



6 May 2014

## WESTFIELD RETAIL TRUST AND WESTFIELD GROUP AGREE IMPROVED MERGER TERMS INCREASING SCENTRE GROUP'S NET ASSET VALUE BY \$300 MILLION

Westfield Retail Trust (ASX:WRT) and Westfield Group (ASX: WDC) today announced that in the formation of Scentre Group there would be a \$300 million improvement in the merger terms that will benefit Westfield Retail Trust Securityholders. The adjustment to the terms of the Proposal will be achieved by reducing the net debt contributed by Westfield Group's Australia/NZ business to Scentre Group by \$300 million (**Revised Proposal**). The Revised Proposal improves the financial position of Scentre Group by reducing its gearing ratio and increasing its FY14 pro forma funds from operations (FFO) and net tangible assets (NTA).

Chairman of Westfield Retail Trust, Mr Richard Warburton AO, LVO said, "Since the Proposal was announced on 4 December 2013 we have actively engaged with our investors. We are pleased to have agreed improved merger terms with Westfield Group which will benefit Westfield Retail Trust Securityholders. The revised transaction is expected to deliver 2014 forecast FFO of 21.75 cents per stapled security representing accretion to Westfield Retail Trust's 2014 forecast FFO of 6.6% (previously 5.2%).

There has been strong support from Westfield Retail Trust Securityholders for the strategic rationale of the Proposal and given that the adjustment represents a value transfer to Westfield Retail Trust Securityholders, the independent Directors believe that the Revised Proposal is in the best interests of Westfield Retail Trust Securityholders, in the absence of a superior proposal."

Pro forma 2014 FFO per security for Scentre Group is expected to increase from 21.5 cents to 21.75 cents due to the adjustment in the merger terms<sup>1</sup>.

The Revised Proposal has the unanimous support of the independent Directors. In addition, KPMG Corporate Finance, the Independent Expert for Westfield Retail Trust has confirmed, that in the absence of a superior proposal, the Revised Proposal is in the best interests of Westfield Retail Trust Securityholders.

The impact of the Revised Proposal on the key financial metrics of Scentre Group is as follows:

	Original Proposal	Revised Proposal
Pro forma 2014 forecast FFO per security	21.5c	21.75c
NTA per security <sup>2</sup>	\$2.82	\$2.88
Pro forma gearing <sup>3</sup>	38.4%	37.3%

<sup>1</sup> Excludes the \$29 million interest expense benefit from marking to market fixed rate debt and interest rate derivative financial instruments and also excludes the \$27 million potential benefit from improvements in debt and credit market conditions as described in Section 6 of the Westfield Retail Trust Securityholder Booklet.

<sup>2</sup> Equates to an increase from \$2.87 to \$2.93 per security for Westfield Retail Trust Securityholders who receive 0.918 Scentre Group securities and \$0.2853 for every Westfield Retail Trust security held on the record date.

<sup>3</sup> Scentre Group pro forma gearing is calculated as net debt / total assets.



All other terms of the merger Proposal remain as disclosed in the Securityholder Booklet dated 14 April 2014. Westfield Retail Trust Securityholders will continue to receive 51.4% and Westfield Group Securityholders will continue to receive 48.6% of Scentre Group (with a higher net asset base).

The Revised Proposal is subject to Securityholder approval at a meeting to be held at 2:00pm (AEST) on Thursday, 29 May 2014 (**Meeting**). No change to the date, time or venue for the Meeting is expected as a result of the Revised Proposal.

A Supplementary Securityholder Booklet will include further detailed information about the Revised Proposal.

The Supplementary Securityholder Booklet will be despatched to Securityholders shortly and will be available at [www.westfieldretailtrust.com](http://www.westfieldretailtrust.com).

Further queries should be directed to the Securityholder Information Line on 1800 674 015 (within Australia) or +61 3 9415 4121 (from outside Australia).

**ENDS**

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#### About Westfield Retail Trust

Westfield Retail Trust (ASX Code: WRT) is Australia's largest listed real estate investment trust solely focused on Australian and New Zealand retail property, with a total asset value of \$14.0 billion at 31 December 2013. The Trust's principal investment is the joint venture ownership, alongside Westfield Group, in a high quality shopping centre portfolio comprising interests in 46 major shopping centres located predominantly in Australia with 9% of the Trust's shopping centre assets located in New Zealand.

This release contains forward-looking statements, including statements regarding future earnings and distributions. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this presentation. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.