

► See separate instructions.

<b>Part I</b>	<b>Reporting Issuer</b>
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1 Issuer's name

SCENTRE GROUP LIMITED (FORMERLY WESTFIELD HOLDINGS LIMITED)

2 Issuer's employer identification number (EIN)

98-0134770

3 Name of contact for additional information

4 Telephone No. of contact

5 Email address of contact

SCENTRE GROUP INVESTOR RELATIONS

**+61 2 9358 7877**

INVESTOR@SCENTREGROUP.COM

**6** Number and street (or P.O. box if mail is not delivered to street address) of contact

7 City, town, or post office, state, and Zip code of contact

85 CASTLEREAGH STREET

SYDNEY, NSW, 2000. AUSTRALIA

8 Date of action

## 9 Classification and description

JUNE 30, 2014

## FULLY PAID ORDINARY SHARES

10 CUSIP number

11	Serial number(s)
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12 Ticker symbol

13	Account number(s)
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SCG

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ► See attachment

**15** Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ► **See attachment**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ► **See attachment**

**Part II Organizational Action** (continued)**17** List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ► See attachment**18** Can any resulting loss be recognized? ► See attachment**19** Provide any other information necessary to implement the adjustment, such as the reportable tax year ► See attachment**Sign  
Here**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Signature ►



Date ►

August 13, 2014Print your name ► **DUDLEY HEYWOOD**Title ► **PUBLIC OFFICER****Paid  
Preparer  
Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if  
self-employed

PTIN

Firm's name ►

Firm's EIN ►

Firm's address ►

Phone no.

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054

# SCENTRE GROUP

SCENTRE GROUP LIMITED (FORMERLY WESTFIELD HOLDINGS LIMITED)

EIN: 98-0134770

## ATTACHMENT TO FORM 8937, REPORT OF ORGANIZATIONAL ACTIONS AFFECTING BASIS IN SECURITIES

August 13, 2014

### Part I, Question 9

See description in Part II, Question 14, below.

### Part II, Question 14

Scentre Group Limited (formerly Westfield Holdings Limited) ("WHL") is a publicly traded Australian company classified as a corporation for U.S. federal income tax purposes. Westfield America Trust ("WAT") is a publicly traded Australian unit trust classified as a corporation for U.S. federal income tax purposes. Scentre Group Trust 1 (formerly Westfield Trust) ("WT") is a publicly traded Australian unit trust classified as a corporation for U.S. federal income tax purposes. Prior to the Transactions (defined below), the stock of WHL was stapled to the equity interests in WAT and WT. Equity interests in WHL, WAT and WT were thus held and traded in unison on the Australian Securities Exchange ("ASX").

Scentre Group Trust 2 (formerly Westfield Retail Trust 1) ("WRT1") is a publicly traded Australian unit trust classified as a corporation for U.S. federal income tax purposes. Scentre Group Trust 3 (formerly Westfield Retail Trust 2) ("WRT2") is a publicly traded Australian unit trust classified as a corporation for U.S. federal income tax purposes. Prior to the Transactions, the equity interests in WRT1 and WRT2 were stapled together and traded in unison on the ASX.

Equity interests in WAT, WT, WRT1, WRT2 and New Trust are referred to as "units".

Prior to June 30, 2014 the following transactions occurred:

- WT formed a new trust named WFD Trust ("New Trust") with nominal assets.
- WHL transferred certain of its assets and subsidiaries to a newly formed Australian corporation classified as a corporation for U.S. federal income tax purposes named Westfield Corporation Limited ("Demerger Co").

On June 30, 2014, the following transactions (collectively, the "Transactions") occurred:

- WRT1 paid a capital distribution of A\$ 0.2853 per unit to its unit holders (the "WRT1 Distribution").
- WHL distributed 100 percent of the stock of Demerger Co to WHL's shareholders (the "Demerger Co Distribution").
- WT distributed the units in New Trust to WT's unit holders on a one for one basis (the "New Trust Distribution").

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

SCENTRE MANAGEMENT LIMITED ABN 41 001 670 579 AFS Licence No: 230329 as responsible entity of Scentre Group Trust 1 ABN 55 191 750 378 ARSN 090 849 746  
RE1 LIMITED ABN 80 145 743 682 AFS Licence No: 380202 as responsible entity of Scentre Group Trust 2 ABN 66 744 282 872 ARSN 146 934 536  
RE2 LIMITED ABN 41 145 744 065 AFS Licence No: 380203 as responsible entity of Scentre Group Trust 3 ABN 11 517 229 138 ARSN 146 934 652  
Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia GPO Box 4004 Sydney NSW 2001 Australia T +61 (02) 9358 7000 scentregroup.com



- The shares in Demerger Co and the units in New Trust were stapled to the stock of WHL and the units in WAT and WT.
- Immediately thereafter and pursuant to an integrated plan, WT transferred certain non-U.S. assets to New Trust in exchange for nominal consideration (the "New Trust Asset Transfer").
- The stock of WHL and the units in WT were de-stapled from the stock of Demerger Co and the units in WAT and New Trust.
- The stapling and de-stapling transactions are referred to as the "Stapling Transactions".
- Each share in WHL and each unit in WT was converted to 1.246 shares and 1.246 units respectively with holders receiving 1.246 shares or units for each previously held share or unit.
- Each unit in WRT1 and WRT2 was converted into 0.918 units respectively with holders receiving 0.918 units for each previously held unit.
- WT paid a capital distribution of A\$ 0.0011 per unit to its unit holders, which distribution was utilized by such unit holders to subscribe for newly issued units in WRT1 and WRT2 on the basis of one new unit in WRT1 and one new unit in WRT2 for each unit held in WT.
- WRT1 paid a capital distribution of A\$ 0.0011 per unit to its unit holders, which was utilized by such unit holders to subscribe for newly issued stock in WHL and units in WT on the basis of one new share in WHL and one new unit in WT for each unit held in WRT1.
- The stock of WHL and the units of WT were stapled to the units of WRT1 and WRT2.
- The transactions contemplated in the prior 5 bullet points are collectively referred to as the "Merger".

The record date for investors to participate in the Transactions was June 27, 2014.

The securities of WHL, WT, WRT1 and WRT2 trade together on the ASX under the name of Scentre Group – ASX code SCG.

The securities of Demerger Co, New Trust and WAT trade together on the ASX under the name Westfield Corporation – ASX code WFD.

## **Part II, Question 15**

If the Demerger Co Distribution is treated as a tax-free transaction pursuant to Section 355, as described in Question 16, below, 73.7 percent of a WHL shareholder's basis immediately prior to the Demerger Co Distribution will be apportioned to the shares of Demerger Co received in the Demerger Co Distribution, as described in Question 16, below.

If the Demerger Co Distribution is treated as a taxable distribution of property, the portion of the Demerger Co Distribution (if any) that is treated as a return of capital (as described in Question 16 below) will reduce a shareholder's holder's basis in their WHL shares.

The adjustment to the number of a shareholder's shares in WHL as part of the Merger (that is the conversion of shares on a 1.246 for one basis) is anticipated to result in a shareholder's basis in their

WHL shares prior to such adjustment being divided among the number of WHL shares held by such shareholder immediately after such adjustment.

A shareholder's basis in their WHL shares will be reduced to the extent that such WHL shares are viewed for U.S. federal income tax purposes as exchanged in the Merger (as described in Question 16 below).

## **Part II, Question 16**

### *Demerger Co Distribution*

WHL has not undertaken an analysis as to whether the Demerger Co Distribution may satisfy the requirements of Section 355 and qualify for tax-free treatment for U.S. federal income tax purposes. The qualification of a transaction under these rules requires considerable detailed legal analysis. If the Demerger Co Distribution were to qualify as tax-free pursuant to Section 355, WHL shareholders would not recognize income or gain for U.S. federal income tax purposes. Such shareholders would apportion their tax basis in their WHL shares at the time of the Transactions between such WHL shares and the Demerger Co shares received in the Demerger Co Distribution based on their respective fair market values.

There is no definitive guidance under existing U.S. federal income tax law as to the proper method or approach for determining the fair market value of shares for such purposes. In general, for U.S. federal income tax purposes, fair market value is the price at which property would change hands between a willing buyer and willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts.

The approach used by WHL was to determine the fair market value of WHL based on the proportionate share of WHL as a member of the Scentre Group multiplied by the volume weighted average price ("VWAP") of the Scentre Group over the first 20 days of trading. Similarly the fair market value of Demerger Co was based on the proportionate share of Demerger Co as a member of Westfield Corporation multiplied by the VWAP of Westfield Corporation over the first 20 trading days.

Under this approach, the fair market value of WHL just after the time of the Demerger Co Distribution was approximately A\$ 686 million, the fair market value of Demerger Co just after the time of the Demerger Co Distribution was approximately A\$ 1,919 million, and a WHL shareholder who received shares of Demerger Co as a part of the Transactions received an interest in Demerger Co worth approximately A\$ 0.92 for each WHL share held by such shareholder just before the time of the Transactions.

Thus, if the Demerger Co Distribution were to qualify as tax-free pursuant to Section 355, a WHL shareholder would apportion approximately 73.7 percent of their tax basis in their WHL shares at the time of the Demerger Co Distribution to the Demerger Co shares received in the Demerger Co Distribution. This amount being calculated as  $(1,919 / (685 + 1,919))$ .

If the Demerger Co Distribution does not qualify as tax-free pursuant to Section 355, the U.S. federal income tax consequences of the Demerger Co Distribution to WHL shareholders are generally anticipated to be as follows:

- first, a portion of the Demerger Co Distribution (whose size for these purposes will be determined based on the fair market value of the Demerger Co shares received by a WHL shareholder, as discussed above) would be a dividend to the extent of WHL's earnings and profits (as determined for U.S. tax purposes), whether from the current taxable year or from prior taxable years;



- second, any remaining portion of the Demerger Co Distribution would be applied to reduce a WHL shareholder's basis in their WHL shares; and
- finally, any residual portion of the Demerger Co Distribution would be treated as capital gain from the sale or exchange of property.

WHL does not compute its earnings and profits for U.S. tax purposes; as such, it is possible that the full amount of the Demerger Co Distribution will be characterized as a dividend.

**Please note that the foregoing discussion of the U.S. federal income tax consequences does not reflect the potential application of the "passive foreign investment company" rules to the Demerger Co Distribution. Please contact your own tax advisor for additional information and clarification.**

**Please note that some brokerage houses might not use the information provided in this document, and the information contained herein is only provided as an example of one potential approach. There are various ways in which brokerage houses may calculate, among other items, the fair market value of WHL, Demerger Co or the Demerger Co Distribution, and thus the amount of the reduction or allocation, if any, in a shareholder's tax basis in its WHL shares as a result of the Demerger Co Distribution. Please contact your individual brokerage house to determine which calculation they may use and contact your own tax advisor for additional information and clarification.**

#### *Stapling Transactions*

The Stapling Transactions are not anticipated to result in U.S. federal income tax consequences to WHL shareholders.

#### *The Merger*

The Merger is anticipated to be treated for U.S. federal income tax purposes as a taxable exchange by holders of equity interests in WHL and WT for units in WRT1 and WRT2. This result is due to the fact that such holders will be receiving units in WRT1 and WRT2 in exchange for a dilution of their equity interests in WHL and WT. A deemed sale of WHL shares is anticipated to result in an amount equal to the percentage dilution in WHL suffered by such holders.

On the basis that, in total, Westfield Group securityholders before the Transactions hold a 48.6% interest in Scentre Group after the Transactions, the percentage dilution is 51.4%. To the extent that a shareholder is regarded as exchanging their shares in WHL for units in WRT1 and WRT2, gain or loss would be measured based upon the difference between the shareholder's adjusted tax basis in the WHL shares deemed exchanged and the fair market value of the WRT1 and WRT2 units received by such shareholder as part of the Merger.

#### **Part II, Question 17**

The tax treatment of the tax basis of the WHL shares is based on Sections 355, 358, 301, 316 and 1001 of the Internal Revenue Code of 1986, as amended.

#### **Part II, Question 18**

WHL shareholders will not be permitted to recognize losses for U.S. federal income tax purposes upon the Demerger Co Distribution. WHL shareholders are anticipated to be permitted to recognize losses, if any, upon WHL shares deemed exchanged in the Merger for U.S. federal income tax purposes.

**Part II, Question 19**

The Transactions took place on June 30, 2014. Therefore, the adjustments to tax basis in the WHL shares will be reported in calendar year 2014.