50% interest of DB RREEF Holdings Limited from Deutsche Bank that was initially acquired in 2004. The price for the management platform had been set as part of the initial 50% acquisition of interest in 2004, and resulted in a forecast EBIT multiple of 10.5 times
- the Charter Hall acquisition of Macquarie Group's real estate management platform, Macquarie Direct Property Management Limited, which was the manager for the Macquarie Direct Property Management Fund, was at the lower end of the EBIT multiple range. This may reflect that the Fund had been put on hold due to continued renegotiations with the Fund's lenders as debt facilities were to mature in the following six months
- the unconditional off market takeover bid by DEXUS Funds Management Limited (DEXUS) for CPA's management rights in December 2013 reflected a low EBIT multiple and percentage of AUM. The existing management agreements in place for CPA have no set contractual terms and can be terminated if the responsible entity is changed. Upon a change of control of the responsible entity, the fund management agreement and a component of the property management agreements (for Jones Lang LaSalle managed properties) can be terminated. In addition, CPA has not paid performance fees for the past two years due to carry forward underperformance, and certain development management agreements will remain with CFS Management Limited
- EBIT multiples for the acquisition of ING Industrial Fund Management (ING) rights by Goodman Industrial Funds Limited were not meaningful for the comparison of the Proposal as ING's EBIT for the previous two financial years (FY2010 and FY2011) were in net deficit positions.

Comparable listed A-REITs

The table below outlines comparable listed A-REITs sharemarket performance.

Table 66: Comparable listed A-REITs

	Management basis[1]	Enterprise value[2] ($ million)	EBIT Multiple FY13[3]	EBIT Multiple FY14[4]
Retail REITs				
CFS Retail Property Trust Group	E	8,092.6	17.4	15.0
Charter Hall Retail REIT	E	1,893.0	14.3	13.8
Federation Centres	I	4,767.5	15.0	15.0
Shopping Centres Australasia Property Group	I	1,429.4	14.0	12.8
Westfield Group	I	34,098.4	16.0	14.8
Office REITs				
Commonwealth Office Property Fund	E	3,856.0	15.7	14.8
Cromwell Property Group	I	3,869.7	20.4	18.0
Investa Office Fund	E	2,492.7	14.2	13.4
Industrial REITs				
BWP Trust	I	1,699.5	16.7	14.3
Goodman Group	I	10,199.4	20.4	15.3
Diversified REITs				
Abacus Property Group	I	2,010.4	13.0	12.8
Australand Property Group	I	3,946.6	25.2	14.2
Charter Hall Group	I	1,153.6	17.0	13.5
DEXUS Property Group	I	6,987.6	15.5	13.1
GPT Group	I	7,857.0	19.0	13.1
Mirvac Group	I	8,843.7	17.8	14.6
Stockland	I	10,998.7	21.7	17.2
Low			**13.0**	**12.8**
High (excluding outliners)[5]			**20.4**	**18.0**
Median (excluding outliers)[5]			**15.8**	**14.5**

Source: S&P Capital IQ and KPMG Corporate Finance Analysis
Note 1: I=Internally managed, E=Externally managed
Note 2: Enterprise values are as at 31 December 2013
Note 3: FY13 represents the trailing twelve months earnings as at 31 December 2013
Note 4:FY14 estimates are based on consensus estimates for the twelve months ending 31 December 2014
Note 5: The median relating to FY13 excludes Australand Property Group and Stockland which are considered to be outliners

Outlined below is a description of the comparable A-REITs outlined in the table above.

Abacus Property Group

Abacus Property Group (Abacus) is a diversified REIT that is involved in property investment, funds management, property finance, and projects and investments activities across the eastern seaboard in major metropolitan areas in Australia. The company holds a diversified investment portfolio of retail, commercial and industrial properties. As at 31 December 2013, Abacus had 97 investment properties with a total value of $1.3 billion. The commercial portfolio had total occupancy of 94.2% and a WALE of 4.1 years.

Australand Property Group

Australand Property Group (Australand) is an internally managed diversified REIT which develops land, housing, commercial, industrial and retail properties in Australia. As at 31 December 2013, Australand had a property portfolio value of $2.4 billion, average occupancy at 94.9% and a WALE of 5.3 years.

BWP Trust

BWP Trust is an internally managed REIT which has 84 properties spread across Australia in the form of Bunnings Warehouses, distribution centres, retail showrooms and industrial properties. As at 31 December 2013, BWP had 79 properties with a total value of $1.6 billion.

CFS Retail Property Trust Group

CFS Retail Property Trust (CFS) is an externally managed entity, managed by Colonial First State Property Retail. As at 31 December 2013, CFS had total AUM of $8.6 billion with portfolio occupancy of 99.2%. CFS has 28 retail assets across Australia which achieved retail sales of $7.7 billion. CFS was formed in 1994 and is domiciled in Australia where it makes investments in retail assets, primarily in shopping centres and retail outlet centres. In July 2013, CFS announced a proposal to internalise its management function and was approved at the Extraordinary General Meeting on 7 March 2014.

Charter Hall Group

Charter Hall Group is an internally managed REIT which provides property and funds management services with total AUM of $10.5 billion. As at 31 December 2013, Charter Hall Group had property investment portfolio was valued at $622 million and featured properties across the office (48%), retail (27%) and industrial (25%) sectors. The property portfolio had a WALE of 6.1 years and total occupancy of 97.0%.

Charter Hall Retail REIT

Charter Hall Retail REIT is an externally managed REIT launched and managed by Charter Hall Retail Management Limited. Charter Hall Retail REIT invests predominantly in the eastern seaboard, Western Australia and Queensland. As at 31 December 2013, Charter Hall Retail REIT's investment portfolio comprised 77 centres across sub-regional, neighbourhood and freestanding supermarkets, was valued at $1.9 billion and 98.2% occupancy.

Commonwealth Property Office Fund

Commonwealth Property Office Fund (CPA) is a REIT launched by Commonwealth Managed Investments Limited. The REIT is managed by Colonial First State Property Limited. It invests in prime quality office buildings located in central business district and major suburban markets of Australia. CPA had 25 properties as at 31 December 2013 with a total value of $3.8 billion, WALE of 5.0 years and occupancy at 94.4%. CPA was formed in April 1999 and is domiciled in Australia. We note that in December 2013 DEXUS Property Group made an unconditional, off-market takeover bid for all units in CPA that was completed on 7 March 2014.

Cromwell Property Group

Cromwell Property Group is an internally managed A-REIT that specialises in direct and fund-of-fund investments with a portfolio valued at $2.3 billion as at 31 December 2013. Cromwell Property Group has a net lettable area of 500,000 square metres with 96.0% occupancy and a WALE of 6.2 years. Cromwell primarily invests in the office sector in Australia (98.8%), but also has some investments in the Australian retail sector (1.2%).

DEXUS Property Group

DEXUS Property Group (DEXUS) is an internally managed diversified REIT with $14.0 billion AUM across the office ($8.0 billion), retail ($3.4 billion) and industrial (2.6 billion) sectors. It also develops and manages office, industrial, and retail properties on behalf of third party investors. As at 31 December 2013, DEXUS had 127 properties, with a net lettable area of 3.2 million square meters and occupancy of 94.7% and 94.2% for its office and industrial properties respectively.

Federation Centres (Centro Retail Australia)

Federation Centres is an internally managed REIT with $6.7 billion of AUM, 38 wholly owned centres valued at $2.2 billion and 19 co-owned shopping centres valued at $2.1 billion, as at 31 December 2013. Federation Centres provides property management, development, leasing and fund management services, and has an investment portfolio of sub-regional, regional and convenience centres. Federation Centres' 57 managed centres have retail space of 1.4 million square metres, annual retail sales of $7.9 billion, WALE of 6.1 years and 99.5% occupancy.

Goodman Group

Goodman Group is an internally managed diversified REIT with AUM of $26.0 billion as at 31 December 2013. Goodman Group operates, develops and manages properties across Australia (47%) and internationally (53%). The Goodman Group portfolio has 23 properties valued at $2.2 billion, with 94% occupancy and WALE of 3.2 years.

GPT Group

GPT Group (GPT) operates as an internally managed diversified real estate investment property trust. GPT's portfolio consists of retail (53%), office (34%) and logistics (13%), with a total portfolio value of $8.3 billion as at 31 December 2013. The occupancy for retail properties was 99.6% with property investments across regional, sub-regional and neighbourhood areas.

Investa Office Fund

Investa Office Fund (IOF) is an externally managed office REIT which has 22 properties, 21 in Australia and 1 in Belgium, with a total value of $2.6 billion and €58.8 million respectively. IOF investments are located in core CBD markets and the Australian portfolio has an occupancy of 96% and WALE of 5.0 years.

Mirvac Group

Mirvac Group (Mirvac) is an internally managed diversified REIT which invests in and manages office, retail, industrial and residential assets. As at 31 December 2013, Mirvac's property portfolio was valued at $6.4 billion with a WALE of 5.0 years and 97.8% occupancy. Mirvac has properties across Australia, with the majority in NSW (60.5%).

Shopping Centres Australasia Property Group

Shopping Centres Australasia Property Group (Shopping Centres Australasia) is an internally managed REIT. Shopping Centres Australasia operates 73 properties across Australia (87%) and New Zealand (13%) valued at $1.6 billion. As at 31 December 2013, the asset portfolio had a WALE of 13.8 years, gross lettable area of 458,131 square metres, and 97.1% occupancy.

Stockland

Stockland is an internally managed diversified REIT which develops and operates commercial, residential and retirement properties. As at 31 December 2013, Stockland had 40 retail centres, 17 industrial properties and 18 office buildings. Its retail properties had a total value of $5.5 billion, a WALE of 6.1 years and 99.6% occupancy. Stockland is geographically diverse with assets across Australia.

Appendix 7 – Valuation methodology

Capitalisation of earnings

An earnings based approach estimates a sustainable level of future earnings for a business ('maintainable earnings') and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenue, EBITDA, EBIT and NPAT.

In considering the maintainable earnings of the business being valued, factors to be taken into account include whether the historical performance of the business reflects the expected level of future operating performance, particularly in cases of development, or when significant changes occur in the operating environment, or the underlying business is cyclical.

With regard to the multiples applied in an earnings based valuation, they are generally based on data from listed companies and recent transactions in a comparable sector, but with appropriate adjustment after consideration has been given to the specific characteristics of the business being valued. The multiples derived for comparable quoted companies are generally based on security prices reflective of the trades of small parcels of shares. As such, multiples are generally reflective of the prices at which portfolio interests change hands. That is there is no premium for control incorporated within such pricing. They may also be impacted by illiquidity in trading of the particular stock. Accordingly, when valuing a business en bloc (100 percent) we would also reference the multiples achieved in recent mergers and acquisitions, where a control premium and breadth of purchaser interest are reflected.

An earnings approach is typically used to provide a market cross-check to the conclusions reached under a theoretical DCF approach or where the entity subject to valuation operates a mature business in a mature industry or where there is insufficient forecast data to utilise the DCF methodology.

Discounted cash flow

Under a DCF approach, forecast cash flows are discounted back to the Valuation Date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the Valuation Date to give an overall value for the business.

In a DCF analysis, the forecast period should be of such a length to enable the business to achieve a stabilised level of earnings, or to be reflective of an entire operation cycle for more cyclical industries. Typically a forecast period of at least five years is required, although this can vary by industry and by sector within a given industry.

The rate at which the future cash flows are discounted ('the Discount Rate') should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental.

The Discount Rate most generally employed is the Weighted Average Cost of Capital (WACC), reflecting an optimal (as opposed to actual) financing structure, which is applied to unleveraged cash flows and results in an Enterprise Value for the business. Alternatively, for some sectors it is more appropriate to apply an equity approach instead, applying a cost of equity to leveraged cash flows to determine equity value.

In calculating the terminal value, regard must be had to the business' potential for further growth beyond the explicit forecast period. This can be calculated using either a capitalisation of earnings methodology or the 'constant growth model', which applies an expected constant level of growth to the cash flow forecast in the last year of the forecast period and assumes such growth is achieved in perpetuity.

Net assets or cost based

Under a net assets or cost based approach, total value is based on the sum of the net asset value or the costs incurred in developing a business to date, plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet.

Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values. A premium is added, if appropriate, to the marked-to-market net asset value, reflecting the profitability, market position and the overall attractiveness of the business. The net asset value, including any premium, can be matched to the 'book' net asset value, to give a price to net assets, which can then be compared to that of similar transactions or quoted companies.

A net asset or cost based methodology is most appropriate for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies). A net asset approach is also useful as a cross check to assess the relative riskiness of the business (e.g. through measures such as levels of tangible asset backing).

Enterprise or equity value

Depending on the valuation approach selected and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value or an equity value being determined.

An enterprise value reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) that accrues to the providers of both debt and equity. An enterprise value will be calculated if a multiple is applied to unleveraged earnings (i.e. revenue, EBITDA, EBITA or EBIT) or unleveraged free cash flow.

An equity value reflects the value that accrues to the equity holders. To compare an enterprise value to an equity value, the level of net debt must be deducted from the enterprise value. An equity value will be calculated if a multiple is applied to leveraged earnings (i.e. NPAT) or free cash flow, post debt servicing.

Appendix 8 – Glossary

Definitions

Abbreviation	Description
AFSL	means Australian Financial Services Licence issued by ASIC under section 913B of the Corporations Act
A-REIT	means an Australian real estate investment trust
ASIC	means the Australian Securities and Investments Commission
ASX	means ASX Limited or, as the context requires, the financial market known as the Australian Securities Exchange operated by it
ASX Guidelines	means the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, as amended
ATO	means the Australian Taxation Office
AUM	means Assets Under Management
CAGR	means Compound Annual Growth Rate
Capital Return	means the proposed capital distribution to be made to WRT Securityholders on the Record Date, equal to $0.2853 for each existing WRT1 Unit
Carindale Property Trust	means Carindale Property Trust
CBD	means the Central Business District for the respective Australian and/or New Zealand State
Class Ruling	means the final class ruling provided to Westfield Retail Trust by the ATO confirming the income tax consequences of the Proposal for Eligible Securityholders
Conditions Precedent	means the conditions of implementation of the Proposal
Co-operation Deed	means the co-operation deed dated 20 December 2010 between Westfield Retail Trust and Westfield Group
Corporate Services Agreement	means the corporate services agreement dated 20 December 2010 between RE1 and RE2 and Westfield Limited
Corporations Act	means the *Corporations Act 2001* (Cth)
CPI	means Consumer Price Index
DCF	means the Discounted Cash Flow valuation method
Draft Class Ruling	means the draft class ruling provided to Westfield Retail Trust by the ATO on the income tax consequences of the Proposal for Eligible Securityholders
EBIT	means Earnings Before Interest and Tax
Eligible Securityholder	means any WRT Securityholder recorded on the Register as at the Record Date (who is not a Foreign Securityholder), and any Eligible Foreign Securityholder.
EY	means Ernst & Young
FFO	means Funds from Operations
Foreign Securityholder	means a WRT Securityholder as at the Record Date whose address as shown in the Register is a place outside of Australia and New Zealand and their respective external territories
FY11	means the financial year ended 31 December 2011
FY12	means the financial year ended 31 December 2012

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Abbreviation	Description
FY13	means the financial year ended 31 December 2013
FY14	means the financial year ending 31 December 2014
GDP	means Gross Domestic Product for Australia
GFC	means the Global Financial Crisis that commenced in 2007
GLA	means Gross Lettable Area
IBC	means the Independent Board Committee of WRT comprising Mr Richard Egerton Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harmos, Mr Michael Ihlein and Ms Sandra McPhee AM, being all of the non-executive directors of Westfield Retail Trust who are independent of Westfield Group
ICR	means Interest Coverage Ratio
IER	means the Independent Expert's Report
Implementation Deed	means the Implementation Deed dated 4 December 2013 between RE1 as responsible entity of WRT1, RE2 as responsible entity of WRT2, WHL, WML as responsible entity of WT, WAML as responsible entity of WAT and WIL
Income Distribution	means the WRT1 interim distribution for the period 1 January 2014 to the Implementation Date
Independent Expert	means KPMG Financial Advisory Services (Australia) Pty Ltd
Implementation Date	means 30 June 2014, or such other date as is determined in accordance with the Implementation Deed
IOF	means the Investa Office Fund comprising Armstrong Jones Office Fund and Prime Credit Property Trust
JV	means Joint Venture
KPMG Corporate Finance	means KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division)
Labs Agreement	means the agreement to be entered into between RE1 as responsible entity of WRT1, RE2 as responsible entity of WRT2, WHL, WML as responsible entity of WT, WAML as responsible entity of WAT and WIL
Merger Ratio	means the ratio which determines the entitlements of existing WRT Securityholders and Westfield Group Securityholders to Scentre Group Securities on the Implementation Date
NOI	means Net Operating Income
Notices of Meeting	means the notices of meeting for the meetings of members of WRT1 and WRT2
NTA	means Net Tangible Assets
Operating Platform	WDC's Australian and New Zealand retail property management, funds management and development operating platform
PDS	means a Product Disclosure Statement for the purposes of Chapter 7 of the Corporations Act
Property Management Agreements	means the agreements between Westfield Retail Trust and a Westfield Group entity for the provision of property management services (including leasing services) in relation to the properties co-owned by Westfield Retail Trust
Proposal	means the arrangement described in this Securityholder Booklet pursuant to which Westfield Group's Australian and New Zealand business including its vertically integrated and internalised retail property Operating Platform, held through WHL and WT, will be separated from Westfield Group's international business and merged with Westfield Retail Trust, to create the following two new listed groups:

Abbreviation	Description
	• Scentre Group, comprising WRT1, WRT2, WHL and WT; and • Westfield Corporation, comprising WAT, WIL and WIT
RE1	means RE1 Limited as responsible entity of WRT1
RE2	means RE2 Limited as responsible entity of WRT2
Record Date	means 7.00 pm on 23 June 2014, or such other date as is determined in accordance with the Implementation Deed
REIT	means Real Estate Investment Trust
Scentre Group	means the group that will result from Stapling the securities of WRT1, WRT2, WHL and WT
Scentre Group Board	means the proposed Board of Directors of Scentre Group
Scentre Group Financial Information	means the summary pro forma historical financial information and forecast financial information of Scentre Group
Scentre Group Security	means a Stapled Security in Scentre Group following implementation of the Proposal, comprising one WRT1 Unit, one WRT2 Unit, one WHL Share and one WT Unit
Scentre Group Securityholder	means a holder of a Scentre Group Security following implementation of the Proposal
Stapled or Stapling	means in the case of two or more securities, being on the official list of ASX together so that one such security may not be dealt with without the other or others being dealt with in an identical manner and at the same time and with such restriction on dealing being denoted on the register of each such Stapled Security
Trade Mark Licence Agreement	means the agreement to be entered into before the Implementation Date between WHL and WIL in relation to the use of the 'Westfield' brand by Scentre Group
Transitional Services Agreement	means the Transitional Services Agreement to be entered into between Scentre Group and Westfield Corporation
WALE	means Weighted Average Lease Expiry
WAML	means Westfield America Management Limited as responsible entity of WAT
WAT	means Westfield America Trust
WDC	means Westfield Group and includes WHL, WT, and WAT, and each of its controlled entities
WDCANZ	means Westfield Group's Australian and New Zealand retail property investment assets and Operating Platform
WDC Securityholder	means a holder of a Westfield Group Security
Westfield Carindale	means the centre known as Westfield Carindale located at 1151 Creek Road, Carindale, Queensland
Westfield Corporation	means the new group formed as a result of the Stapling of the securities of WAT, WIL and WIT
Westfield Labs	means Westfield Group's existing digital innovation arm
WHL	means Westfield Holdings Limited
WIL	means Westfield International Limited

KPMG

Westfield Retail Trust
Independent Expert Report
11 April 2014

Abbreviation	Description
WIML	means Westfield International Management as responsible entity of WIT
WIT	means Westfield International Trust
WML	means Westfield Management Limited as responsible entity of WT
WRT	means Westfield Retail Trust including WRT1 and WRT2 and each of their controlled entities
WRT1	means Westfield Retail Trust 1
WRT2	means Westfield Retail Trust 2
WRT Board	means the Boards of Directors of RE1 and RE2
WRT PDS	means information constituting a PDS issued by RE1 and RE2 for the issue of Westfield Retail Trust Securities under the Proposal, forming part of the Westfield Group Securityholder Booklet
WRT Security	means a Stapled Security comprising one WRT1 Unit and one WRT2 Unit
WRT Securityholder	means a holder of a WRT Security
WT	means Westfield Trust

KPMG Corporate Finance
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Australian Financial Services Licence No. 246901
10 Shelley Street
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Australia

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DX: 1056 Sydney
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PART TWO – FINANCIAL SERVICES GUIDE

Dated 11 April 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by KPMG Financial Advisory Services (Australia) Pty Ltd **ABN 43 007 363 215**, Australian Financial Services Licence Number 246901 (of which KPMG Corporate Finance is a division) **(KPMG Corporate Finance)** and Ian Jedlin as an authorised representative of KPMG Corporate Finance **(Authorised Representative)**, authorised representative number 404177, and Sean Collins as an authorised representative of KPMG Corporate Finance, authorised representative number 404189.

This FSG includes information about:

- KPMG Corporate Finance and its Authorised Representative and how they can be contacted
- the services KPMG Corporate Finance and its Authorised Representative are authorised to provide
- how KPMG Corporate Finance and its Authorised Representative are paid
- any relevant associations or relationships of KPMG Corporate Finance and its Authorised Representative
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and the compensation arrangements that KPMG Corporate Finance has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG Corporate Finance.

This FSG forms part of an Independent Expert's Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (PDS). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that KPMG Corporate Finance and the Authorised Representative are authorised to provide

KPMG Corporate Finance holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- deposit and non-cash payment products;
- derivatives;
- foreign exchange contracts;
- government debentures, stocks or bonds;
- interests in managed investment schemes including investor directed portfolio services;
- securities, and
- superannuation,

to retail and wholesale clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG Corporate Finance to provide financial product advice on KPMG Corporate Finance's behalf.

KPMG Corporate Finance and the Authorised Representative's responsibility to you

KPMG Corporate Finance has been engaged by Westfield Retail Trust (Client) to provide general financial product advice in the form of a Report to be included in Securityholder Booklet (Document) prepared by Westfield Retail Trust in relation to the Proposal to merge WRT and WDCANZ as a single entity, Scentre Group (Transaction).

You have not engaged KPMG Corporate Finance or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG Corporate Finance nor the Authorised Representative are acting for any person other than the Client.

KPMG Corporate Finance and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General Advice

As KPMG Corporate Finance has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report. You should also consider the other parts of the Document before making any decision in relation to the Transaction.

Fees KPMG Corporate Finance may receive and remuneration or other benefits received by our representatives

KPMG Corporate Finance charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG Corporate Finance $450,000 for preparing the Report. KPMG Corporate Finance and its officers, representatives, related

entities and associates will not receive any other fee or benefit in connection with the provision of the Report. KPMG Corporate Finance officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the KPMG Partnership). KPMG Corporate Finance's representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.
Further details may be provided on request.

Referrals

Neither KPMG Corporate Finance nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

Through a variety of corporate and trust structures KPMG Corporate Finance is controlled by and operates as part of the KPMG Partnership. KPMG Corporate Finance's directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG partnership. The financial produce advice in the Report is provided by KPMG Corporate Finance and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG Corporate Finance, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.

Complaints resolution

Internal complaints resolution process

If you have a complaint, please let either KPMG Corporate Finance or the Authorised Representative know. Formal complaints should be sent in writing to The Complaints Officer, KPMG, PO Box H67, Australia Square, Sydney NSW 1213. If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on 02 9335 7000 and they will assist you in documenting your complaint.
Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If KPMG Corporate Finance or the Authorised Representative cannot resolve your complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.
Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Address: Financial Ombudsman Service Limited, GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 08
Facsimile: (03) 9613 6399 Email: info@fos.org.au.

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

KPMG Corporate Finance has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact Details

You may contact KPMG Corporate Finance or the Authorised Representative using the contact details:

KPMG Corporate Finance
A division of KPMG Financial Advisory Services (Australia) Pty Ltd
10 Shelley St
Sydney NSW 2000

PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7200

Ian Jedlin
C/O KPMG
PO Box H67
Australia Square
NSW 1213
Telephone: (02) 9335 7000
Facsimile: (02) 9335 7000

C

INDEPENDENT LIMITED ASSURANCE REPORTS

ANNEXURE C – INDEPENDENT LIMITED ASSURANCE REPORTS

Building a better working world

Ernst & Young Transaction Advisory Services Limited
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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ANNEXURE C.1 INDEPENDENT LIMITED ASSURANCE REPORT

9 April 2014

The Directors
Westfield Group
Westfield Holdings Limited
Westfield Management Limited as Responsible Entity of Westfield Trust
Westfield America Management Limited as Responsible Entity of Westfield America Trust
85 Castlereagh Street
Sydney, NSW 2000
(collectively, "Westfield Group")

The Directors
Westfield Retail Trust
RE1 Limited as Responsible Entity of Westfield Retail Trust 1
RE2 Limited as Responsible Entity of Westfield Retail Trust 2
77 Castlereagh Street
Sydney, NSW 2000
(collectively, "Westfield Retail Trust")

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON PRO FORMA HISTORICAL FINANCIAL INFORMATION AND PRO FORMA FORECAST FINANCIAL INFORMATION OF SCENTRE GROUP

1. Introduction

We have been engaged by Westfield Group and Westfield Retail Trust to report on the pro forma historical financial information and the pro forma forecast financial information of Scentre Group, for inclusion in the Westfield Retail Trust Securityholder Booklet ("Westfield Retail Trust Securityholder Booklet") to be dated on or about 14 April 2014, for distribution to the Westfield Retail Trust Securityholders. The Westfield Retail Trust Securityholder Booklet relates to a proposal under which Westfield Retail Trust will merge with Westfield Group's Australia and New Zealand businesses ("Westfield Australia/New Zealand"). This will be implemented by Westfield Group undertaking a restructure which involves separating its Australian and New Zealand businesses from its international business and the merging of Westfield Australia/New Zealand with Westfield Retail Trust. This merged group will become Scentre Group and the international business will become Westfield Corporation (the "Proposal").

Expressions and terms defined in the Westfield Retail Trust Securityholder Booklet have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Graeme Browning is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide in Annexure C.3.

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2. Scope

Scentre Group Pro Forma Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma historical financial information of Scentre Group:

- the Pro Forma Historical Income Statements for the years ended 31 December 2011, 2012 and 2013 as set out in Table 6.3.1 in Section 6.3 of the Westfield Retail Trust Securityholder Booklet ('Pro Forma Historical Income Statements');
- the Pro Forma Historical Statement of Net Assets as at 31 December 2013 as set out in Table 6.10.1 in Section 6.10 of the Westfield Retail Trust Securityholder Booklet ('Pro Forma Historical Statement of Net Assets'); and
- the Pro Forma Historical Funds From Operations for the years ended 31 December 2011, 2012 and 2013 as set out in Table 6.4.1 in Section 6.4 of the Westfield Retail Trust Securityholder Booklet ('Pro Forma Historical FFO')

(hereafter the "Scentre Group Pro Forma Historical Financial Information").

The Scentre Group Pro Forma Historical Financial Information is based on the historical operations of Westfield Australia/New Zealand's shopping centre interests, property management and development operations and the operations of Westfield Retail Trust as described in Section 6.2 of the Westfield Retail Trust Securityholder Booklet. The Scentre Group Pro Forma Historical Financial Information has been derived from the statutory financial statements of Westfield Group and Westfield Retail Trust after adjusting for the items described in Tables 6.10.1 and 6.13.1 of Section 6 of the Westfield Retail Trust Securityholder Booklet. The statutory financial statements of Westfield Group and Westfield Retail Trust have been audited by Ernst & Young in accordance with Australian Auditing Standards and unqualified opinions were issued.

The stated basis of preparation used in the preparation of the Pro Forma Historical Income Statements and Pro Forma Historical Statement of Net Assets is in a manner consistent with the recognition and measurement principles prescribed in the Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board).

The Pro Forma Historical FFO stated basis of preparation is described in Section 6.2(c) of the Westfield Retail Trust Securityholder Booklet.

Due to its nature, the Scentre Group Pro Forma Historical Financial Information does not represent Scentre Group's actual or prospective financial position, financial performance or funds from operations.

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Scentre Group Pro Forma Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following pro forma forecast financial information of Scentre Group:

- the Pro Forma Forecast Income Statement for the year ending 31 December 2014 as set out in Table 6.3.1 in Section 6.3 of the Westfield Retail Trust Securityholder Booklet ('Pro Forma Forecast Income Statement'); and
- the Pro Forma Forecast Funds From Operations and Pro Forma Forecast Adjusted Funds from Operations for the year ending 31 December 2014 as set out in Table 6.4.1 in Section 6.4 of the Westfield Retail Trust Securityholder Booklet ('Pro Forma Forecast FFO')

(hereafter the "Scentre Group Pro Forma Forecast Financial Information").

The Scentre Group Pro Forma Forecast Financial Information has been derived from the Westfield Group forecast financial information and the Westfield Retail Trust forecast financial information to demonstrate the implications of the Proposal as if it had been implemented on 31 December 2013.

The stated basis of preparation used in the preparation of the Pro Forma Forecast Income Statement is in a manner consistent with the recognition and measurement principles prescribed in the Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board). The Directors' best estimate assumptions underlying the Pro Forma Forecast Income Statement are described in Section 6.8 of the Westfield Retail Trust Securityholder Booklet.

The Pro Forma Forecast FFO stated basis of preparation is described in Section 6.2(c) of the Westfield Retail Trust Securityholder Booklet.

Due to its nature and the basis of preparation, the Scentre Group Pro Forma Forecast Financial Information does not represent Scentre Group's actual prospective financial performance and funds from operations for the year ending 31 December 2014.

3. Directors' Responsibility

Scentre Group Pro Forma Historical Financial Information

The Directors of Westfield Retail Trust and of Westfield Group ('the Directors') are responsible for the preparation and presentation of the Scentre Group Pro Forma Historical Financial Information including the basis of preparation. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Scentre Group Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Scentre Group Pro Forma Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Scentre Group Pro Forma Forecast Financial Information for the year ending 31 December 2014, including the basis of preparation and the best estimate assumptions underlying the Scentre Group Pro Forma Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Scentre Group Pro Forma Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

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4. Our Responsibility

Scentre Group Pro Forma Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Scentre Group Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained.

Scentre Group Pro Forma Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Scentre Group Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Scentre Group Pro Forma Forecast Financial Information, and the reasonableness of the Scentre Group Pro Forma Forecast Financial Information itself, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Scentre Group Pro Forma Historical Financial Information and the Scentre Group Pro Forma Forecast Financial Information.

5. Conclusions

Scentre Group Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Scentre Group Pro Forma Historical Financial Information comprising:

- the Pro Forma Historical Income Statements for the years ended 31 December 2011, 2012 and 2013 as set out in Table 6.3.1 in Section 6.3 of the Westfield Retail Trust Securityholder Booklet;
- the Pro Forma Historical Statement of Net Assets as at 31 December 2013 as set out in Table 6.10.1 in Section 6.10 of the Westfield Retail Trust Securityholder Booklet; and
- the Pro Forma Historical FFO for the years ended 31 December 2011, 2012 and 2013 as set out in Table 6.4.1 in Section 6.4 of the Westfield Retail Trust Securityholder Booklet

is not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 6.2 of the Westfield Retail Trust Securityholder Booklet.

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Scentre Group Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Scentre Group Pro Forma Forecast Financial Information for the year ending 31 December 2014 as set out in Section 6.8 of the Westfield Retail Trust Securityholder Booklet do not provide reasonable grounds for the Scentre Group Pro Forma Forecast Financial Information;
- in all material respects, the Scentre Group Pro Forma Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Section 6.8 of the Westfield Retail Trust Securityholder Booklet; and
  - is not presented fairly in accordance with the stated basis of preparation as described in Section 6.2 of the Westfield Retail Trust Securityholder Booklet, and
- the Scentre Group Pro Forma Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

The Scentre Group Pro Forma Forecast Financial Information has been prepared by management and adopted by the Directors in order to demonstrate to the Westfield Retail Trust Securityholders the implications of the Proposal as if it had been implemented on 31 December 2013. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results will be different from the Scentre Group Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Scentre Group Pro Forma Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Westfield Group and Westfield Retail Trust. Evidence may be available to support the Directors' best-estimate assumptions on which the Scentre Group Pro Forma Forecast Financial Information is based, however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Westfield Retail Trust Securityholders should be aware of the material risks and uncertainties in relation to the Proposal, which are detailed in the Westfield Retail Trust Securityholder Booklet and the inherent uncertainty relating to the Pro Forma Forecast Financial Information. Accordingly, Westfield Retail Trust Securityholders should have regard to the Risk Factors and Sensitivity Analysis as described in Sections 7 and 6.9 respectively of the Westfield Retail Trust Securityholder Booklet. The Sensitivity Analysis described in Section 6.9 of the Westfield Retail Trust Securityholder Booklet demonstrates the impact on the Scentre Group Pro Forma Forecast FFO of changes in key best-estimate assumptions. We express no opinion as to whether the Scentre Group Pro Forma Forecast Financial Information will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Scentre Group Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Westfield Group and Westfield Retail Trust, that all material information concerning the prospects and

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proposed operations of Scentre Group have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Sections 6.1 and 6.2 of the Westfield Retail Trust Securityholder Booklet, which describe the purpose of the Scentre Group Pro Forma Historical Financial Information and the Scentre Group Pro Forma Forecast Financial Information. As a result, the Scentre Group Pro Forma Historical Financial Information and the Scentre Group Pro Forma Forecast Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Westfield Retail Trust Securityholder Booklet in the form and context in which it is included.

8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of the Proposal other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Graeme Browning
Director and Representative

Ernst & Young Transaction Advisory Services Limited
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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ANNEXURE C.2 INDEPENDENT LIMITED ASSURANCE REPORT

9 April 2014

The Directors
Westfield Retail Trust
RE1 Limited as Responsible Entity of Westfield
Retail Trust 1
RE2 Limited as Responsible Entity of Westfield
Retail Trust 2
77 Castlereagh Street
Sydney, NSW 2000
(collectively, "Westfield Retail Trust")

Dear Directors

INDEPENDENT LIMITED ASSURANCE REPORT ON THE HISTORICAL FINANCIAL INFORMATION AND FORECAST FINANCIAL INFORMATION OF WESTFIELD RETAIL TRUST

1. Introduction

We have been engaged by Westfield Retail Trust to report on the historical financial information and the forecast financial information of Westfield Retail Trust, for inclusion in the Westfield Retail Trust Securityholder Booklet ("Westfield Retail Trust Securityholder Booklet") to be dated on or about 14 April 2014, for distribution to Westfield Retail Trust Securityholders. The Westfield Retail Trust Securityholder Booklet relates to a proposal under which Westfield Retail Trust will merge with Westfield Group's Australia and New Zealand businesses ("Westfield Australia/New Zealand"). This will be implemented by Westfield Group undertaking a restructure which involves separating its Australian and New Zealand businesses from its international business and the merging of Westfield Australia/New Zealand with Westfield Retail Trust. This merged group will become the Scentre Group and the international business will become Westfield Corporation (the "Proposal").

Expressions and terms defined in the Westfield Retail Trust Securityholder Booklet have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence under the *Corporations Act 2001*. Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services") holds an appropriate Australian Financial Services Licence (AFS Licence Number 240585). Graeme Browning is a Director and Representative of Ernst & Young Transaction Advisory Services. We have included our Financial Services Guide in Annexure C.3.

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2. Scope

Westfield Retail Trust Historical Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following historical financial information of Westfield Retail Trust:

- the Condensed Historical Income Statements for the years ended 31 December 2011, 2012 and 2013 as set out in Table Annexure D.2.1 in Annexure D.2 of the Westfield Retail Trust Securityholder Booklet ('Westfield Retail Trust Historical Income Statements'); and
- the Historical Funds From Operations for the years ended 31 December 2011, 2012 and 2013 as set out in Table Annexure D.3.1 in Annexure D.3 of the Westfield Retail Trust Securityholder Booklet ('Westfield Retail Trust Historical FFO')

(hereafter the "Westfield Retail Trust Historical Financial Information").

The Westfield Retail Trust Historical Income Statements stated basis of preparation is in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with the International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board).

The Westfield Retail Trust Historical FFO stated basis of preparation is described in Annexure D.1(c) of the Westfield Retail Trust Securityholder Booklet.

The Westfield Retail Trust Historical Financial Information has been extracted from the statutory annual financial statements and remuneration reports of Westfield Retail Trust for the years ended 31 December 2011, 2012 and 2013. The statutory annual financial statements and the FFO in the remuneration report have been audited by Ernst & Young in accordance with Australian Auditing Standards and unqualified opinions were issued.

The Westfield Retail Trust Historical Financial Information is presented in the Westfield Retail Trust Securityholder Booklet in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Westfield Retail Trust Forecast Financial Information

You have requested Ernst & Young Transaction Advisory Services to review the following forecast financial information of Westfield Retail Trust:

- the Condensed Forecast Income Statement for the year ending 31 December 2014 as set out in Table Annexure D.2.1 in Annexure D.2 of the Westfield Retail Trust Securityholder Booklet ('Westfield Retail Trust Forecast Income Statement'); and
- the Forecast Funds From Operations for the year ending 31 December 2014 as set out in Table Annexure D.3.1 in Annexure D.3 of the Westfield Retail Trust Securityholder Booklet('Westfield Retail Trust Forecast FFO')

(hereafter the "Westfield Retail Trust Forecast Financial Information").

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The Directors' best-estimate assumptions underlying the Westfield Retail Trust Forecast Financial Information are described in Annexure D.4 of the Westfield Retail Trust Securityholder Booklet. The stated basis of preparation used in the preparation of the Westfield Retail Trust Forecast Income Statement is in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board).

The Westfield Retail Trust Forecast FFO basis of preparation is described in Annexure D.1(c) of the Westfield Retail Trust Securityholder Booklet.

3. Directors' Responsibility

Westfield Retail Trust Historical Financial Information

The Directors of Westfield Retail Trust ('the Directors') are responsible for the preparation and presentation of the Westfield Retail Trust Historical Financial Information including the basis of preparation. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Westfield Retail Trust Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Westfield Retail Trust Forecast Financial Information

The Directors are responsible for the preparation and presentation of the Westfield Retail Trust Forecast Financial Information for the year ending 31 December 2014 including the basis of preparation and the best estimate assumptions underlying the Westfield Retail Trust Forecast Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of the Westfield Retail Trust Forecast Financial Information that is free from material misstatement, whether due to fraud or error.

4. Our Responsibility

Westfield Retail Trust Historical Financial Information

Our responsibility is to express a limited assurance conclusion on the Westfield Retail Trust Historical Financial Information based on the procedures performed and the evidence we have obtained.

Westfield Retail Trust Forecast Financial Information

Our responsibility is to express a limited assurance conclusion on the Westfield Retail Trust Forecast Financial Information, the best estimate assumptions underlying the Westfield Retail Trust Forecast Financial Information and the reasonableness of the Westfield Retail Trust Forecast Financial Information, based on our limited assurance engagement.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A member firm of Ernst & Young Global Limited
Ernst & Young Transaction Advisory Services Limited, ABN 87 003 599 844
Australian Financial Services Licence No 240585

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Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance reports on any financial information used as a source of the Westfield Retail Trust Historical Financial Information and the Westfield Retail Trust Forecast Financial Information.

5. Conclusions

Westfield Retail Trust Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Westfield Retail Trust Historical Financial Information, comprising:

- The Condensed Historical Income Statements for the years ended 31 December 2011, 2012 and 2013 as set out in Table Annexure D.2.1 in Annexure D.2 of the Westfield Retail Trust Securityholder Booklet; and
- the Historical FFO for the years ended 31 December 2011, 2012 and 2013 as set out in Table Annexure D.3.1 in Annexure D.3 of the Westfield Retail Trust Securityholder Booklet

is not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Annexure D.1 of the Westfield Retail Trust Securityholder Booklet.

Westfield Retail Trust Forecast Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the Westfield Retail Trust Forecast Financial Information for the year ending 31 December 2014 as set out in Annexure D.4 of the Westfield Retail Trust Securityholder Booklet do not provide reasonable grounds for the Westfield Retail Trust Forecast Financial Information; and

- in all material respects, the Westfield Retail Trust Forecast Financial Information:
  - is not prepared on the basis of the Directors' best estimate assumptions as described in Annexure D.4 of the Westfield Retail Trust Securityholder Booklet; and
  - is not presented fairly in accordance with the stated basis of preparation as described in Annexure D.1 of the Westfield Retail Trust Securityholder Booklet; and

- the Westfield Retail Trust Forecast Financial Information itself is unreasonable.

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Forecast Financial Information

The Westfield Retail Trust Forecast Financial Information has been prepared by management and adopted by the Directors in order to illustrate the financial performance of Westfield Retail Trust if the Proposal does not proceed. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results will be different from the Westfield Retail Trust Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Westfield Retail Trust Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Westfield Retail Trust. Evidence may be available to support the Directors' best-estimate assumptions on which the Westfield Retail Trust Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusions expressed in this report have been formed on the above basis.

Westfield Retail Trust Securityholders should be aware of the material risks and uncertainties in relation to the Proposal which are detailed in the Westfield Retail Trust Securityholder Booklet and the inherent uncertainty relating to the Westfield Retail Trust Forecast Financial Information. Accordingly, Westfield Retail Trust Securityholders should have regard to the Risk Factors and Sensitivity Analysis as described in Section 7 and Annexure D.5 respectively of the Westfield Retail Trust Securityholder Booklet. The Sensitivity Analysis described in Annexure D.5 of the Westfield Retail Trust Securityholder Booklet demonstrates the impact on the Westfield Retail Trust Forecast FFO of changes in key best-estimate assumptions. We express no opinion as to whether the Westfield Retail Trust Forecast Financial Information will be achieved.

We disclaim any assumption of responsibility for any reliance on this report, or on the Westfield Retail Trust Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Westfield Retail Trust, that all material information concerning the prospects and proposed operations of Westfield Retail Trust have been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

6. Restriction on Use

Without modifying our conclusions, we draw attention to Annexure D.1 of the Westfield Retail Trust Securityholder Booklet, which describes the purpose of the Westfield Retail Trust Historical Financial Information and the Westfield Retail Trust Forecast Financial Information. As a result, the Westfield Retail Trust Historical Financial Information and the Westfield Retail Trust Forecast Financial Information may not be suitable for use for another purpose.

7. Consent

Ernst & Young Transaction Advisory Services has consented to the inclusion of this limited assurance report in the Westfield Retail Trust Securityholder Booklet in the form and context in which it is included.

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8. Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services does not have any interests in the outcome of this Proposal other than in the preparation of this report for which normal professional fees will be received.

Yours faithfully
Ernst & Young Transaction Advisory Services Limited

Graeme Browning
Director and Representative

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ANNEXURE C.3 FINANCIAL SERVICES GUIDE

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged to provide general financial product advice in the form of an Independent Limited Assurance Report ("Report") in connection with a financial product of another person. The Report is to be included in documentation being sent to you by that person.

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in a Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in a Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of a Report having regard to your own objectives, financial situation and needs before you act on the advice in a Report. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain an offer document relating to the financial product and consider that document before making any decision about whether to acquire the financial product.

We have been engaged to issue a Report in connection with a financial product of another person. Our Report will include a description of the circumstances of our engagement and identify the person who has engaged us. Although you have not engaged us directly, a copy of the Report will be provided to you as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing Reports. These fees have been agreed with, and will be paid by, the person who engaged us to provide a Report. Our fees for Reports are based on a time cost or fixed fee basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority. The estimated fee is $67,500 for the Scentre Group Report and $30,000 for the Westfield Retail Trust Report (exclusive of GST).

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young may provide professional services,

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including audit, tax and financial advisory services, to the person who engaged us and receive fees for those services.

Except for the fees and benefits referred to above, Ernst & Young Transaction Advisory Services, including any of its directors, employees or associated entities should not receive any fees or other benefits, directly or indirectly, for or in connection with the provision of a Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Responsibility

The liability of Ernst & Young Transaction Advisory Services is limited to the contents of this Financial Services Guide and the Report.

8. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the AFS Compliance Manager or the Chief Complaints Officer and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Ombudsman Service Limited.

9. Compensation Arrangements

The Company and its related entities hold Professional Indemnity insurance for the purpose of compensation should this become relevant. Representatives who have left the Company's employment are covered by our insurances in respect of events occurring during their employment. These arrangements and the level of cover held by the Company satisfy the requirements of section 912B of the Corporations Act 2001.

Contacting Ernst & Young Transaction Advisory Services AFS Compliance Manager Ernst & Young 680 George Street Sydney NSW 2000 Telephone: (02) 9248 5555	**Contacting the Independent Dispute Resolution Scheme:** Financial Ombudsman Service Limited PO Box 3 Melbourne VIC 3001 Telephone: 1300 78 08 08

This Financial Services Guide has been issued in accordance with ASIC Class Order CO 04/1572.

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D

FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

- ANNEXURE D -
FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

ANNEXURE D.1: BASIS OF PREPARATION

The Westfield Retail Trust financial information has been included to illustrate the financial position if the Proposal does not proceed. Whilst it is not expected to be relevant if the Proposal proceeds, it gives a basis for a Westfield Retail Trust Securityholder to assess the financial outcomes as a result of the Proposal.

The financial information included in this section has been prepared in a manner consistent with the recognition and measurement principles prescribed in Australian Accounting Standards issued by the Australian Accounting Standards Board (which are consistent with IFRS and Interpretations issued by the IASB).

Significant accounting policies relevant to the financial information have been disclosed at Annexure E and in Note 2 to the financial statements in the Westfield Retail Trust's 2013 Annual Report which has been lodged with ASIC and is available at www.westfieldretailtrust.com.

The historical and forecast financial information for Westfield Retail Trust has been reviewed by Ernst & Young Transaction Advisory Services Limited, whose Independent Limited Assurance Report is set out in Annexure C. The user should note the scope and limitations of the Independent Limited Assurance Report.

(A) PREPARATION OF HISTORICAL INCOME STATEMENTS

The historical statutory income statements for FY11, FY12 and FY13 as set out in Table Annexure D.2.1 have been extracted from the statutory financial statements of Westfield Retail Trust and its subsidiaries which have been audited by Ernst & Young and on which unqualified audit opinions were issued (Westfield Retail Trust Historical Income Statements).

(B) PREPARATION OF FORECAST INCOME STATEMENT

The forecast income statement for FY14 as set out in Table Annexure D.2.1 has been prepared by the Westfield Retail Trust Directors based on an assessment of current economic and operating conditions and has been based on the best estimate assumptions of the Westfield Retail Trust Directors (Westfield Retail Trust Forecast Income Statement).

The Westfield Retail Trust Directors believe that they have prepared the Westfield Retail Trust Forecast Income Statement with due care and attention, and consider the best estimate assumptions to be reasonable at the time of preparing this booklet.

The Westfield Retail Trust Forecast Income Statement has been prepared on the basis that the Proposal will not be implemented and the current structure will remain the same.

(C) PREPARATION OF HISTORICAL FFO AND FORECAST FFO

(i) Background

FFO is a non-IFRS performance measure which is considered to be a useful supplemental measure of operating performance.

FFO is a measure that is widely accepted in offshore and domestic real estate markets, gaining further importance in the Australian market as more property trusts adopt FFO reporting.

The National Association of Real Estate Investment Trusts (**NAREIT**), a US based representative body for publicly traded real estate companies with an interest in US real estate and capital markets, defines FFO as net income (computed in accordance with United States Generally Accepted Accounting Principles), including interest capitalised on property developments and excluding gains (or losses) from sales of property, plus depreciation and amortisation, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.

Westfield Retail Trust's measure of FFO is based upon the NAREIT definition, adjusted to reflect that Westfield Retail Trust's profit after tax and non controlling interests is reported in accordance with the Australian Accounting Standards and IFRS.

Westfield Retail Trust's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances from the reported profit after tax.

(ii) Basis of Westfield Retail Trust's FFO

Westfield Retail Trust's FFO has been calculated in Annexure D from the Earnings before Interest and Tax. This has then been adjusted to add back unrealized currency gain/loss, gain/loss in respect of capital transactions, property revaluations, equity accounted – property revaluations, equity accounted – net interest expense, realized income hedging currency gain/loss and the amortization of tenant allowances to derive funds from operations before interest and tax. Net interest expense, current tax expense and FFO attributable to external non-controlling interests have then been deducted to determine FFO.

(iii) Proportionate Format

Westfield Retail Trust's historical and forecast FFO as set out in Table Annexure D.3.1 are presented on a Proportionate Format. This format consolidates Westfield Retail Trust's ownership share of revenues and expenses from its equity accounted investments.

The Proportionate Format is used by management in assessing and understanding the performance and results of operations of Westfield Retail Trust as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, Australian and New Zealand shopping centres), most of the shopping centres are under common management, and therefore the drivers of their results are similar, the Proportionate Format FFO provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the Proportionate Format aggregates both revenue and expense items across the whole portfolio, rather than netting the revenue and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

- ANNEXURE D -
FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

ANNEXURE D.2: CONDENSED WESTFIELD RETAIL TRUST HISTORICAL AND FORECAST INCOME STATEMENTS

Table Annexure D.2.1: Condensed Historical and Forecast Income Statements

	Historical			Forecast
	FY11[1] $million	FY12[1] $million	FY13[1] $million	FY14 $million
Revenue	468.7	514.6	534.3	547.7
Share of after tax profits of equity accounted entities	490.6	606.1	471.0	390.7
Expenses	(160.9)	(176.7)	(183.7)	(183.9)
Currency gain/(loss)[2]	–	–	(0.1)	(0.7)
Gain/(loss) in respect of capital transactions	0.4	–	–	
Property revaluations[3]	213.6	84.9	103.8	
Earnings before interest and tax (EBIT)	**1,012.4**	**1,028.9**	**925.3**	**753.8**
Net interest expense[4]	(133.2)	(162.4)	(168.2)	(173.6)
Mark to market of interest rate derivatives[5]	(28.0)	(33.9)	22.4	25.7
Profit before tax	**851.2**	**832.6**	**779.5**	**605.9**
Current tax expense	(2.1)	(1.8)	(2.4)	(2.8)
Profit after tax[6]	**849.1**	**830.8**	**777.1**	**603.1**

(1) Extracted from the statutory financial statements of Westfield Retail Trust which have been audited by Ernst & Young and on which unqualified opinions were issued.

(2) The mark to market gain or loss of currency derivatives has not been forecast as the calculation is dependent on the closing exchange rate at 31 December 2014. Mark to market gain or loss on currency derivatives has no impact on the Forecast FFO of Westfield Retail Trust. Realised currency gains/losses from income hedging have been included in the Forecast Income Statement.

(3) Revaluation gains or losses from the revaluation of property investments have not been forecast due to their unpredictability. Revaluation gains and losses have no impact on the Forecast FFO of Westfield Retail Trust.

(4) Forecast net interest expense excludes any mark to market of interest rate derivative financial instruments and mark to market of other financial liabilities. These calculations are dependent on the interest rate and other factors only available at balance date and as a result are unable to be reliably forecast. Mark to market of interest rate derivative financial instruments and mark to market of other financial liabilities have no impact on the Forecast FFO of Westfield Retail Trust.

(5) Forecast mark to market of interest rate derivative financial instruments represents the reversal of brought forward mark to market balances relating to interest cashflows that are included in net interest expense in the Forecast Income Statement. This has no impact on Westfield Retail Trust's Forecast FFO.

(6) The forecast profit after tax excludes estimated transaction costs of $10 million that would be incurred in the event that Securityholders do not approve the Proposal at the Meeting.

– ANNEXURE D – FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

ANNEXURE D.3: WESTFIELD RETAIL TRUST HISTORICAL AND FORECAST FFO

Table Annexure D.3.1: Historical and Forecast FFO (Proportionate Format)

	Historical			Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Net property income	765.6	808.7	819.1	837.2
Overheads	(35.0)	(37.1)	(36.1)	(37.0)
Realised income hedging currency gain/loss	–	–	(1.2)	(0.7)
Funds from operations before interest and tax	730.6	771.6	781.8	799.5
Net interest expense	(134.0)	(163.5)	(168.0)	(173.6)
Current tax expense	(16.4)	(16.7)	(17.0)	(18.2)
Funds from operations	580.2	591.4	596.8	607.7
Basic FFO per security attributable to members of the Westfield Retail Trust (cents)	19.0	19.4	19.9	20.4

Table Annexure D.3.2: Reconciliation of EBIT to FFO

	Historical			Forecast
	FY11 $million	FY12 $million	FY13 $million	FY14 $million
Earnings before interest and tax (EBIT)	1,012.4	1,028.9	925.3	753.8
Add back:				
– Currency gain/loss	–	–	0.1	0.7
– Gain/loss in respect of capital transactions	(0.4)	–	–	
– Property revaluations	(213.6)	(84.9)	(103.8)	
– Equity accounted – property revaluations	(106.2)	(207.8)	(59.8)	
– Equity accounted – Gain/loss in respect of capital transactions	–	(1.5)	(19.6)	
– Equity accounted – net interest expense	0.8	1.3	(0.2)	–
– Equity accounted – tax expense	19.0	16.8	20.9	21.7
– Realised income hedging currency gain/loss	–	–	(1.2)	(0.7)
	712.0	752.8	761.7	775.5
Add back:				
– Amortisation of tenant allowances	18.6	18.8	20.1	24.0
Funds from operations before interest and tax	730.6	771.6	781.8	799.5
Net interest expense	(134.0)	(163.5)	(168.0)	(173.6)
Current tax expense	(16.4)	(16.7)	(17.0)	(18.2)
Funds from operations	580.2	591.4	596.8	607.7

Table Annexure D.3.3: Weighted average number of Stapled Securities

	Historical			Forecast
	FY11 (million)	FY12 (million)	FY13 (million)	FY14 (million)
Weighted average number of Stapled Securities(1)	3,054.2	3,053.6	3,006.7	2,979.2

(1) Weighted average number of Stapled Securities used in the calculation of basic FFO per security.

- ANNEXURE D -
FINANCIAL INFORMATION FOR WESTFIELD RETAIL TRUST

ANNEXURE D.4: BEST ESTIMATE ASSUMPTIONS UNDERLYING THE FORECAST INCOME STATEMENT AND FORECAST FFO
The Forecast Income Statement and Forecast FFO are based on various best estimate assumptions set out below:

(A) KEY ASSUMPTIONS
The key assumptions underlying the Westfield Retail Trust Forecast Income Statement and Westfield Retail Trust Forecast FFO for the year ending 31 December 2014 include the following:

- average CPI for FY14 of 2.5% for Australia and 1.0% for New Zealand applied to specialty tenant rent escalations;
- shopping centre interests in Australia and New Zealand continue to be in excess of 99.5% leased;
- development activities including Miranda and Mt Gravatt are underway. The FY14 forecast assumes capital expenditure of approximately $230 million on development activities;
- average A$/NZ$ exchange rate of 1.15 for FY14, approximating the average rate for the last 12 months;
- no $850 million capital return to Securityholders included as part of the Proposal;
- average gross interest rate (including the impact of derivative financial instruments) of approximately 5.7% for FY14; and
- taxation on relevant entities at local tax rates currently prevailing at 30% for Australia and 28% for New Zealand.

(B) GENERAL ASSUMPTIONS
In preparing the Forecast Income Statement and Forecast FFO, the following general best estimate assumptions have been adopted:

- no significant amendment to any material agreement or arrangement relating to Westfield Retail Trust's businesses. The parties to those agreements and arrangements are assumed to continue to comply with the terms of all material agreements and arrangements and maintain all relevant licenses and approvals;
- no material business or property acquisitions or disposals;
- no material changes in the competitive operating environment;
- no material changes in capital expenditure requirements;
- macroeconomic and industry conditions as described in Section 7;
- no material contract disputes or litigation;
- no change in Westfield Retail Trust's capital structure;
- no significant change in the legislative regimes and regulatory environments in the jurisdictions in which Westfield Retail Trust or its key customers operate which will materially affect the Forecast Financial Information (including in the areas of taxation and various state retail tenancy legislation);
- no changes in accounting standards or the Corporations Act and to other relevant foreign equivalents of the Corporations Act that would have a material effect on Westfield Retail Trust's financial performance, cash flows or financial position and the way in which they are reported;
- no property revaluations or mark to market of financial instruments in relation to a movement in interest or exchange rates; and
- consistency of Westfield Retail Trust's significant accounting policies over the forecast period.

ANNEXURE D.5: SENSITIVITY ANALYSIS
The Westfield Retail Trust Forecast Income Statement and Westfield Retail Trust Forecast FFO is based on certain economic and business assumptions about future events that are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Westfield Retail Trust Directors and management. A summary is provided of the sensitivity of the Westfield Retail Trust Forecast FFO to variations in a number of key assumptions for FY14. The changes in the key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the Forecast FFO for FY14 is discussed below.

Table Annexure D.5.1: Forecast FFO sensitivity

Forecast FFO Sensitivity	$million	cents/security
Forecast FFO	607.7	20.4
Incremental impact of change from assumptions		
Change in average CPI by 0.25% p.a.	+/– 0.5	+/– 0.02
Change in average portfolio leased by 0.1% p.a.	+/– 0.9	+/– 0.03
Change in average NZ$ exchange rate by 5 cents	+/– 2.5	+/– 0.08
Change in average interest rate by 0.25% p.a.	+/– 2.4	+/– 0.08

E

SIGNIFICANT ACCOUNTING POLICIES

- ANNEXURE E -
SIGNIFICANT ACCOUNTING POLICIES

SIGNIFICANT ACCOUNTING POLICIES
The accounting policies for Scentre Group are set out below.

The preparation of financial information requires estimates, judgements and assumptions that affect the reported amounts of gross revenues, gross expenses, assets and liabilities. These estimates and judgements are based on historical experience and on various assumptions that management believes to be reasonable. Actual results may differ from these estimates under different assumptions or conditions. Revisions to estimates are recognised in the period in which the estimate is revised and in any future period affected. The significant accounting policies set out below apply estimates, judgements and assumptions which could materially affect the financial results or financial position reported in future periods.

CRITICAL ACCOUNTING POLICIES
Critical accounting policies are those policies that require management to make estimates or judgements that may significantly affect the reported amounts of assets, liabilities, revenues or expenses or the disclosure of contingent assets or liabilities. Such estimates are based on judgements and assumptions and could potentially result in materially different results under different assumptions and conditions.

The following disclosure discusses the estimates and judgments that management is required to make in the application of those critical accounting policies, having regard to trends, known events or assumptions that it believes to be reasonable at the time.

INVESTMENT PROPERTIES
Scentre Group's investment properties include shopping centre investments, development projects and construction in progress.

(i) Shopping centre investments
Scentre Group's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, Scentre Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

At each reporting date, the carrying value of the portfolio of shopping centre investment properties are assessed by the Scentre Group Directors and where the carrying value differs materially from the Scentre Group Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Scentre Group Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. It is Scentre Group's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

(ii) Development projects and construction in progress
Scentre Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

Development projects and construction in progress are carried at fair value based on the Scentre Group Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from the Scentre Group Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, the Scentre Group Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

The assessment of fair value and possible impairment in the fair value of shopping centre investment, development projects and construction in progress are significant estimates that can change based on Scentre Group's continuous process of assessing the factors affecting each property.

RECEIVABLES
Trade and sundry debtors and loan receivables are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade, sundry and loan receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectible are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that Scentre Group will not be able to collect the receivable.

- ANNEXURE E - SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Scentre Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as a receivable and carried at its recoverable amount. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Revenue from property management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

Certain tenant allowances that are classified as lease incentives are recorded as part of investment properties and amortised over the term of the lease. The amortisation is recorded against property income.

Revenue is recognised from the sale of properties, when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment or completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when these conditions are satisfied.

Revenue for development and construction projects carried out for third parties is recognised on a percentage completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

DEFERRED TAX

Deferred tax is provided on all temporary differences at the balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

DERIVATIVE AND OTHER FINANCIAL INSTRUMENTS

Scentre Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

Scentre Group has set defined policies and a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with Scentre Group's treasury policy and hedging programs. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, and hedges of share based payments, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of derivatives have been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

Gains or losses arising on the movements in the fair value of cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a cross currency swap, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

Further information on significant accounting policies relevant to the financial information is disclosed in Note 2 to the financial statements in Westfield Group's and Westfield Retail Trust's 2013 Annual Report which have been lodged with ASIC and are available from www.westfieldgroup.com and www.westfieldretailtrust.com/annual-reports.

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SUMMARY OF MATERIAL CONTRACTS

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SUMMARY OF MATERIAL CONTRACTS

Implementation Deed	
Parties	RE1 as responsible entity of Westfield Retail Trust 1, RE2 as responsible entity of Westfield Retail Trust 2, Westfield Holdings, Westfield Management as responsible entity of Westfield Trust, Westfield America Management as responsible entity of Westfield America Trust and Westfield Corporation Limited. It is proposed that Westfield America Management, in its capacity as responsible entity of WFD Trust will enter into an accession deed to become party to the Implementation Deed immediately following implementation of the Proposal. Unless otherwise specified, a reference to Westfield America Management in this summary refers to Westfield America Management in its capacity as responsible entity of Westfield America Trust.
Date	4 December 2013
Purpose	The purpose of the Implementation Deed is to document the terms on which the parties agree to implement the Proposal, and the steps necessary to implement the Proposal.
Conditions Precedent	– (**ASIC and ASX approvals**) ASIC and ASX grant all consents or approvals, waivers or do other such other acts which the parties to the Implementation Deed agree are reasonably necessary or desirable to effect the Proposal. – (**FIRB approval**) The Treasurer of the Commonwealth of Australia provides written advice that there are no objections to the restructure of Westfield Group under the Proposal (or has ceased to be empowered to make an order prohibiting the restructure). – (**Court orders**) The Court makes orders to convene the Westfield Holdings Scheme Meeting and makes orders pursuant to section 411(4)(b) and 411(6) of the Corporations Act approving the Westfield Holdings Scheme. – (**judicial advice**) The judicial advice in respect of RE1 and RE2 described in Section 10.6 of the Securityholder Booklet is obtained from the Court and similar judicial advice is obtained from the Court by Westfield Management and Westfield America Management. – (**other regulatory approvals**) • Obtaining any other regulatory consents or approval which the parties to the Implementation Deed agree are reasonably necessary or desirable to effect the Proposal. • No regulatory authority or judicial entity or authority taking any action or making any preliminary or final order or decree (or commencing to do so) which restrains or prohibits the implementation of the Proposal. – (**continuing ASX listing**) Each party to the Implementation Deed that as at 4 December 2013 was admitted to the Official List, continuing to be admitted to the Official List. – (**tax conditions**) Westfield Retail Trust and Westfield Group having received from the ATO, and the ATO having not withdrawn or threatened to withdraw, the taxation rulings (including drafts) received in relation to the Proposal. – (**financing facilities**) Bridge financing and related hedging arrangements necessary to implement the Proposal are obtained by Westfield Retail Trust and Westfield Group on acceptable terms. – (**independent expert conditions**): • The Independent Expert opines, and does not revoke its opinion that the Proposal is in the best interests of Securityholders. • The independent expert appointed by the Westfield Group Directors opines, and does not revoke its opinion that the Proposal is in the best interests of Westfield Group Securityholders.

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Implementation Deed	
	– (**Securityholder approval**) The Proposal Resolutions are approved at the Meeting by Securityholders. – (**Westfield Group Securityholder approval**) The Westfield Group Resolutions are approved at the Westfield Group Meeting by the Westfield Group Securityholders. – (**amendment of constitutions**) The constitutions of Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Trust, Westfield Holdings and Westfield America Trust are amended on the terms contemplated by the Constitution Amendment Resolutions and the Westfield Group Resolutions (as applicable). – (**Restructure**) No person exercises (or purports to or indicates that they intend to exercise) any rights as a result of implementation of the Proposal or implementation arrangements where the relevant event is likely to have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses or prospects of Westfield Retail Trust or Westfield Group or following implementation, Scentre Group or Westfield Corporation. – (**key agreements**) The Trade Mark Licence Agreement, Transitional Services Agreement, Implementation Deeds Poll and LABS Agreement are entered into by the relevant parties.
Separation principle	Subject to limited exceptions, on and from the implementation of the Proposal: – Scentre Group will have the entire economic benefit (including of profits) and risk of the Australian and New Zealand business of Westfield Group and Westfield Retail Trust, as if it had owned and operated that business at all times, and none of the economic benefit or risk of the international business; and – Westfield Corporation will have the entire economic benefit (including of profits) and risk of the international business of Westfield Group as if Westfield Corporation had owned and operated that business at all times, and none of the economic benefit or risk of the Australian and New Zealand business. However, subject to the transitional services arrangements described at Section 3.10, if there are assets within Scentre Group or Westfield Corporation which primarily relate to or are required for the operation of the other business, the other group is entitled to ownership and/or use of those assets.
Separation indemnity	Scentre Group must (subject to limited exceptions) indemnify Westfield Corporation for any liabilities incurred by Westfield Corporation relating to the Australian and New Zealand business, and Westfield Corporation must (subject to limited exceptions) similarly indemnify Scentre Group for any liabilities incurred by Scentre Group relating to the international business.
Guarantees	With effect from the implementation of the Proposal (or as soon as reasonably practicable thereafter), Scentre Group must use its reasonable endeavours to release Westfield Corporation Limited, Westfield America Management or, following its accession to the Implementation Deed Westfield America Management as responsible entity of WFD Trust, and any beneficiaries of Westfield Corporation Limited, Westfield America Trust or WFD Trust from all obligations in relation to guarantees, indemnities and other forms of financial support given by, or requested to be given by, Westfield Corporation Limited, Westfield America Management and following its accession to the Implementation Deed Westfield America Management as responsible entity of WFD Trust, or any beneficiaries of Westfield Corporation Limited, Westfield America Trust or WFD Trust to third parties or a member of Scentre Group, to the extent they relate to the Australian and New Zealand business. With effect from the implementation of the Proposal (or as soon as reasonably practicable thereafter), Westfield Corporation must use its reasonable endeavours to release Westfield Holdings, Westfield Management, and any beneficiaries of Westfield Holdings and Westfield Trust from all obligations in relation to guarantees, indemnities and other forms of financial support given by, or requested to be given by, Westfield Holdings and Westfield Management or any beneficiaries of Westfield Holdings and Westfield Trust to third parties or a member of Westfield Corporation, to the extent they relate to the international business. Scentre Group and Westfield Corporation must each indemnify each other in respect of claims and losses under such guarantees, indemnities and other financial forms of support to the extent they relate to their respective businesses.

– ANNEXURE F – SUMMARY OF MATERIAL CONTRACTS

Implementation Deed	
Liabilities	Scentre Group indemnifies the entities in Westfield Corporation (including their respective directors, officers and employees) from any liability arising out of the breach of Westfield Corporation's obligations or warranties given under the Implementation Deed. Westfield Corporation indemnifies the entities in Scentre Group (including their respective directors, officers and employees) from any liability arising out of the breach of Scentre Group's obligations or warranties given under the Implementation Deed.
Liabilities in relation to the securityholder booklets	Each member of Westfield Corporation indemnifies each member of Scentre Group (and their related bodies corporate) from any liability arising from a misleading or deceptive statement, or deficient disclosure, in this Securityholder Booklet or the Westfield Group Securityholder Booklet in relation to certain information on Westfield Group. Each member of Scentre Group indemnifies each member of Westfield Corporation (and their related bodies corporate) from any liability arising from a misleading or deceptive statement, or deficient disclosure, in this Securityholder Booklet or the Westfield Group Securityholder Booklet in relation to certain information on Scentre Group. Each member of Westfield Corporation and each member of Scentre Group indemnifies each member of the other group from and against 50% of any liability arising from information relating to the co-owned shopping centre interests of Westfield Retail Trust and Westfield Group, including any such information provided to Westfield Retail Trust by Westfield Group if that information has been adopted or approved for public disclosure by the directors of RE1 or RE2 (for the avoidance of doubt, other than as a consequence of the approval of this Securityholder Booklet or the Westfield Group Securityholder Booklet) unless there is a misleading or deceptive statement or omission in that information where Westfield Group has failed to disclose to Westfield Retail Trust the misleading or deceptive nature of the information or the omission as a result of the fraud, recklessness, wilful misconduct or gross negligence of any member of Westfield Group or any of Westfield Group's directors, officers employees.
Termination rights	A party may terminate the Implementation Deed if certain events occur prior to the Implementation Date. These events include: – the Proposal Resolutions and the Westfield Group Resolutions not being passed on or before 31 December 2014 (or such other date agreed between the parties); – the Court not approving the Westfield Holdings Scheme or not providing the judicial advice; – the failure of certain other Conditions Precedent; – any of Westfield Holdings, Westfield Trust, Westfield America Trust, Westfield Corporation Limited, WFD Trust, Westfield Retail Trust 1 or Westfield Retail Trust 2 becoming insolvent; and – a regulatory authority or judicial entity or authority taking any action, or making or commencing to make any preliminary or final order or decree which restrains or prohibits the implementation of the Proposal. Westfield Retail Trust and Westfield Group may each terminate the Implementation Deed if: – they receive an alternative proposal which the Westfield Retail Trust Directors or the Westfield Group Directors (as applicable) acting in good faith determines is reasonably capable of being completed, and is more favourable to Securityholders or Westfield Group Securityholders (as applicable) than the Proposal; – the other party(ies) breach a warranty or obligation under the Implementation Deed which is material to the Proposal; or – the representations and warranties made by the other party(ies) are not materially true and correct. Each of Westfield Management, Westfield America Management, RE1 and RE2 may also terminate the Implementation Deed if at any time they determine in good faith that they should do so because of the duties owed to their relevant securityholders. This includes if a responsible entity determines in good faith that the Proposal ceases to be in the best interests of Securityholders (in the case of RE1 and RE2) or Westfield Group Securityholders (in the case of Westfield Management or Westfield America Management).

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SUMMARY OF MATERIAL CONTRACTS

Trade Mark Licence Agreement	
Parties	Westfield Corporation Limited and Westfield Holdings.
Date	9 April 2014

Purpose/permitted use	The Trade Mark Licence Agreement documents the basis on which Scentre Group may use the Westfield brand.
	
	Under the Trade Mark Licence Agreement, Westfield Corporation Limited grants to Westfield Holdings a royalty free licence to use the "Licensed Trade Marks" in Australia and New Zealand in relation to "Qualifying Shopping Centres" and "Permitted Brand Extensions", (including for the purpose of developing, promoting, marketing, advertising and leasing any Qualifying Shopping Centre) on an exclusive basis. The licence includes the right to grant a sub-licence to members of the Scentre Group and to third parties in accordance with the Trade Mark Licence Agreement.
	
	"Qualifying Shopping Centres" are:
	– each shopping centre branded as a Westfield shopping centre as at the date of the Trade Mark Licence Agreement;
	– any other shopping centre having the applicable "Agreed Characteristics"; and
	– such other shopping centres that are approved by Westfield Corporation Limited,
	provided that the relevant shopping centre is managed by a member of the Scentre Group.
	
	"Agreed Characteristics" is defined as being:
	– a shopping centre which either has:
	  • annual sales (or in the case of a completed development, projected annual sales in accordance with a Scentre Group Board approved feasibility) in excess of $300 million (increasing annually by Australian CPI); or
	  • GLA in excess of 40,000 square metres;
	and is of a standard which is comparable with the shopping centre which forms part of the business conducted by Scentre Group; or
	– retail concessions which form part of an airport located in a capital city in Australia or New Zealand.
	
	On the earlier of a request either party and each fifth anniversary of the commencement of the Trade Mark Licence Agreement, the parties will review the Agreed Characteristics, and any other standards and principles required for Qualifying Shopping Centres, and may update the Agreed Characteristics, standards or principles to reflect changes to the nature of the market and Qualifying Shopping Centres.
	
	On each anniversary of the commencement of the Trade Mark Licence Agreement, the parties will review and may update the "Trade Mark Use Guidelines" annexed to the Trade Mark Licence Agreement to reflect changes to the manner in which Westfield Corporation Limited uses marks in other jurisdictions, and the provisions of the agreement which relate to the use of "Digital Media" (being present or future methods of communicating through the use of present or future technology, including digital technology such as websites and social media services such as Facebook, LinkedIn and Twitter).
	
	"Permitted Brand Extensions" are:
	– any consumer or retailer focussed activities, or supplying goods or services to the extent such activities, goods or services are incidental to or otherwise consistent with the operation of a Qualifying Shopping Centre; and
	– the business of supplying such other goods or services as approved by Westfield Corporation Limited.

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Trade Mark Licence Agreement	
Licensed Trade Marks	The Licensed Trade Marks are: – all trade marks registered, as at the date of the Trade Mark Licence Agreement, in Australia and New Zealand where Westfield or any derivative is the distinctive element of the trade mark (the "Existing Trade Mark"); – any other mark that any member of Westfield Corporation registers or applies to register in Australia and New Zealand which is: • a composite mark that contains the distinctive element of any of the Existing Trade Marks; or • substantially identical to, deceptively similar to, or derived from, any of the Existing Trade Marks; and – any other mark which the parties agree to be Licensed Trade Marks.
Term and termination rights	The Trade Mark Licence Agreement endures indefinitely subject to Westfield Corporation Limited's right to terminate the Trade Mark Licence Agreement in the following instances: – if Westfield Holdings (or a sub-licensee) challenges or disputes the validity of any of the Licensed Trade Marks; – if Westfield Holdings is insolvent; – if Westfield Holdings does not use a Licensed Trade Mark in relation to at least one Qualifying Shopping Centre in Australia and New Zealand for a continuous period of 6 months; or – Westfield Holdings breaches its obligation to cease using the Licensed Trade Marks in respect of a shopping centre which ceases to have the Agreed Characteristics that applied when it became a Qualifying Shopping Centre (other than in respect of a shopping centre branded Westfield at the date of the agreement) or the use of the Licensed Trade Marks ceases to substantially comply with the "Trade Mark Use Guidelines" annexed to the Trade Mark Licence Agreement.
Fees/royalties	The licence is royalty free.
Territory	Westfield Holdings may only use the Licensed Trade Marks in Australia and New Zealand. However, Westfield Holdings is permitted to use the Licensed Trade Marks on a non-exclusive basis outside Australia and New Zealand in relation to the "Licensee Activities", which are: – the corporate promotion of the Scentre Group as "Scentre Group" (or a successor brand which does not incorporate, and is not confusingly similar to, any distinctive element of the Licensed Trade Marks) and the owner and manager of the Scentre Group business including communicating with investors, potential investors and other debt and equity market participants outside Australia and New Zealand in respect of the Scentre Group and the Scentre Group business; and – promotion of the Scentre Group and the Scentre Group business outside Australia and New Zealand to potential tenants in the Scentre Group business. The parties have agreed the following principles in relation to the use of the Licensed Trade Marks in Digital Media to promote a Qualifying Shopping Centre or a Permitted Brand Extension: – when registering or using a name or other identifier (including registration as part of a centralised registration process in connection with the use of Digital Media) Westfield Holdings will include in that name or identifier words or abbreviations which, when used in conjunction with the Licensed Trade Marks, make specific reference to "Australia" and/or "New Zealand" or to a particular Qualifying Shopping Centre; and – Westfield Holdings Limited is permitted to use the Licensed Trade Marks in Digital Media which may be accessed or viewed by an audience which includes persons who are resident outside Australia and New Zealand, and Westfield Holdings may fulfil, or procure the fulfilment of, any orders placed through that Digital Media by those persons for goods or services of a kind available through a Qualifying Shopping Centre,

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Trade Mark Licence Agreement	
	provided that: – the principal target of any such use in Digital Media consists of persons resident in Australia and New Zealand and further provided that no steps are taken by or on behalf of Westfield Holdings to customise the Digital Media for use by persons resident outside Australia and New Zealand; and – Westfield Holdings must not take steps to directly or indirectly actively promote the Digital Media to persons outside Australia and New Zealand, including through any act or arrangement which is intended to, or has the effect of, promoting the Scentre Group business utilising the Licensed Trade Marks in preference or priority to Westfield Corporation Limited or the business of Westfield Corporation.
Exclusivity	The rights granted to Westfield Holdings are exclusive in Australia and New Zealand and Westfield Corporation Limited may not use, and must not permit any other person to use, any of the Licensed Trade Marks, or any mark substantially identical with or deceptively similar to a Licensed Trade Mark, in Australia and New Zealand. Westfield Corporation Limited may, however, use the Licensed Trade Marks in Australia and New Zealand in relation to the corporate promotion of Westfield Corporation as "Westfield Corporation" including communicating with investors and potential investors and other debt and equity market participants in Australia and New Zealand in respect of Westfield Corporation and the business of Westfield Corporation, the use of the Licensed Trade Marks as part of the corporate or business name of members of Westfield Corporation or the promotion of Westfield Corporation and the business of Westfield Corporation to tenants in the business of Westfield Corporation. The parties have agreed the following principles in relation to the use by Westfield Corporation of the Licensed Trade Marks in Digital Media to promote the business of Westfield Corporation: – when registering or using a name or other identifier (including registration as part of a centralised registration process in connection with the use of Digital Media) Westfield Corporation will not include in that name or identifier, words or abbreviations which make specific reference to "Australia" and/or "New Zealand"; and – Westfield Corporation is permitted to use the Licensed Trade Marks in Digital Media which may be accessed or viewed by an audience which includes persons who are resident in Australia and New Zealand, and Westfield Corporation may fulfil, or procure the fulfilment of, any orders placed through that Digital Media by those persons for goods or services of a kind supplied by the Westfield Corporation business from time to time, provided that: – the principal target of any such use in Digital Media consists of persons resident outside Australia and New Zealand and further provided that no steps are taken by or on behalf of Westfield Corporation to customise the Digital Media for use by persons resident in Australia and New Zealand; and – Westfield Corporation must not take steps to directly or indirectly to actively promote the Digital Media to persons in Australia and New Zealand, including through any act or arrangement which is intended to, or has the effect of, promoting the Westfield Corporation business utilising the Licensed Trade Marks in preference or priority to Westfield Holdings Limited or the Scentre Group business.

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SUMMARY OF MATERIAL CONTRACTS

Trade Mark Licence Agreement	
Liability	Westfield Corporation Limited indemnifies Westfield Holdings from and against any and all liability, loss, costs (including legal fees on an indemnity basis), expense, claims and damages incurred or suffered by Westfield Holdings arising out of or in connection with any claim by a third party that the use of the Licensed Trade Marks in accordance with the Trade Mark Licence Agreement breaches its intellectual property rights, except to the extent that the liability arises as a result of breach of the Trade Mark Licence Agreement by Westfield Holdings or the use of the Licensed Trade Marks by Westfield Holdings in relation to goods and services that are not in the classes of goods and services for which the Licenced Trade Marks are registered. Except in relation to a claim by a third party that the use of the Licensed Trade Marks in accordance with the Trade Mark Licence Agreement breaches its intellectual property rights, Westfield Holdings indemnifies Westfield Corporation Limited against any claim arising out of or in connection with the use of the Licensed Trade Marks by Westfield Holdings in a manner that is inconsistent with the terms of the Trade Mark Licence Agreement.

LABS Agreement	
Parties	Westfield Labs Corporation (incorporated in Delaware) and Westfield Holdings
Date	9 April 2014
Purpose	– Westfield Labs grants Scentre Group a perpetual, irrevocable, royalty free licence to use in Australia and New Zealand any products which Scentre Group contributes to development costs. – Westfield Labs must offer products to Scentre Group, however if Westfield Labs makes a proposal to Scentre Group in relation to a particular product and Scentre Group rejects that proposal then Westfield Labs is free to develop and exploit it on its own including in Australia and New Zealand. – Scentre Group must give Westfield Labs a first right of refusal to develop products for Scentre Group, however if the parties have not agreed the terms for development after a period of exclusive negotiations then Scentre Group can engage a third party to develop.
Services and Fees	During the Initial Term, Westfield Labs must provide, and Westfield Holdings must accept, the provision of "Core Services". These include publishing platform, big data analytics and dashboards, mapping and wayfinding, website and mobile apps, corporate websites, searchable mail, platforms hosting and maintenance and market research and development. The obligation to provide "Supplementary Services" will not arise until agreement has been reached on the terms of provision of those Supplementary Services, including the fees payable. The fee for "Core Services" is 50% of the aggregate cost to Westfield Labs of providing the Core Services to the ANZ Business and the International Business as set out in the budget prepared by Westfield Labs before the start of each financial year. Scentre Group's contribution: – for the initial period (from Implementation Date until 31 December 2014) – must not exceed $5.5 million; – FY15 – must not exceed $11.2 million; and – FY16 – must not exceed $11.6 million. Scentre Group must pay additional fees for the costs of development of actual products including: – products developed by Westfield Labs which are piloted in Westfield Corporation and offered to Scentre Group and products developed by Westfield by Westfield Labs at the request of Scentre Group; and – share of budgeted costs of development included in proposal provided by Westfield Labs to Scentre Group and agreed between the parties at the time of proposal.

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LABS Agreement	
Seconded employees	Westfield Labs may require access to and co-operation from certain Scentre Group employees (Seconded Employees). The Seconded Employees will work with Westfield Labs personnel in provision of the services and will accept reasonable directions of Westfield Labs personnel. Where a Seconded Employee is employed by Scentre Group the direct cost (which is limited to the fixed and discretionary remuneration) of employment of that Seconded Employee will be advised annually to Westfield Labs and will be deducted from payments due to Westfield Labs in connection with the provision of the Core Services.
Term and termination rights	Initial Term is from the Implementation Date to 31 December 2016 unless extended by mutual agreement. Either party may terminate the agreement immediately if: – The Effective Date has not occurred on or before 31 December 2014; – The other party is insolvent; or – There is a material, non-remedied breach by the other party.

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Transitional Services Agreement	
Parties	Westfield Holdings and Westfield Corporation Limited.
Date	9 April 2014
Purpose	The purpose of the Transitional Services Agreement is to ensure that the Scentre Group business and the Westfield Corporation business continue to have access to certain services and resources that were provided to those respective businesses prior to the Implementation Date that are required by those businesses for their orderly operation during a transitional period after the Implementation Date during which the relevant business establishes the necessary standalone resources. To this end, the Transitional Services establishes an agreed framework for: – the provision of the services by Scentre Group and Westfield Corporation, as the case may be (the "Provider Group") to one or more members of Scentre Group and Westfield Corporation, as the case may be ("Recipient Group Members") following implementation of the Proposal; and – the Provider Group to assist in the transition of the services and data and other materials relating to the Recipient Group Members created in the course of the performance of the provider's obligations.
Services	Westfield Holdings will provide the following services to Westfield Corporation: – corporate accounting; – treasury; – company secretariat; – tax services; – risk management; – information technology services; – payroll services; and – national administration services. Westfield Corporation Limited will provide corporate affairs services to Scentre Group.
Service levels	The services must be provided to a standard which is not materially different from the standard of the services provided to the Recipient Group Members during the 12 month period prior to the Implementation Date.
Fees	Service fees are determined by reference to a full cost recovery basis. The services schedules specify the fees payable for each service. Depending on the service, the fees are: – a specified percentage of shared function costs (including personnel costs and overhead allocations as determined by Westfield Holdings acting reasonably); – a specified percentage of personnel costs; or – a percentage allocation of the costs determined with reference to the number of Westfield Corporation personnel ordinarily located in Australia and New Zealand as a percentage of the total number of all personnel of Scentre Group and Westfield Corporation ordinarily located in Australia and New Zealand. The parties will, every six months during the term, review the costs of providing the services.
Additional Costs	The recipient must reimburse the Provider Group for 50% of the losses incurred by them in connection with: – any redundancy or termination of employment or service of any personnel; or – the separation of any existing information technology system or service arrangements, which occurs directly as result of or in connection with the transition of a particular service. Westfield Corporation will assume 100% of the costs and expenses in connection with all new IT systems service arrangement acquired at the request, and for the benefit of Westfield Corporation, including ongoing software licences.

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Transitional Services Agreement	
Term and termination rights	The services will be provided for a term of between 18 and 24 months (depending on the particular service). The parties can agree to further extensions of the term for a particular service. Either party may terminate the Transitional Services Agreement in whole or in part if: – the other party breaches any term of the agreement (other than in a trivial or inconsequential way) and: • such breach is material and is incapable of remedy; or • such breach is capable of remedy but the other party fails to remedy that breach within 30 days of notice to do so; or – an insolvency event occurs in relation to the other party. The provider may, by notice to the recipient, terminate a service provided by means of a third party agreement if: – the recipient breaches any third party approval or a third party agreement; – the provider notifies the recipient providing reasonable details of the breach and the steps required to be undertaken by the recipient at its expense to rectify such breach; and – the recipient fails to rectify any such breach within the timeframe required by the third party approval or third party agreement. The recipient may terminate one or more of the services or part of a service before the end of the applicable service term provided that the recipient reimburses the Provider Group Members for all losses arising in connection with: – the termination of any contracts that would no longer be required in order to provide services to the recipient; or – any prepayments made by a Provider Group Member for the purposes of enabling the provision of the services to, and with the consent of, the recipient and which have not been fully recovered through the fees paid by the recipient for the relevant service.
Liability	Each party has limited its aggregate liability for losses sustained or incurred by the Recipient Group Members or the Provider Group Members (as the case may be) arising out of or in connection with the Transitional Services Agreement to a cap equal to $10 million. Neither party is liable for any consequential loss incurred or suffered by the other party (or its corporate group) arising out of or in connection with the Transitional Services Agreement.

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Westfield Retail Trust 1 Implementation Deed Poll	
Parties	RE1
Date	9 April 2014
Obligations	Under the Westfield Retail Trust 1 Implementation Deed Poll, RE1 undertakes to perform all its obligations in relation to the implemention of the Proposal under the constitution of Westfield Retail Trust 1 as amended by the Supplemental Deeds and the Proposal Resolutions, including doing all acts and things necessary or desirable on its part to give full effect to the Proposal.
Term and termination rights	Subject to the Westfield Holdings Scheme becoming effective and the Supplemental Deeds being lodged with ASIC, the Westfield Retail Trust 1 Implementation Deed Poll is irrevocable and remains in full force and effect until: – the Implementation Deed is terminated in accordance with its terms; or – RE1 has fully performed its obligations under the Westfield Retail Trust 1 Implementation Deed Poll.

Westfield Retail Trust 2 Implementation Deed Poll	
Parties	RE2
Date	9 April 2014
Obligations	Under the Westfield Retail Trust 2 Implementation Deed Poll, RE2 undertakes to perform all its obligations in relation to the implementation of the Proposal under the constitution of Westfield Retail Trust 2 as amended by the Supplemental Deeds and the Proposal Resolutions, including doing all acts and things necessary or desirable on its part to give full effect to the Proposal.
Term and termination rights	Subject to the Westfield Holdings Scheme becoming effective and the Supplemental Deeds being lodged with ASIC, the Westfield Retail Trust 2 Implementation Deed Poll is irrevocable and remains in full force and effect until: – the Implementation Deed is terminated in accordance with its terms; or – RE2 has fully performed its obligations under the Westfield Retail Trust 2 Implementation Deed Poll.

Westfield Holdings Implementation Deed Poll	
Parties	Westfield Holdings
Date	9 April 2014
Obligations	Under the Westfield Holdings Implementation Deed Poll, Westfield Holdings undertakes to perform its obligations to issue shares in Westfield Holdings to Securityholders under the terms of the Proposal and its obligations in relation to the implementation of the Proposal under the Westfield Holdings Scheme, the constitution of Westfield Holdings and the resolutions described in Appendix 2 of the Westfield Group Securityholder Booklet, including doing all acts and things necessary or desirable on its part to give full effect to the Proposal.
Term and termination rights	Subject to the Westfield Holdings Scheme becoming effective and the Westfield Retail Trust Supplemental Deed being lodged with ASIC, the Westfield Holdings Implementation Deed Poll is irrevocable and remains in full force and effect until: – the Implementation Deed is terminated in accordance with its terms; or – Westfield Holdings has fully performed its obligations under the Westfield Holdings Implementation Deed Poll.

Westfield Management Implementation Deed Poll	
Parties	Westfield Management
Date	9 April 2014
Obligations	Under the Westfield Management Implementation Deed Poll, Westfield Management undertakes to perform its obligations in relation to the implementation of the Proposal under the constitution of Westfield Trust as amended by the supplemental deed to the Westfield Trust Constitution in accordance with the resolutions described in Appendix 2 of the Westfield Group Securityholder Booklet (**Westfield Trust Supplemental Deed**), including doing all acts and things necessary or desirable on its part to give full effect to the Proposal.
Term and termination rights	Subject to the Westfield Holdings Scheme becoming effective and the Westfield Trust Supplemental Deed being lodged with ASIC, the Westfield Management Implementation Deed Poll is irrevocable and remains in full force and effect until: – the Implementation Deed is terminated in accordance with its terms; or – Westfield Management has fully performed its obligations under the Westfield Management Implementation Deed Poll.

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Scentre Group Stapling Deed	
Parties	RE1 as responsible entity of Westfield Retail Trust 1 and RE2 as responsible entity of Westfield Retail Trust 2. As part of the implementation of the Proposal, Westfield Holdings and Westfield Management as responsible entity of Westfield Trust will accede as parties to the Scentre Group Stapling Deed.
Date	20 December 2010
Purpose	The purpose of the Scentre Group Stapling Deed is to govern the relationship between RE1 and RE2 in respect of the Westfield Retail Trust Securities. Following implementation of the Proposal, upon accession of Westfield Holdings and Westfield Management as parties to the Scentre Group Stapling Deed, the Scentre Group Stapling Deed will govern the relationship between each of Westfield Holdings, Westfield Management, RE1 and RE2 in respect of the Scentre Group Securities.
Stapling	Scentre Group Securities will remain Stapled unless: – a special resolution of the Securityholders of each stapled entity (party to this Scentre Group Stapling Deed) approves destapling; – Stapling becomes unlawful or prohibited under the Listing Rules; or – a winding up is commenced in respect of a stapled entity (party to this Scentre Group Stapling Deed).
Co-operation and consultation	The parties agree to share accounting and other information and to co-operate with their respective stapled groups to facilitate all matters relating to the Stapled Securities, including: – sharing information and providing assistance to enable the provision of information to investors; – co-ordinating disclosure to ASIC, ASX and investors; – adopting consistent accounting policies where relevant; – adopting valuation policies where relevant; – preparing accounts; – holding meetings; – consulting before taking any action to effect the issue, placement, redemption and buy-back of any securities and agreeing the terms and timing of any such action; – consulting before taking any action to effect a reorganisation and agreeing the terms and timing of a reorganisation; – acquiring investments; and – co-ordinate the making and announcing of dividends and distributions.
Dealings in Stapled Securities	The relevant components of the Scentre Group Securities may only be issued or transferred as part of Stapled Securities. The parties must not cancel, buy-back, redeem or reorganise share or units, unless at the same time there is a corresponding cancellation, buy-back, redemption or reorganisation of the shares or units of each other entity in the stapled group.
Registers	Each party may maintain or procure the maintenance of a register of Stapled Securities (including the appointment of a common register). All details of Stapled Securities and dealings in those securities must be entered in the register. Although separate registers may be kept, the registers must be kept entirely consistent with one another.
Duties	When carrying on their duties, each of the parties may consider the interests of securityholders of the relevant Stapled Securities as a whole, not only the interest of members of each stapled entity separately.
Dispute resolution	The parties must use their best endeavours to resolve any disagreement arising from the stapling deed and negotiate in good faith before instituting proceedings.
Allocation of issue price	The parties must agree from time to time what part of the amount payable for the issue, redemption or buy-back of a Stapled Security is to represent the price of shares or units in each of the entities forming part of the relevant stapled group. In the absence of agreement, an independent accountant must determine what part of the amount payable is to represent the price of the consistent shares or units.

CORPORATE DIRECTORY

WESTFIELD RETAIL TRUST
Westfield Retail Trust 1

ARSN 146 934 536

RE1 Limited (ABN 80 145 743 862, AFSL No. 380202)
as responsible entity of Westfield Retail Trust 1
ARSN 146 934 536

Westfield Retail Trust 2

ARSN 146 934 652

RE2 Limited (ABN 41 145 744 065, AFSL No. 380203)
as responsible entity of Westfield Retail Trust 2
ARSN 146 934 652

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The Ernst & Young Centre
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AUSTRALIAN LEGAL ADVISER
Ashurst Australia
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225 George Street
Sydney NSW 2000

AUSTRALIAN TAX ADVISER
Greenwoods & Freehills Pty Ltd
Level 28, ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANT
Ernst & Young Transaction Advisory Services Limited
ABN 87 003 599 844
AFSL No. 240585
The Ernst & Young Centre
680 George Street
Sydney NSW 2000

INDEPENDENT EXPERT
KPMG Financial Advisory Services (Australia) Pty Ltd
ABN 43 007 363 215
AFSL No. 246901
10 Shelley Street
Sydney NSW 2000

REGISTRY
Computershare Investor Services Pty Limited
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Facsimile: +61 3 9473 2500
Email: web.queries@computershare.com.au

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+61 3 9415 4121 (from outside Australia)

WESTFIELD RETAIL TRUST WEBSITE
www.westfieldretailtrust.com

WESTFIELD GROUP
Westfield Holdings Limited
ABN 66 001 671 496

Westfield Trust
ABN 55 191 750 378
ARSN 090 849 746

Westfield Management Limited
(ABN 41 001 670 579, AFSL No. 230329) in its capacity as
responsible entity of Westfield Trust ARSN 090 849 746

Westfield America Trust
ABN 27 374 714 905
ARSN 092 058 449

Westfield America Management Limited
(ABN 66 072 780 619, AFSL No. 230324)
as the responsible entity and trustee of Westfield America
Trust ARSN 092 058 449

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Telephone: +61 2 9358 7000
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WESTFIELD GROUP WEBSITE
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