

WESTFIELD RETAIL TRUST SECURITYHOLDERS

HOW TO DETERMINE YOUR COST BASE IN SCENTRE GROUP STAPLED SECURITIES



THIS FACT SHEET HAS BEEN PREPARED AS GENERAL GUIDANCE TO ASSIST FORMER WESTFIELD RETAIL TRUST (**WRT**) SECURITYHOLDERS DETERMINE THEIR CAPITAL GAINS TAX (**CGT**) COST BASE IN SCENTRE GROUP STAPLED SECURITIES (**SCG SECURITIES**) FOLLOWING THE MERGER OF WESTFIELD GROUP'S AUSTRALIAN AND NEW ZEALAND BUSINESS WITH WESTFIELD RETAIL TRUST TO FORM SCENTRE GROUP (**MERGER**). THE MERGER WAS IMPLEMENTED ON 30 JUNE 2014.

The information provided in this fact sheet is not financial product advice or taxation advice. It is general information only and has been prepared without taking into account your financial circumstances, investment objectives or particular needs. To obtain advice, you should consult your taxation or other financial adviser.

Each former WRT securityholder who participated in the Merger received 918 SCG Securities for each 1,000 WRT stapled securities they previously held.

A SCG Security comprises four separate assets for CGT purposes – one unit in Scentre Group Trust 1 (formerly Westfield Trust) (**WT**), one unit in Scentre Group Trust 2 (formerly Westfield Retail Trust 1) (**WRT1**), one unit in Scentre Group Trust 3 (formerly Westfield Retail Trust 2) (**WRT2**), and one share in Scentre Group Limited (formerly Westfield Holdings Limited) (**WHL**). For ease of reference in this fact sheet the former names of the entities have been used.

For CGT purposes each of the four separate assets has its own cost base.

WHERE TO FIND FURTHER INFORMATION

Details of the Australian tax implications for WRT securityholders who participated in the Merger are available from the following sources:

1. The Australian Taxation Office (**ATO**) will issue a Class Ruling in respect of the Merger. The Class Ruling will be available on the ATO website www.ato.gov.au and the Scentre Group website www.scentregroup.com once issued.
2. Section 8 – “Australian Taxation Considerations” of the Securityholder Booklet dated 14 April 2014 in relation to the Merger.

RE1 Limited ABN 80 145 743 862 AFS Licence 380202 as responsible entity of Scentre Group Trust 2 (formerly Westfield Retail Trust 1) ABN 66 744 282 872 ARSN 146 934 536

RE2 Limited ABN 41 145 744 065 AFS Licence 380203 as responsible entity of Scentre Group Trust 3 (formerly Westfield Retail Trust 2) ABN 11 517 229 138 ARSN 146 934 652

SUMMARY OF THE MERGER STEPS

A summary of the Merger steps and their Australian tax impact is set out below:

Step	Australian tax outcomes
WRT1 made a capital distribution of \$0.2853 per Original WRT1 Unit to eligible securityholders (WRT1 Capital Return).	<p>The WRT1 Capital Return reduces your cost base per Original WRT1 Unit.</p> <p>If your CGT cost base in your Original WRT1 Unit is nil or is less than the amount of the WRT1 Capital Return, you will make a capital gain that may be eligible for the CGT discount.</p>
Each Original WRT1 Unit was converted into 0.918 Converted WRT1 Units in line with the Merger Ratio (Capital Conversion).	This is not a taxable event, but you are required to consolidate the cost base you have in your Original WRT1 Units (as determined after the WRT1 Capital Return) across the smaller number of Converted WRT1 Units that you hold after the Capital Conversion.
Each Original WRT2 Unit was converted into 0.918 Converted WRT2 Units in line with the Merger Ratio (also Capital Conversion).	This is not a taxable event, but you are required to consolidate the cost base you have in your Original WRT2 Units across the smaller number of Converted WRT2 Units that you hold after the Capital Conversion.
<p>WRT1 made a capital distribution of \$0.0011 per Converted WRT1 Unit which was applied to acquire:</p> <ul style="list-style-type: none"> – one WT Unit for \$0.001; and, – one WHL Share for \$0.0001, <p>for each Converted WRT1 Unit held</p> <p>(WRT1 Stapling Distribution).</p>	<p>The WRT1 Stapling Distribution reduces your cost base per Converted WRT1 Unit (as determined after the WRT1 Capital Return and the Capital Conversion).</p> <p>If the cost base in your Converted WRT1 Units is nil or is less than the WRT1 Stapling Distribution, you will make a capital gain that may be eligible for the CGT discount.</p> <p>The cost base of each WT Unit is \$0.001.</p> <p>The cost base of each WHL Share is \$0.0001.</p>
WT Units and WHL Shares were stapled to the Converted WRT1 Units and Converted WRT2 Units to form the Scentre Group.	This step does not have any tax consequences.

THE CGT COST BASE POSITION

The method to determine the cost base for each of the components of the SCG Securities that you hold as a consequence of implementation of the Merger is set out below:

WRT1 Units

The cost base for a Converted WRT1 Unit is determined as follows (note, the cost base may be nil):

- Determine the cost base of each Original WRT1 Unit taking into account tax deferred distributions received before the time of the Merger.
- The cost base of each Original WRT1 Unit immediately before the Merger is reduced by \$0.2853 in respect of the WRT1 Capital Return. However, if the cost base of an Original WRT1 Unit immediately before the Merger is less than \$0.2853 then the cost base is reduced to nil.
- The cost base of the Original WRT1 Units is consolidated to determine the cost base of the Converted WRT1 Units that the Original WRT1 Units were converted into pursuant to the Capital Conversion.

If the cost base of an Original WRT1 Unit is nil or reduced to nil then the cost base of the Converted WRT1 Unit will be nil.

- The cost base of the Converted WRT1 Units is reduced by \$0.0011 per converted WRT1 Unit in respect of the WRT1 Stapling Distribution. However, if the cost base per Converted WRT1 Unit is nil it is not further reduced.

The date of acquisition of the Converted WRT1 Units is the same as the date of acquisition of the corresponding Original WRT1 Units.

WRT 2 Units

The cost base for a Converted WRT2 Unit is determined as follows (note, the cost base may be nil):

- Determine the cost base of each Original WRT2 Unit at the time of the Merger.
- The cost base of the Original WRT2 Units is consolidated to determine the cost base of the Converted WRT2 Units that the Original WRT2 Units were converted into pursuant to the Capital Conversion.

The date of acquisition of the Converted WRT2 Units is the same as the date of acquisition of the corresponding Original WRT2 Units.

WT Units

Cost base of each WT Unit is \$0.001.

The date of acquisition of the WT Units is 30 June 2014.

WHL Shares

Cost base of each WHL Share is \$0.0001.

The date of acquisition of the WHL Shares is 30 June 2014.

EXAMPLE

- Assume you acquired 1,000 WRT stapled securities for \$3.20 each (including any incidental costs) on 1 March 2014.
- Based on the relative net tangible assets at 31 December 2013, the cost base of each component of each WRT stapled security is set out below:
 - WRT1 Unit \$3.193 (99.79%)
 - WRT2 Unit \$0.007 (0.21%)
- You received the WRT1 Capital Distribution of \$285.30 (1,000 x \$0.2853).
- Your 1,000 Original WRT1 Units were converted into 918 Converted WRT1 Units.
- Your 1,000 Original WRT2 Units were converted into 918 Converted WRT2 Units.
- You were entitled to the WRT1 Stapling Distribution of \$1.01 (918 x \$0.0011) and accordingly you received 918 WT Units and 918 WHL Shares on 30 June 2014.

The cost base of your **Converted WRT1 Units** is:

	In total	Per unit
Cost base – Original WRT1 Units	\$3,193.28	\$3.193 (\$3,193.28 / 1,000 units)
Less: WRT1 Capital Distribution	(\$285.30)	(\$0.2853)
Sub total	\$2,907.98	\$2.90798
Cost base – Converted WRT1 Units	\$2,907.98	\$3.168 (\$2,907.98 / 918 units)
Less: WRT1 Stapling Distribution	(\$1.01)	(\$0.0011)
Cost base – Converted WRT1 Units	\$2,906.97	\$3.167

CGT date of acquisition of Converted WRT1 Units is 1 March 2014.

The cost base of your **Converted WRT2 Units** is:

	In total	Per unit
Cost base – Original WRT2 Units	\$6.72	\$0.007 (\$6.72 / 1,000 units)
Cost base – Converted WRT2 Units	\$6.72	\$0.007 (\$6.72 / 918 units)

CGT date of acquisition of Converted WRT2 Units is 1 March 2014.

The cost base of your **WT Units** is:

	In total	Per unit
Cost base – WT Units	\$0.92	\$0.001 (\$0.001 x 918 units)

CGT date of acquisition of WT Units is 30 June 2014.

The cost base of your **WHL Shares** is:

	In total	Per share
Cost base – WHL Shares	\$0.092	\$0.0001 (\$0.0001 x 918 shares)

CGT date of acquisition of WHL Shares is 30 June 2014.

The total cost base of your **SCG Securities** is:

	In total	Per security
Cost base – SCG Securities	\$2,914.70	\$3.175 (\$2,914.70 / 918 securities)

WRT 2014 TAX GUIDE AND TAX STATEMENT

Details of the amount of your WRT1 Capital Distribution and WRT1 Stapling Distribution were included in the Westfield Retail Trust 2014 Tax Summary and Tax Statement that was sent to you at the end of July 2014.

GLOSSARY

ATO – Australian Taxation Office

Capital Conversion – the conversion of each Original WRT1 Unit and each Original WRT2 Unit into 0.918 Converted WRT1 Units and 0.918 Converted WRT2 Units

CGT – capital gains tax

Converted WRT1 Unit – a unit held in WRT1 after the Capital Conversion

Converted WRT2 Unit – a unit held in WRT2 after the Capital Conversion

Merger – the merger of Westfield Group's Australian and New Zealand business with Westfield Retail Trust to form Scentre Group

Original WRT1 Unit – a unit held in WRT1 before the Merger

Original WRT2 Unit – a unit held in WRT2 before the Merger

SCG – Scentre Group

SCG Securities – Scentre Group stapled securities

WHL – Westfield Holdings Limited (now Scentre Group Limited)

WHL Share – a share in Westfield Holdings Limited

WRT – Westfield Retail Trust

WRT1 – Westfield Retail Trust 1 (now Scentre Group Trust 2)

WRT1 Capital Return – Distribution of \$0.2853 per Original WRT1 Unit paid as part of the Merger

WRT1 Stapling Distribution – Distribution of \$0.0011 per Converted WRT1 Unit that was applied to acquire one WT Unit and one WHL Share per Converted WRT1 Unit

WRT1 Unit – a unit in Westfield Retail Trust 1

WRT2 – Westfield Retail Trust 2 (now Scentre Group Trust 3)

WRT2 Unit – a unit in Westfield Retail Trust 2

WT – Westfield Trust (now Scentre Group Trust 1)

WT Unit – a unit in Westfield Trust

ENQUIRIES

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