

6 May 2014



**Westfield Group**

Level 30  
85 Castlereagh Street  
Sydney NSW 2000  
GPO Box 4004  
Sydney NSW 2001  
Australia

**Telephone** 02 9358 7000  
**Facsimile** 02 9358 7241  
**Internet** [www.westfield.com](http://www.westfield.com)

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

Dear Sir/Madam

**WESTFIELD GROUP (ASX:WDC)  
WESTFIELD GROUP ADJUSTS MERGER OF ITS AUSTRALIA/NZ BUSINESS WITH WESTFIELD  
RETAIL TRUST BY \$300 MILLION**

Attached is a media release from the Westfield Group.

Yours faithfully  
**WESTFIELD GROUP**

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

**Simon Tuxen**  
**Company Secretary**

**Westfield Holdings Limited** ABN 66 001 671 496

**Westfield Management Limited** ABN 41 001 670 579 AFS Licence 230329  
as responsible entity for **Westfield Trust** ABN 55 191 750 378 ARSN 090 849 746

**Westfield America Management Limited** ABN 66 072 780 619 AFS Licence 230324  
as responsible entity for **Westfield America Trust** ABN 27 374 714 905 ARSN 092 058 449

## WESTFIELD GROUP ADJUSTS MERGER OF ITS AUSTRALIA/NZ BUSINESS WITH WESTFIELD RETAIL TRUST BY \$300 MILLION

The **Westfield Group** (ASX:WDC) today announced that in the formation of **Scentre Group**, through the proposed merger of its Australia/NZ business with **Westfield Retail Trust** (ASX: WRT), the merger terms would be improved by \$300 million, enhancing the financial position of Scentre Group.

Westfield Group Chairman Mr Frank Lowy AC said, "Late last year, we presented a proposal that we believe is fair and reasonable to both WDC and WRT securityholders. This was subsequently confirmed by the Independent Experts appointed by each of those entities."

"We have met with key investors in both WDC and WRT, the overwhelming majority of whom support WDC's strategy of restructuring along geographic lines and merging the Australia/NZ business with WRT. In response to some concerns raised and in consultation with the independent directors of WRT, WDC has decided to improve the merger terms for WRT securityholders."

"The change improves the terms on which WRT securityholders are gaining their ownership interest in WDC's industry leading operating platform. It improves the financial position of Scentre Group by reducing its gearing ratio and enhancing its Funds from Operations (FFO). The transaction is now expected to deliver a 6.6% accretion to WRT's forecast 2014 FFO."

The adjustment to the terms of the proposal will be achieved by reducing the net debt of WDC's Australia/NZ business contributed to Scentre Group from \$7.1 billion to \$6.8 billion.

As a result, Scentre Group's pro forma net assets, at 31 December 2013, will increase from \$14,980 million (\$2.82 per security) to \$15,280 million (\$2.88 per security).

Pro forma gearing will reduce to 37.3% and interest cover is forecast to be 3.4 times based on 2014 pro forma FFO. Scentre Group intends, over time, to operate with a gearing range of between 30% to 35%.

The gearing ratio does not take into account any value associated with the operating platform, which has been valued by the Independent Expert of WDC at between \$3.0 billion and \$3.5 billion, prior to corporate overheads.

"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," Mr Frank Lowy said.

Pro forma 2014 FFO per security for Scentre Group is expected to increase from 21.50 cents to 21.75 cents due to the adjustment in the merger terms.

**Westfield Corporation's** pro forma gearing, at 31 December 2013, reduces from 36.3% to 34.4%, following the \$1.1 billion disposal of three non-core UK assets and the \$300 million adjustment to the terms of the proposal. Westfield Corporation's pro forma FFO for 2014 is expected to be US37.6 cents per security, prior to the redeployment of the proceeds from the UK asset disposal.

All other terms of the merger proposal remain as disclosed in the Securityholder Booklet dated 14 April 2014. WRT securityholders will continue to receive 51.4% of Scentre Group (with a higher net asset base) and WDC securityholders will continue to receive 48.6%.

WDC securityholders will receive 1,000 securities in Westfield Corporation and 1,246 securities in Scentre Group for every 1,000 WDC securities held.

The adjusted proposal has the unanimous support of the WDC Board and the independent directors of WRT.

The Independent Expert, Grant Samuel & Associates, has confirmed that the adjusted proposal is in the best interests of WDC securityholders.

“Given the overwhelming support of WDC’s key securityholders for the Group’s restructure along geographic lines, WDC is committed to implementing this strategy. The adjusted merger terms are final and will be put to the securityholders of both WDC and WRT at their respective meetings scheduled for 29 May 2014,” Mr Frank Lowy said.

ENDS

**The Westfield Group** (ASX Code: WDC) is an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing approximately 4,000 staff worldwide. The Westfield Group has interests in and operates one of the world’s largest shopping centre portfolios with investment interests in 87 shopping centres across Australia, the United States, the United Kingdom and New Zealand, encompassing approximately 20,000 retail outlets and total assets under management of over \$68bn.

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

**MEDIA RELEASE**