



9 May 2014

The Manager  
Company Announcements Office  
ASX Limited  
Level 4, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**WESTFIELD RETAIL TRUST (ASX: WRT)  
SUPPLEMENTARY SECURITYHOLDER BOOKLET**

Please find attached a Supplementary Securityholder Booklet in relation to the proposed merger between Westfield Retail Trust and Westfield Group's Australia and New Zealand business.

This document will be despatched to securityholders on or around 15 May 2014 and may be accessed at the Trust's website at:

<http://www.westfieldretailtrust.com>

Yours faithfully  
**WESTFIELD RETAIL TRUST**

A handwritten signature in blue ink, appearing to be "Katherine Grace".

Katherine Grace  
Company Secretary

Encl.



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## SUPPLEMENTARY SECURITYHOLDER BOOKLET

Update on the proposal which, if approved and implemented, will result in Westfield Retail Trust merging with Westfield Group's Australian and New Zealand business.

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

The Independent Expert has concluded that in the absence of a superior proposal, the Revised Proposal continues to be in the best interests of Securityholders

### **SUPPLEMENTARY EXPLANATORY STATEMENT**

#### **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)

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

**SUPPLEMENTARY 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

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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?

This Supplementary Securityholder Booklet supplements the Securityholder Booklet dated 14 April 2014 which contains 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 Supplementary Securityholder Booklet must be read together with the Securityholder Booklet. If there is any inconsistency between this Supplementary Securityholder Booklet and the Securityholder Booklet, this Supplementary Securityholder Booklet will prevail. Other than the changes set out in this Supplementary Securityholder Booklet, all details in relation to the Securityholder Booklet remain unchanged.

This Supplementary Securityholder Booklet, together with the Securityholder Booklet, comprise an explanatory statement and notices of meeting for Securityholders in relation to the Resolutions required to implement the Proposal.

This Supplementary Securityholder Booklet also comprises:

- a supplementary prospectus which supplements the prospectus dated 14 April 2014 issued by Westfield Holdings Limited (ABN 66 001 671 496) (**Westfield Holdings**) for the issue of shares in Westfield Holdings. This supplementary prospectus should be read with the prospectus dated 14 April 2014; and
- a supplementary PDS which supplements the PDS dated 14 April 2014 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. This supplementary PDS should be read with the PDS dated 14 April 2014.

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

## DATE

This Supplementary Securityholder Booklet is dated 9 May 2014.

## DEFINED TERMS

Capitalised terms used in this Supplementary Securityholder Booklet are defined in section 3.1 of this Supplementary Securityholder Booklet and in the Securityholder Booklet. Section 3.2 also sets out some rules of interpretation which apply to this Supplementary Securityholder Booklet.

## GENERAL

This Supplementary Securityholder Booklet is important and requires your immediate attention.

You should read this Supplementary 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 Revised Proposal and the key risks of an investment in Scentre Group as set out in sections 4.3, 4.4 and 7 respectively of the Securityholder Booklet dated 14 April 2014 and the views of the Independent Expert set out in the Supplementary Independent Expert's Report, a copy of which is contained in Annexure A of this Supplementary Securityholder Booklet.

If you have any questions about the Revised 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 Supplementary 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 Supplementary Securityholder Booklet do not constitute, and should not be taken as, financial product advice. This Supplementary 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 Supplementary 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.

KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL No. 246901) has prepared and is responsible for the Supplementary Independent Expert's Report, a copy of which is set out at Annexure A of this Supplementary 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 Supplementary Independent Expert's Report.

## LODGEMENT

A copy of this Supplementary Securityholder Booklet was lodged with ASIC on 9 May 2014. A copy of this Supplementary Securityholder Booklet was lodged with ASX on 9 May 2014.

Westfield Holdings, Westfield Management as responsible entity of Westfield Trust, RE1 and RE2 have on 17 April 2014 applied for quotation on the ASX 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 Revised Proposal (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 Supplementary 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 Revised 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 Supplementary 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 Supplementary 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 Supplementary Securityholder Booklet (including in the Supplementary 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 Supplementary Securityholder Booklet or involved in the preparation of this Supplementary 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 Supplementary Securityholder Booklet reflect views held only at the date of this Supplementary 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 Supplementary 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.

# IMPORTANT NOTICES

## PAST PERFORMANCE INFORMATION

This Supplementary 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 Supplementary 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 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 Supplementary Securityholder Booklet (electronically or otherwise) outside of Australia may be restricted by law. If you come into possession of this Supplementary 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 the Securityholder Booklet for further details of the foreign securities restrictions that apply in connection with the Proposal.

This Supplementary 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.

## DISCLAIMER

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

## FINANCIAL AMOUNTS AND CURRENCY

All financial amounts in this Supplementary 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 Supplementary 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, or which are otherwise stated to be as at 31 December 2013, 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 Supplementary Securityholder Booklet is current as at the date of this Supplementary Securityholder Booklet, unless otherwise stated.

## TIMES AND DATES

Unless otherwise indicated, all times and dates referred to in this Supplementary 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 Revised Proposal referred to in this Supplementary 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 Supplementary 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 Supplementary Securityholder Booklet.

## EFFECT OF ROUNDING

A number of figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Supplementary 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 Supplementary 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 Revised Proposal and administering the Scentre Group securityholdings arising from the Revised 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 Revised Proposal and administering the Scentre Group securityholdings arising from the Revised 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 Revised 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.

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# LETTER FROM THE CHAIRMAN OF THE INDEPENDENT BOARD COMMITTEE

Dear Securityholder

This Supplementary Securityholder Booklet supplements the Securityholder Booklet dated 14 April 2014 relating to the proposal for Westfield Retail Trust to merge with Westfield Group's Australian and New Zealand business to create a new listed property group called Scentre Group (**Proposal**).

Since the Proposal was announced, members of the Independent Board Committee have actively engaged with Securityholders. There is strong support for the strategic rationale of the Proposal from Securityholders. However, Securityholders also raised some concerns with the Proposal. In response to these concerns, Westfield Group has agreed to an improvement of the merger terms for Securityholders by reducing the net debt contributed by the Westfield Group Australian and New Zealand business in the formation of Scentre Group by \$300 million (**Revised Proposal**). Westfield Group has stated that the Revised Proposal is final.

The Revised Proposal improves the financial position of Scentre Group by:

- reducing Scentre Group's pro forma gearing as at 31 December 2013 from 38.4% to 37.3%;
- increasing Scentre Group's forecast pro forma adjusted funds from operations (FFO) for FY14 from 21.5 cents to 21.75 cents per Scentre Group Security<sup>1</sup>; and
- increasing Scentre Group's pro forma net tangible assets as at 31 December 2013 from \$2.82 to \$2.88 per Scentre Group Security.

The Revised Proposal reflects a value transfer to Securityholders. As a result of the adjustment:

- the Revised Proposal is expected to deliver 6.6% accretion (previously 5.2%) to FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14;
- Scentre Group's pro forma NTA (as at 31 December 2013) increases from \$2.82 to \$2.88 per Scentre Group Security. On a pro forma basis this is equivalent to an increase from \$2.87 to \$2.93 per Westfield Retail Trust Security<sup>2</sup>.

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

This Supplementary Securityholder Booklet contains a copy of the Supplementary Independent Expert's Report at Annexure A, prepared by KPMG Financial Advisory Services (Australia) Pty Ltd. The Independent Expert has confirmed that in the absence of a superior proposal, the Revised Proposal continues to be in the best interests of Securityholders.

The Revised Proposal is subject to Securityholder approval at a meeting to be held on Thursday, 29 May 2014.

The Revised Proposal has the unanimous support of the Independent Board Committee. The members of the Independent Board Committee recommend Securityholders vote in favour of the Revised Proposal in absence of a superior proposal.

Yours faithfully



Richard Egerton-Warburton AO, LVO  
Chairman

1 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 Securityholder Booklet.

2 Based on Securityholders receiving 0.918 Scentre Group Securities and \$0.2853 for every Westfield Retail Trust Security held as at the Record Date.

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# THE REVISED PROPOSAL



# - SECTION 1 -

## THE REVISED PROPOSAL

### 1. THE REVISED PROPOSAL

#### 1.1 SUMMARY OF THE REVISED PROPOSAL

The adjustments to the Proposal involve Westfield Group reducing the net debt contributed by Westfield Group in the formation of Scentre Group by \$300 million from \$7.1 billion to \$6.8 billion (the Proposal amended in this way is referred to as the **Revised Proposal**).

Westfield Group's recent completion of the disposal of three non-core assets in the United Kingdom, resulting in proceeds of \$1.1 billion, has provided Westfield Group with the ability to make this adjustment through a reduction in the amount of net debt allocated to the new Scentre Group. This adjustment improves Scentre Group's financial position and increases net assets of Scentre Group.

The key financial impacts for Scentre Group are:

- an increase in pro forma net assets attributable to Scentre Group Securityholders as at 31 December 2013 from \$15.0 billion (\$2.82 per Scentre Group Security) to \$15.3 billion (\$2.88 per Scentre Group Security);
- a reduction in pro forma net debt as at 31 December 2013 by \$300 million from \$11.1 billion to \$10.8 billion;
- a reduction in pro forma gearing as at 31 December 2013 from 38.4% to 37.3%. Scentre Group intends, over time, to operate within a gearing ratio of between 30% to 35%; and
- an increase in forecast pro forma adjusted FFO for FY14 from 21.5 cents to 21.75 cents per Scentre Group Security.

The strategic focus of Scentre Group will include the introduction of joint venture partners into some of its wholly owned assets with capital being redeployed into the development program. This is expected to improve Scentre Group's earnings, long term growth profile and return on equity.

The Revised Proposal is expected to deliver 6.6% accretion (previously 5.2%) to FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 and 9.3% accretion (previously 8.0%) to Economic FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 before the elimination of development profits upon consolidation.

The pro forma NTA (as at 31 December 2013) for Scentre Group will increase from \$2.82 to \$2.88 per Scentre Group Security. On a pro forma basis this is equivalent to \$2.93 per Westfield Retail Trust Security (previously \$2.87) based on Securityholders receiving 0.918 Scentre Group Securities and \$0.2853 for every Westfield Retail Trust Security held as at the Record Date.

#### 1.2 RECOMMENDATION OF THE RECOMMENDING DIRECTORS IN RELATION TO THE REVISED PROPOSAL

The Recommending Directors are Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harnos, Mr Michael Ihlein, Ms Sandra McPhee AM and Mr Domenic Panaccio.

The Recommending Directors have considered the impact of the Revised Proposal on the recommendation set out in the Securityholder Booklet<sup>3</sup>.

The Recommending Directors recommend Securityholders approve the Revised Proposal and vote in favour of the Proposal Resolutions in the absence of a superior proposal. The Recommending Directors consider the Revised Proposal is in the best interests of Securityholders in the absence of a superior proposal.

In making this recommendation, the Recommending Directors have taken into account each of the factors described in section 4.1 of the Securityholder Booklet in light of the terms of the Revised Proposal. The Recommending Directors have also taken into account:

- the Revised Proposal is expected to deliver accretion of 6.6% (previously 5.2% from the Proposal) to FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 and accretion of 9.3% (previously 8.0% from the Proposal) to Economic FFO per Westfield Retail Trust Security based on pro forma forecast FFO for FY14 before the elimination of development profits upon consolidation; and
- through the Revised Proposal, the pro forma NTA (as at 31 December 2013) for Scentre Group will increase from \$2.82 to \$2.88 per Scentre Group Security. On a pro forma basis this is equivalent to \$2.93 per Westfield Retail Trust Security (previously \$2.87) based on Securityholders receiving 0.918 Scentre Group Securities and \$0.2853 for every Westfield Retail Trust Security held as at the Record Date.

Each Recommending Director intends to vote, in their capacity as Securityholders, any Westfield Retail Trust Securities held or controlled by him or her in favour of the Revised Proposal.

Mr Steven Lowy AM and Mr Peter Allen do not give a recommendation to Securityholders in relation to the Revised 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 Revised Proposal on behalf of the Westfield Group.

<sup>3</sup> The recommendation of the Recommending Directors is set out in section 4.1 of the Securityholder Booklet.

# - SECTION 1 - THE REVISED PROPOSAL

## 1.3 INDEPENDENT EXPERT

The Independent Expert, KPMG Financial Advisory Services (Australia) Pty Ltd, has considered the impact of the Revised Proposal on its original conclusion and has stated that, in the absence of a superior proposal, the Revised Proposal continues to be in the best interests of Securityholders.

A Supplementary Independent Expert's Report is set out in Annexure A to this Supplementary Securityholder Booklet.

The Westfield Retail Trust Directors encourage you to read the Supplementary Independent Expert's Report in its entirety.

## 1.4 MEETING

There are no changes to the date, time or venue for the Meeting as a result of the Revised Proposal.

The Meeting to consider the Revised Proposal is scheduled to take place as follows:

**Date:** Thursday, 29 May 2014

**Time:** 2.00pm (AEST)

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

Securityholders may vote at the Meeting in person, by attorney or corporate representative, or by proxy. See the Securityholder Booklet for further information.

If you have already submitted a valid proxy form for the Meeting and you do not want to change the way in which you have voted, your proxy form remains valid and you do not need to do anything.

If you have already submitted a valid proxy form for the Meeting and you want to change the way in which you have voted, you may do that by completing and returning the proxy form for the Meeting that accompanies this Supplementary Securityholder Booklet in accordance with the instructions set out on the proxy form.

If you have not yet submitted a valid proxy form you may vote by proxy by completing and signing the proxy form accompanying this Supplementary Securityholder Booklet in accordance with the instructions set out on the proxy form.

The proxy form for the Meeting, duly completed in accordance with the instructions set out on the proxy form, may be returned to the Registry:

- (a) by lodging a proxy online via [www.investorvote.com.au](http://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) which appears in the box on the front page of the proxy form;
- (b) by mailing the enclosed red proxy form to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001 using the reply paid envelope provided;
- (c) by faxing the enclosed red proxy form to 1800 783 447 (within Australia) or +61 3 9473 2555 (from outside Australia); or
- (d) by hand delivering the enclosed red proxy form to Level 4, 60 Carrington Street, Sydney 2000 Australia.

**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.**

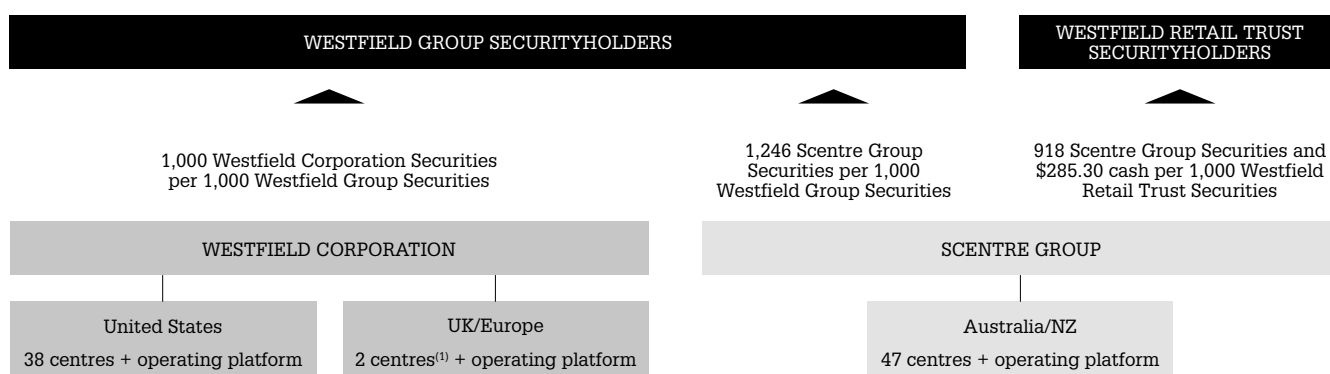
# - SECTION 1 -

## THE REVISED PROPOSAL

### 1.5 THE PROPOSAL

The Revised Proposal involves no change to the key terms of the Proposal. The Revised Proposal only involves a variation of the net debt allocated by Westfield Group between Scentre Group and Westfield Corporation in implementing the Proposal.

In summary, 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<sup>4</sup> retail property operating platform. The Revised Proposal will create two new listed retail property groups, Scentre Group and Westfield Corporation.



(1) The divestment of the Merry Hill, Derby and Sprucefield shopping centres in the UK which was announced by Westfield Group on 20 March 2014 and completed as announced on 2 May 2014, reduced the number of UK shopping centres from five to two.

If the Revised Proposal is approved, it is expected to be implemented on or about 30 June 2014.

### 1.6 NO IMPACT ON THE MERGER RATIO

The Merger Ratio determines what proportion of Scentre Group Securities will be received by Securityholders and Westfield Group Securityholders, following implementation of the Revised Proposal.

The Merger Ratio was initially agreed based on the relative pro forma forecast FY14 FFO contribution from each of Westfield Group's Australian and New Zealand business and Westfield Retail Trust to Scentre Group subject to adjustment for certain items in calculating the Merger Ratio as set out in the Securityholder Booklet<sup>5</sup>.

Under the terms of the Revised Proposal, Scentre Group is assuming \$300 million less debt from Westfield Group as compared to the original Proposal, without changing the Merger Ratio.

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.

The Revised Proposal will not result in a change to the proportion of Scentre Group Securities held by Securityholders and Westfield Group Securityholders following implementation. Securityholders will own 51.4% of Scentre Group and Westfield Group Securityholders will own 48.6% of Scentre Group following implementation of the Revised Proposal.

<sup>4</sup> This term is defined in Definitions and Interpretation in section 12 of the Securityholder Booklet.

<sup>5</sup> See "Merger Ratio calculation" in section 3.6 of the Securityholder Booklet.

# - SECTION 1 - THE REVISED PROPOSAL

## 1.7 IMPACT ON SCENTRE GROUP NET DEBT AND NET ASSETS

The Revised Proposal will be effected by way of reducing the net debt contributed by Westfield Group in the formation of Scentre Group by an amount of \$300 million from \$7.1 billion to \$6.8 billion. The net debt contributed by Westfield Retail Trust in the formation of Scentre Group remains unchanged.

At implementation of the Revised Proposal, Scentre Group will have approximately \$10.8 billion of pro forma net debt, compared to approximately \$11.1 billion of pro forma net debt under the original Proposal.

Scentre Group will continue to 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, 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 new bridge and bank loan facilities will finance Scentre Group's assumption of unsecured debt from Westfield Group<sup>6</sup>.

Scentre Group's pro forma gearing as at 31 December 2013 will consequentially reduce from 38.4% to 37.3% and Scentre Group's interest cover ratio will increase from 3.3 times to 3.4 times on a pro forma forecast basis for FY14. Scentre Group intends, over time, to operate within a gearing ratio of between 30% to 35%.

As a result of this reduction in net debt there will be an increase in the pro forma net assets of Scentre Group. Scentre Group's pro forma net assets attributable to Scentre Group Securityholders as at 31 December 2013 increase by \$300 million from approximately \$15.0 billion to approximately \$15.3 billion. This represents an increase in the pro forma net tangible assets of Scentre Group Securities from \$2.82 to \$2.88 per Scentre Group Security.

Annexure B of this Supplementary Securityholder Booklet sets out a revised Pro Forma Historical Statement of Net Assets as at 31 December 2013, estimated Pro Forma Historical Gearing at 31 December 2013, Pro Forma Historical Net Debt at 31 December 2013 for Scentre Group (and certain other information on net assets) and financial covenants and key ratios based on the Revised Proposal<sup>7</sup>.

## 1.8 IMPACT ON SCENTRE GROUP FFO

The Securityholder Booklet disclosed pro forma forecast adjusted FFO for FY14 of \$1,140 million<sup>8</sup>. As a result of the Revised Proposal, pro forma net interest expense of Scentre Group is forecast to reduce by \$15 million from \$593.6 million to \$578.6 million for FY14 resulting in a revised pro forma forecast adjusted FFO for FY14 of \$1,155 million. The Revised Proposal has no other impact on the components of revenue and expense that comprise Scentre Group's pro forma forecast adjusted FFO.

The impact of this change to Scentre Group's pro forma forecast adjusted FFO is that the pro forma forecast adjusted FFO per Scentre Group Security for FY14 will increase from 21.5 cents to 21.75 cents per Scentre Group Security.

The Revised Proposal will not impact Scentre Group's FY14 pro forma forecast distribution of 20.4 cents per Scentre Group Security nor its distribution policy.

## 1.9 ACCRETION TO SECURITYHOLDERS

The Securityholder Booklet indicated that the Proposal was 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.

As outlined above, the Revised Proposal increases the pro forma forecast adjusted FFO for Scentre Group. As a result, the Revised Proposal is expected to deliver 6.6% accretion to FFO per Westfield Retail Trust Security and 9.3% accretion to Economic FFO per Westfield Retail Trust Security as follows:

	FY13	FY14 Pro Forma Forecast FFO	Accretion
Westfield Retail Trust FFO	19.85c	20.4c	
Scentre Group FFO		21.75c <sup>(1)</sup>	6.6%
Scentre Group Economic FFO		22.31c <sup>(2)</sup>	9.3%

(1) Adjusted basic FFO per security. See section 1.8 of this Supplementary Securityholder Booklet.

(2) Adjusted basic FFO per security before the elimination of development profits upon consolidation.

6 For further details of the Scentre Group debt facilities see section 6.12 of the Securityholder Booklet.

7 These tables replace Tables 6.10.1, 6.10.2, 6.10.3, 6.10.4, 6.10.5 and 6.12.1 of the Securityholder Booklet.

8 See Tables 6.4.1 and 6.5.1 of the Securityholder Booklet.



# 2

## ADDITIONAL INFORMATION

## - SECTION 2 - ADDITIONAL INFORMATION

### 2 ADDITIONAL INFORMATION

#### 2.1 OTHER INFORMATION MATERIAL TO THE MAKING OF A DECISION IN RELATION TO THE REVISED PROPOSAL

At the time of lodging this Supplementary 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 and the Supplementary Independent Expert's Report;
- (b) is not set out or referred to in this Supplementary Securityholder Booklet or the Securityholder Booklet; or
- (c) has not otherwise been made available publicly by Westfield Retail Trust.

#### 2.2 UPDATE ON STATUS OF CONDITIONS PRECEDENT TO THE PROPOSAL

In satisfaction of a condition precedent to the Proposal, Westfield Retail Trust and Westfield Group have received from the ATO, and the ATO has not withdrawn or threatened to withdraw, the private and draft class rulings in relation to the Proposal, as described in section 3.5 of the Securityholder Booklet.

As at the date of this Supplementary Securityholder Booklet, the status of the remaining conditions precedent is as summarised in section 3.5 of the Securityholder Booklet and Westfield Retail Trust is not aware of any circumstances which would cause any of the remaining conditions precedent not to be satisfied.

#### 2.3 IMPLEMENTATION DEED

On 6 May 2014 the Implementation Deed<sup>9</sup> was amended to reflect the amendment of the Proposal by the Revised Proposal.

#### 2.4 DIRECTORS' CONSENT TO LODGEMENT

Each Westfield Retail Trust Director and each Westfield Group Director as at the date of this Supplementary Securityholder Booklet has consented to the lodgement of this Supplementary Securityholder Booklet with ASIC.

#### 2.5 CONSENTS AND DISCLAIMERS

Each of the persons named below:

- (a) has given and has not, before lodgement of this Supplementary Securityholder Booklet with ASIC, withdrawn its written consent to be named in this Supplementary Securityholder Booklet in the form and context in which it is named;
- (b) has given and has not, before the lodgement of this Supplementary 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 Supplementary Securityholder Booklet;
- (c) does not make, or purport to make, any statement in this Supplementary Securityholder Booklet or any statement on which a statement in the Supplementary 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 Supplementary 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 Supplementary Securityholder Booklet.

Name of person	Role	Relevant statement or report
KPMG Financial Advisory Services (Australia) Pty Ltd	Independent Expert to Westfield Retail Trust	Supplementary Independent Expert's Report
Computershare Investor Services Pty Limited	Registry	N/A

<sup>9</sup> The Implementation Deed is summarised in Annexure F of the Securityholder Booklet.

# 3

## DEFINITIONS AND INTERPRETATION

## - SECTION 3 - DEFINITIONS AND INTERPRETATION

### 3. DEFINITIONS AND INTERPRETATION

#### 3.1 DEFINITIONS

In this Supplementary Securityholder Booklet, unless the context requires otherwise:

<b>\$ or A\$</b>	means Australian dollars.
<b>ABN</b>	means Australian Business Number.
<b>AFSL</b>	means an Australian financial services licence issued by ASIC under section 913B of the Corporations Act.
<b>ARSN</b>	means Australian Registered Scheme Number.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	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.
<b>ATO</b>	means the Australian Taxation Office.
<b>Business Day</b>	means a Business Day within the meaning given in the Listing Rules.
<b>Capital Return</b>	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.
<b>Class Ruling</b>	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.
<b>Constitution Amendment Resolutions</b>	means Resolutions 3 and 4 to be considered at the Meeting, as described in the Notices of Meeting in Annexure A of the Securityholder Booklet.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Corporations Regulations</b>	means the <i>Corporations Regulations 2001</i> (Cth).
<b>Court</b>	means the Supreme Court of New South Wales.
<b>Director Appointment Ratification Resolution</b>	means Resolution 1 to be considered at the Meeting, as described in the Notices of Meeting in Annexure A of the Securityholder Booklet.
<b>Draft Class Ruling</b>	means the draft class ruling 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.
<b>EBIT</b>	means earnings before interest and tax.
<b>Economic FFO</b>	means FFO before the elimination of project profits upon consolidation.
<b>Effective</b>	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.
<b>FFO</b>	means funds from operations as more specifically defined in section 6.2(c)(i) of the Securityholder Booklet.
<b>FY13</b>	means the financial year ended 31 December 2013.
<b>FY14</b>	means the financial year ending 31 December 2014.
<b>Implementation Date</b>	means 30 June 2014, or such other date as is determined in accordance with the Implementation Deed.



## - SECTION 3 -

# DEFINITIONS AND INTERPRETATION

<b>Implementation Deed</b>	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, described in Annexure F of the Securityholder Booklet and as amended to reflect the terms of the Revised Proposal.
<b>Independent Board Committee</b>	means the Independent Board Committee comprising Mr Richard Egerton-Warburton AO, LVO, Mr Laurence Brindle, Mr Andrew Harnos, 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.
<b>Independent Expert</b>	means KPMG Financial Advisory Services (Australia) Pty Ltd (ABN 43 007 363 215, AFSL No. 246901).
<b>Independent Expert's Report</b>	means the report of the Independent Expert, a copy of which is available at Annexure B of the Securityholder Booklet.
<b>Listing Rules</b>	means the official listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX.
<b>Meeting</b>	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.
<b>Merger Ratio</b>	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 of the Securityholder Booklet.
<b>NTA</b>	means net tangible assets.
<b>NZ\$</b>	means New Zealand dollars.
<b>Official List</b>	means the official list of ASX.
<b>PDS</b>	means a product disclosure statement for the purposes of Chapter 7 of the Corporations Act.
<b>Proposal</b>	means the proposal described in the 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: <ul style="list-style-type: none"> <li>– Scentre Group, comprising Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Holdings and Westfield Trust; and</li> <li>– Westfield Corporation, comprising Westfield America Trust, Westfield Corporation Limited and WFD Trust.</li> </ul>
<b>Proposal Resolutions</b>	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.
<b>RE1</b>	means RE1 Limited (ABN 80 145 743 862, AFSL No. 380202) as responsible entity of Westfield Retail Trust 1.
<b>RE2</b>	means RE2 Limited (ABN 41 145 744 065, AFSL No. 380203) as responsible entity of Westfield Retail Trust 2.
<b>Recommending Directors</b>	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.
<b>Record Date</b>	means 7.00pm on 19 June 2014, or such other date as is determined in accordance with the Implementation Deed.
<b>Register</b>	means the register of Securityholders.

## - SECTION 3 -

# DEFINITIONS AND INTERPRETATION

<b>Registry</b>	means Computershare Investor Services Pty Limited (ABN 48 078 279 277).
<b>Resolutions</b>	means the following resolutions to be considered and voted on by Securityholders at the Meeting: <ul style="list-style-type: none"> <li>- the Director Appointment Ratification Resolution;</li> <li>- the Proposal Approval Resolution;</li> <li>- the Constitution Amendment Resolutions; and</li> <li>- the Corporate Governance Deeds Termination Resolution.</li> </ul>
<b>Scentre Group</b>	means the group that will result from Stapling the securities of Westfield Retail Trust 1, Westfield Retail Trust 2, Westfield Holdings and Westfield Trust.
<b>Scentre Group Security</b>	means a Stapled Security in Scentre Group following implementation of the Revised Proposal, comprising one Westfield Retail Trust 1 Unit, one Westfield Retail Trust 2 Unit, one Westfield Holdings Share and one Westfield Trust Unit.
<b>Scentre Group Securityholder</b>	means a holder of Scentre Group Security following implementation of the Revised Proposal.
<b>Second Court Hearing</b>	means the hearing of the applications made to the Court for the judicial advice described in section 10.6 of the Securityholder Booklet.
<b>Securityholder</b>	means a person who holds a Westfield Retail Trust Security.
<b>Securityholder Booklet</b>	means the securityholder booklet dated 14 April 2014 prepared for Securityholders in relation to the Proposal.
<b>Securityholder Information Line</b>	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.
<b>Stapled or Stapling</b>	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 <b>Stapled Security</b> .
<b>Supplementary Independent Expert's Report</b>	means the supplementary report of the Independent Expert, set out at Annexure A of this Supplementary Securityholder Booklet.
<b>Supplementary Securityholder Booklet</b>	means this supplementary securityholder booklet dated 9 May 2014.
<b>U.S. Securities Act</b>	means the U.S. Securities Act of 1933.
<b>US\$</b>	means United States dollars.
<b>Westfield America Management</b>	means Westfield America Management Limited (ABN 66 072 780 619, AFSL No. 230324).
<b>Westfield America Trust</b>	means Westfield America Trust (ARSN 092 058 449).
<b>Westfield Corporation</b>	means the new group formed as a result of the Stapling of the securities of Westfield America Trust, Westfield Corporation Limited and WFD Trust.
<b>Westfield Corporation Limited</b>	means Westfield Corporation Limited (ABN 12 166 995 197).
<b>Westfield Group</b>	means Westfield Holdings, Westfield Trust and Westfield America Trust and each of their controlled entities.
<b>Westfield Group Information</b>	means information in this Supplementary Securityholder Booklet relating to the business, assets and financial information of Westfield Group.
<b>Westfield Group Security</b>	means an existing Stapled Security in Westfield Group, comprising one Westfield Holdings Share, one Westfield Trust Unit and one Westfield America Trust Unit.
<b>Westfield Group Securityholder</b>	means a holder of a Westfield Group Security.

## - SECTION 3 -

# DEFINITIONS AND INTERPRETATION

<b>Westfield Group Securityholder Booklet</b>	means the booklet dated 14 April 2014 prepared for Westfield Group Securityholders in relation to the Proposal.
<b>Westfield Holdings</b>	means Westfield Holdings Limited (ABN 66 001 671 496).
<b>Westfield Holdings Scheme</b>	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.
<b>Westfield Holdings Scheme Resolution</b>	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.
<b>Westfield Holdings Share</b>	means a fully paid, ordinary share in Westfield Holdings.
<b>Westfield Management</b>	means Westfield Management Limited (ABN 41 001 670 579, AFSL No. 230329) as responsible entity of Westfield Trust.
<b>Westfield Retail Trust</b>	means Westfield Retail Trust 1 and Westfield Retail Trust 2 and each of their controlled entities.
<b>Westfield Retail Trust 1</b>	means Westfield Retail Trust 1 (ARSN 146 934 536).
<b>Westfield Retail Trust 1 Unit</b>	means a fully paid, ordinary unit in Westfield Retail Trust 1.
<b>Westfield Retail Trust 2</b>	means Westfield Retail Trust 2 (ARSN 146 934 652).
<b>Westfield Retail Trust 2 Unit</b>	means a fully paid, ordinary unit in Westfield Retail Trust 2.
<b>Westfield Retail Trust Directors</b>	means the boards of directors of RE1 and RE2.
<b>Westfield Retail Trust Security</b>	means a Stapled Security comprising one Westfield Retail Trust 1 Unit and one Westfield Retail Trust 2 Unit.
<b>Westfield Trust</b>	means Westfield Trust (ARSN 090 849 746).
<b>Westfield Trust Unit</b>	means a fully paid, ordinary unit in Westfield Trust.
<b>WFD Trust</b>	means WFD Trust (ARSN 168 765 875).

### 3.2 INTERPRETATION

Headings and words in bold are inserted for convenience and do not affect the interpretation of this Supplementary 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 Supplementary Securityholder Booklet.

A

# SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



# - ANNEXURE A - SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



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The Directors  
Westfield Retail Trust  
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Sydney NSW 2000

7 May 2014

Dear Directors

## PART ONE – SUPPLEMENTARY 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 (the 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 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, United Kingdom and European retail real estate assets.

Under the terms of the Proposal, it was proposed that:

- WRT Securityholders would receive a capital return amounting to \$0.2853 and receive 0.918 securities in Scentre Group for each WRT Security held at the Record Date<sup>1</sup> (or 918 Scentre Group Securities for every 1,000 WRT Securities held)
- WDC Securityholders would 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).

<sup>1</sup> Record Date means 7pm on 23 June 2014 or the date as determined in the Implementation Deed.

# - ANNEXURE A - SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



*Westfield Retail Trust  
Supplementary Independent Expert Report  
7 May 2014*

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG Corporate Finance) prepared an independent expert's report in relation to the Proposal (the IER). The IER, dated 11 April 2014<sup>2</sup>, concluded that, in the absence of a superior proposal, the Proposal was in the best interests of WRT Securityholders.

On 6 May 2014, WRT and WDC announced that the Proposal would be adjusted by WDC reducing its net debt contribution in the formation of Scentre Group by \$300 million, from \$7.1 billion to \$6.8 billion (the Revised Proposal).

The Independent Board Committee of WRT has requested KPMG Corporate Finance to consider whether our opinion in relation to the Proposal has changed as a consequence of the Revised Proposal.

This supplementary report sets out the opinion of KPMG Corporate Finance as to the impact of the Revised Proposal. This report should be considered in conjunction with, and not independently of, the information contained in the Securityholder Booklet (including the IER) and the Supplementary Securityholder Booklet provided to WRT Securityholders in relation to the Proposal and the Revised Proposal.

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.

## 2 **Opinion**

In our opinion, in the absence of a superior proposal, the Revised Proposal continues to be **in the best interests of WRT Securityholders**.

In arriving at this opinion we consider that the Revised Proposal should continue to be evaluated as a merger of equals. Accordingly, we have:

- assessed whether the Revised Proposal continues to be fair on the basis of the underlying value of both WRT and WDCANZ and the terms of the Revised Proposal
- assessed what factors associated with reasonableness have changed as a consequence of the Revised Proposal.

As we have analysed the fairness of the Revised Proposal as a merger of equals, we have valued WRT and WDCANZ on a consistent basis.

Having analysed the Revised 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 interest which will be held by WRT Securityholders in Scentre Group of 51.4% in accordance with the Merger Ratio<sup>3</sup> is greater than our assessed value of the contribution by

<sup>2</sup> Annexure B of the Securityholder Booklet.

<sup>3</sup> Merger Ratio as defined in Section 3.6 of the Securityholder Booklet.

# - ANNEXURE A -

## SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



*Westfield Retail Trust  
Supplementary Independent Expert Report  
7 May 2014*

WRT under the Revised Proposal, and accordingly we consider the Revised Proposal remains fair. In forming this opinion, we recognise that our range continues to be 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.

The principal matters that KPMG Corporate Finance has taken into consideration in forming our opinion that the Revised Proposal continues to be in the best interests of WRT Securityholders are summarised in the remainder of Section 2 below.

### 2.1 Assessment as to whether the Revised Proposal should be considered a merger of equals

We consider that the Revised Proposal should continue to be evaluated as a merger of equals. The factors that we have considered in forming this view are consistent with those which were outlined in the IER with respect to the Proposal.

### 2.2 Assessment of the fairness of the Revised Proposal

Under the Revised Proposal, the Merger Ratio remains unchanged, as:

- 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 under the Revised Proposal in terms of the proposed Merger Ratio for WRT and WDCANZ on a standalone basis. We note that the reduction in net debt to be contributed by WDCANZ under the Revised Proposal has resulted in our assessed values of WDCANZ increasing by \$300 million. Our assessed values of WRT remain unchanged.

**Table 1: Assessed value contribution under the Revised Proposal – High range**

\$ million	WRT	WDCANZ	Total
Assessed fair value (High)	10,197.8	9,186.0	19,383.8
Less: Capital Return	(850.0)	-	(850.0)
Total assessed fair value	9,347.8	9,186.0	18,533.8
<b>Assessed value contribution</b>	<b>50.4%</b>	<b>49.6%</b>	<b>100.0%</b>

Source: KPMG Corporate Finance analysis

**Table 2: Assessed value contribution under the Revised Proposal – Low range**

\$ million	WRT	WDCANZ	Total
Assessed fair value (Low)	10,160.8	8,969.5	19,130.3
Less: Capital Return	(850.0)	-	(850.0)
Total assessed fair value	9,310.8	8,969.5	18,280.3
<b>Assessed value contribution</b>	<b>50.9%</b>	<b>49.1%</b>	<b>100.0%</b>

Source: KPMG Corporate Finance analysis

As the Merger Ratio is greater than our assessed value of the contribution by WRT under the Revised Proposal, we consider the Revised Proposal continues to be fair.

# - ANNEXURE A -

## SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



*Westfield Retail Trust  
Supplementary Independent Expert Report  
7 May 2014*

We have also considered the financial outcome of the change in FFO per WRT Security arising from the Revised Proposal.

### *FFO accretion*

Under the Revised Proposal, forecast pro forma adjusted FFO for FY14 per Scentre Group Security has increased from 21.5 cents to 21.75 cents. As a consequence, the accretion in WRT's FFO per security for FY14 increases from 5.2% to 6.6%.

This outcome continues to support 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 changes to the reasonableness arising from the Revised Proposal**

### **2.3.1 Advantages of the Revised Proposal**

The principal advantages of the Revised Proposal are consistent with those which were outlined in the IER with respect to the Proposal.

### **2.3.2 Disadvantages of the Revised Proposal**

The principal disadvantages of the Revised Proposal are consistent with those which were outlined in the IER with respect to the Proposal, with the exception of those set out below.

#### ***An increase in gearing and potential change in credit rating***

Implementation of the Revised Proposal will result in Scentre Group's gearing being approximately 37.3%. This level of gearing is lower than the 38.4% expected under the Proposal.

We note that the implications of the level of gearing that were outlined in the IER continue to be relevant to the Revised Proposal.

#### ***A decrease in Net Tangible Asset (NTA) per security***

If the Revised Proposal is approved, there will still be a significant reduction in WRT's NTA, with a decrease in NTA per WRT Security of \$3.52 as at 31 December 2013 to an equivalent of \$2.93 per WRT Security based on the revised pro forma NTA as at 31 December 2013 for Scentre Group. This is, however, more favourable than under the Proposal which would have resulted in an equivalent NTA per WRT Security of \$2.87 as at 31 December 2013 based on the pro forma NTA as at 31 December 2013.

We note that the discussion regarding the decrease in NTA per security outlined in the IER continues to be relevant to the Revised Proposal.



# - ANNEXURE A -

## SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



*Westfield Retail Trust  
Supplementary Independent Expert Report  
7 May 2014*

### 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 Revised 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 Revised 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 Revised 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 Supplementary Securityholder Booklet to be sent to WRT Securityholders in relation to the Revised 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 Supplementary Securityholder Booklet.

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

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# - ANNEXURE A -

## SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



*Westfield Retail Trust  
Supplementary Independent Expert Report  
7 May 2014*

### **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 a member 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 Revised 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 Supplementary Securityholder Booklet or any other document prepared in respect of the Revised Proposal. Accordingly, we take no responsibility for the content of the Supplementary Securityholder Booklet as a whole or other documents prepared in respect of the Revised 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 Supplementary 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.

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# - ANNEXURE A - SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT



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Australia

## PART TWO – FINANCIAL SERVICES GUIDE

Dated 7 May 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 a Supplementary 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 \$475,000 for preparing the Report inclusive of our original independent expert's report. KPMG Corporate Finance and its officers, representatives, related

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# - ANNEXURE A -

## SUPPLEMENTARY INDEPENDENT EXPERT'S REPORT

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.

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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](http://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](mailto: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  
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B

REVISED PRO FORMA  
HISTORICAL STATEMENT  
OF NET ASSETS FOR  
SCENTRE GROUP

# - ANNEXURE B -

## REVISED PRO FORMA HISTORICAL STATEMENT OF NET ASSETS FOR SCENTRE GROUP

The revised Pro Forma Historical Statement of Net Assets set out for Scentre Group below has been prepared on the basis that the Revised Proposal was implemented on 31 December 2013.

Revised Table 6.10.1: Pro Forma Historical Statement of Net Assets

31 December 2013	Historical Audited Westfield Group <sup>(1)</sup> \$million	Westfield Group's Net Assets Attributable to Westfield Corporation <sup>(2)</sup> \$million	Refinancing costs <sup>(3)</sup> \$million	Intercompany, derivatives and debt update <sup>(4)</sup> \$million	Westfield Group's Net Assets Attributable to Scentre Group <sup>(5)</sup> \$million	Historical Audited Westfield Retail Trust <sup>(6)</sup> \$million	Reclassification of previously equity accounted entities <sup>(7)</sup> \$million	Consolidation adjustments and eliminations <sup>(8)</sup> \$million	Westfield Retail Trust capital return <sup>(9)</sup> \$million	Transaction costs <sup>(10)</sup> \$million	Scentre Group Pro Forma Historical Statement of Net Assets \$million
<b>Current assets</b>											
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)	–	–	–	–	–	–	–
<b>Total current assets</b>	<b>1,995.9</b>	<b>(382.0)</b>	<b>–</b>	<b>(1,273.3)</b>	<b>340.6</b>	<b>63.3</b>	<b>71.8</b>	<b>(16.9)</b>	<b>–</b>	<b>–</b>	<b>458.8</b>
<b>Non current assets</b>											
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
<b>Total non current assets</b>	<b>32,912.1</b>	<b>(18,215.0)</b>	<b>–</b>	<b>(39.6)</b>	<b>14,657.5</b>	<b>13,729.2</b>	<b>409.3</b>	<b>17.5</b>	<b>–</b>	<b>–</b>	<b>28,813.5</b>
<b>Total assets</b>	<b>34,908.0</b>	<b>(18,597.0)</b>	<b>–</b>	<b>(1,312.9)</b>	<b>14,998.1</b>	<b>13,792.5</b>	<b>481.1</b>	<b>0.6</b>	<b>–</b>	<b>–</b>	<b>29,272.3</b>
<b>Current liabilities</b>											
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
<b>Total current liabilities</b>	<b>2,014.0</b>	<b>(1,443.4)</b>	<b>–</b>	<b>(16.0)</b>	<b>554.6</b>	<b>380.0</b>	<b>224.3</b>	<b>(12.2)</b>	<b>–</b>	<b>75.0</b>	<b>1,221.7</b>
<b>Non current liabilities</b>											
Interest bearing liabilities	12,314.8	(8,332.8)	266.0	2,734.9	6,982.9	2,902.7	44.4	69.0	850.0	–	10,849.0
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
<b>Total non current liabilities</b>	<b>17,553.3</b>	<b>(12,004.2)</b>	<b>266.0</b>	<b>2,613.8</b>	<b>8,428.9</b>	<b>2,937.2</b>	<b>256.8</b>	<b>69.0</b>	<b>850.0</b>	<b>–</b>	<b>12,541.9</b>
<b>Total liabilities</b>	<b>19,567.3</b>	<b>(13,447.6)</b>	<b>266.0</b>	<b>2,597.8</b>	<b>8,983.5</b>	<b>3,317.2</b>	<b>481.1</b>	<b>56.8</b>	<b>850.0</b>	<b>75.0</b>	<b>13,763.6</b>
<b>Net assets</b>	<b>15,340.7</b>	<b>(5,149.4)</b>	<b>(266.0)</b>	<b>(3,910.7)</b>	<b>6,014.6</b>	<b>10,475.3</b>	<b>–</b>	<b>(56.2)</b>	<b>(850.0)</b>	<b>(75.0)</b>	<b>15,508.7</b>

(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.

# - ANNEXURE B -

## REVISED PRO FORMA HISTORICAL STATEMENT OF NET ASSETS FOR SCENTRE GROUP

(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 and in accordance with acquisition accounting requirements. 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 Corporation Securities to be held by Scentre Group on implementation of the Revised Proposal.

(9) \$850.0 million capital return to Securityholders on implementation of the Revised Proposal.

(10) Relates to \$75.0 million estimated transaction costs for professional services and other associated costs related to the implementation of the Revised Proposal. These costs will be expensed in the actual FY14 income statement.

### Revised 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	15,279.5
Pro Forma Historical Net Assets attributable to external non controlling interests	229.2
Pro Forma Historical Net Assets (Revised Table 6.10.1)	15,508.7

### Revised 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 (Revised Table 6.10.2)	15,279.5
Add back:	
Non cash mark to market of Westfield Retail Trust fixed rate debt <sup>(1)</sup>	69.0
Pro Forma Historical Net Assets attributable to Scentre Group Securityholders excluding non cash acquisition adjustments	15,348.5

(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.

### Revised 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 37.3%. 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	10,849.0
– 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)
	<b>29,028.2</b>		<b>10,841.3</b>

**Pro Forma historical gearing (net debt/total assets) 37.3%**

# - ANNEXURE B -

## REVISED PRO FORMA HISTORICAL STATEMENT OF NET ASSETS FOR SCENTRE GROUP

Revised 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)	
<b>Westfield Retail Trust</b>	<b>4,090.0</b>	<b>(42.7)</b>	<b>4,047.3</b>
Attributable to the Australian and New Zealand operations of Westfield Group:			
Interest bearing liabilities			
– Consolidated – current	0.3		
– Consolidated – non current	6,982.9		
– Equity accounted	22.3		
Less:			
Consolidated cash		(190.0)	
Equity accounted cash		(21.5)	
<b>The Australian and New Zealand operations of Westfield Group</b>	<b>7,005.5</b>	<b>(211.5)</b>	<b>6,794.0</b>
<b>Total</b>	<b>11,095.5</b>	<b>(254.2)</b>	<b>10,841.3</b>

Revised Table 6.12.1: Financial covenants and key ratios

Financial covenants		Pro forma as at 31 December 2013 /Pro forma forecast FY14
<b>Gearing (net debt to net assets)</b>	Not exceeding 0.65:1	0.39:1
<b>Unencumbered pool of assets</b>	Not less than 150% of outstanding unsecured debt	249.6%
<b>Cash flow to fixed charges</b>	At least 1.50:1	3.37:1
<b>Priority debt</b>	Not exceeding 40% of total assets	0.7%
<b>Unencumbered interest cover</b>	At least 1.50:1	3.38:1



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