

26 May 2004



**Westfield America
Management Limited**

Level 24, Westfield Towers
100 William Street
Sydney NSW 2011
GPO Box 4004
Sydney NSW 2001
Australia

Telephone 02 9358 7000
Facsimile 02 9358 7077
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The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir/Madam,

**WESTFIELD AMERICA TRUST (ASX: WFA) – – PROPOSED MERGER WITH
WESTFIELD HOLDINGS LIMITED (ASX: WSF) AND WESTFIELD TRUST (ASX: WFT) –
INDEPENDENT EXPERT FINDS WESTFIELD MERGER “IN BEST INTERESTS OF
INVESTORS”.**

A media release in relation to the above is attached.

Additionally, the attached documents will shortly be sent to all unitholders of Westfield America Trust:

- Westfield America Trust Overview (which incorporates the notice of meeting for the General Meeting of Members on Friday 25 June 2004);
- Proxy Form;
- Explanatory Memorandum; and
- Westfield America Trust Special Notice about the Sale Facility

Yours faithfully

WESTFIELD AMERICA MANAGEMENT LIMITED
Responsible Entity of Westfield America Trust

A handwritten signature in black ink, appearing to read "Simon Tuxen".

Simon Tuxen
Company Secretary

26 May 2004

INDEPENDENT EXPERT FINDS WESTFIELD MERGER 'IN BEST INTERESTS OF INVESTORS'

Westfield today released its Explanatory Memorandum (EM) dealing with the proposal to merge the three listed Westfield entities – Westfield Trust, Westfield America Trust and Westfield Holdings.

The EM contains an Independent Expert's Report from Grant Samuel & Associates, which concludes that the merger is equitable and in the best interests of investors of all three Westfield entities.

The Independent Expert's Report says: "Grant Samuel believes that Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders are receiving an equitable share of the merged group relative to their contributions to market value."

The EM and its various reports confirm the key financial data and forecasts for distributions made when the proposal was announced on April 22.

In a letter to investors accompanying the EM, Mr Lowy, said: "There are substantial benefits for the three entities and it represents a 'win, win, win' for investors in each of the entities in the short and long-term.

"The investment market has viewed the merger favourably. The market capitalisation of the three entities on April 22 was approximately \$22 billion and this has increased to approximately \$25 billion today.

"The proposal has the unanimous support of the Directors of each of the Westfield entities who have recommended that members vote in favour of the proposal."

The Explanatory Memorandum will be mailed to investors in Westfield Holdings, Westfield Trust and Westfield America Trust shortly and will be available at www.westfield.com.au

Investors in all three entities will meet on 25 June 2004 to vote on the merger.

*****Westfield information line – toll free within Australia 1300 766 010 or outside Australia +61 2 9240 7455***

www.westfield.com

ISSUED BY WESTFIELD HOLDINGS LIMITED ABN 66 001 671 496

WESTFIELD MANAGEMENT LIMITED ABN 41 001 670 579

WESTFIELD AMERICA MANAGEMENT LIMITED ABN 66 072 780 619

CONTACT: MATTHEW ABBOTT +61 2 9358 7333

Page 1 of 1

media release



Westfield America Trust Overview

Issued by

Westfield America Management Limited

(ABN 66 072 780 619)

as responsible entity of Westfield America Trust

(ARSN 032 058 449)

in relation to a proposal to staple the shares of Westfield Holdings Limited and
the units of Westfield Trust and Westfield America Trust.

YOUR VOTE IS IMPORTANT

It is important that you vote on the resolutions to approve the Merger. If you are unable to attend the meeting of Westfield America Trust members in person you should complete and return the yellow Proxy Form which accompanies this Westfield America Trust Overview.

IMPORTANT NOTICE

IF YOU HOLD SHARES IN WESTFIELD HOLDINGS LIMITED AND/OR UNITS IN WESTFIELD TRUST YOU WILL ALSO BE SENT A SEPARATE PACKAGE OF DOCUMENTS WHICH WILL CONTAIN ADDITIONAL INFORMATION. IT IS IMPORTANT THAT YOU RETAIN AND READ EACH PACKAGE OF DOCUMENTS YOU RECEIVE FROM WESTFIELD AMERICA TRUST, WESTFIELD HOLDINGS LIMITED OR WESTFIELD TRUST AS THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSAL, INCLUDING AN EXPLANATORY MEMORANDUM (WHICH WILL BE THE SAME IN EACH PACKAGE OF DOCUMENTS), NOTICES OF MEETINGS, PROXY FORMS, A SPECIAL NOTICE ABOUT THE SALE FACILITY, AND SALE ELECTION FORMS.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt as to what you should do, you should consult your investment, financial, taxation or other professional adviser.

WESTFIELD GROUP MERGER

WHAT IS THIS DOCUMENT?

This document ("Westfield America Trust Overview") is designed to provide WFA Members with:

- an overview of the proposed Merger involving the stapling of the shares of Westfield America Trust Limited ("Westfield") and the units of Westfield Trust ("WFT") and Westfield America Trust ("WFA");
- an outline of the action required by WFA Members; and
- an explanation of the key anticipated benefits and possible disadvantages of the Merger for WFA Members.

Also accompanying this document is a Special Notice about the Sale Facility, which contains important information about the Sale Facility as well as the Sale Election Form.

This document is to be read with the Explanatory Memorandum which describes the Merger in greater detail and which has been sent to all Westfield Shareholders, WFT Members and WFA Members. This Overview and the Explanatory Memorandum is also a prospectus and product disclosure statement for the purposes of the Corporations Act.

This Westfield America Trust Overview is dated 25 May 2004 and is issued by Westfield America Management Limited (as responsible entity of Westfield America Trust).

DEFINED TERMS

Capitalised terms are defined in the Glossary in section 12 of the Explanatory Memorandum.

In this Westfield America Trust Overview and the accompanying Explanatory Memorandum, the term "Merger" or "Merged" is used to describe the proposal to "staple" Westfield Shares, WFT Units and WFA Units so that they will be traded together on the ASX as a single Stapled Security under the name of Westfield Group. Each of the three Westfield Entities will remain in existence as separate legal entities and Westfield Shares, WFT Units and WFA Units will remain as separate assets.

IMPORTANT NOTICE

You should read the Explanatory Memorandum in conjunction with this Westfield America Trust Overview to assist you in considering the resolutions and determining how you wish to vote.

Please also immediately read the Special Notice about the Sale Facility and decide whether or not you wish to participate in the Sale Facility and, if so, the nature of your participation. It is very important that you understand the income tax implications of continuing to hold your WFA Units or participating in the Sale Facility referred to in the Special Notice about the Sale Facility. If not, you may suffer adverse tax consequences. You should contact your investment, financial, taxation or other professional adviser immediately to determine whether or not you should participate in the Sale Facility.

This document does not constitute investment, financial or tax advice. You should seek your own investment, financial, taxation and other professional advice on the Merger.

The information outlined in this document, the Explanatory Memorandum and the Special Notice about the Sale Facility does not take into account the investment objectives, financial situation, taxation position and needs of any particular WFA Member. It is important that you read this document, the Explanatory Memorandum and the Special Notice about the Sale Facility before making any voting or investment decision. In particular, in considering the prospects of the Westfield Group, it is important for you to consider the risk factors identified in section 3.11 of the Explanatory Memorandum that could affect the financial performance of the Westfield Group. Past performance is no indication of future performance. You should carefully consider these risk factors in light of your particular investment objectives, financial situation, taxation position and needs. If you are in any doubt on these matters, consult your investment, financial, taxation or other professional adviser before deciding how to vote on the Merger.

Please read all of the documents carefully before deciding how to vote on the resolutions to give effect to the Merger and complete and return the enclosed yellow Proxy Form if you are unable to attend the Meeting in person.

REGULATORY INFORMATION

A copy of this Westfield America Trust Overview, the Explanatory Memorandum and the Special Notice about the Sale Facility has been provided to the ASX. The fact that the ASX may agree to have the Stapled Securities quoted is not to be taken in any way as an indication of the merits of the Westfield Group or any of the Westfield Entities.

None of ASIC, the ASX or their respective officers takes any responsibility for the contents of this Westfield America Trust Overview, the Explanatory Memorandum or the Special Notice about the Sale Facility.

DISCLOSURE ABOUT FORWARD LOOKING STATEMENTS

This Westfield America Trust Overview and the Explanatory Memorandum include certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those risks identified in section 3.11 of the Explanatory Memorandum, the assumptions not proving correct and other matters not currently known to, or considered material by Westfield or the Responsible Entities.

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, the Responsible Entities, their respective officers and any person named in this Westfield America Trust Overview or the Explanatory Memorandum or any person involved in the preparation of this Westfield America Trust Overview or the Explanatory Memorandum 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. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Westfield America Trust Overview and the Explanatory Memorandum reflect views held only as at the date of this document.

JURISDICTION

This Westfield America Trust Overview, the Explanatory Memorandum and the Special Notice about the Sale Facility do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. None of this Westfield America Trust Overview, the Explanatory Memorandum or the Special Notice about the Sale Facility:

- is a prospectus within the meaning of the Hong Kong Companies Ordinance nor are any of them an advertisement, invitation or document subject to section 103(1) of the Hong Kong Securities and Futures Ordinance; or
- constitutes an offer of securities for sale in the United States and the securities may not be offered or sold in the United States absent registration or an exemption from registration. No offering of Securities will be made in the United States by the Westfield Group. United States Securityholders who are Foreign Securityholders will be deemed to have elected to receive the Cash Alternative in respect of all of their WFA Units (see section 1.13 of the Explanatory Memorandum).



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24 May 2004

Dear Member

As announced on 22 April 2004, it is proposed to merge Westfield Holdings Limited, Westfield Trust and Westfield America Trust into a single, internally-managed Group. The securities of the three entities will be "stapled" together and traded on the ASX as the "Westfield Group".

The rationale behind the merger is all about growth and global opportunities. Increasingly, these opportunities require substantial financial capacity and a balance sheet larger than that of any one of the existing Westfield entities.

I believe there will be substantial benefits for the three entities and that it represents a "win, win, win" for investors in each of the entities in the short and long-term.

Under the current structure, Westfield America Trust has an excellent portfolio, but the high cost of capital relative to its competitors in the United States means its potential is constrained. Westfield Trust also has a very high quality portfolio but its future growth is limited to the Australian and New Zealand markets.

Under the proposal, these constraints will be removed. Both entities will gain direct exposure to the UK market through Westfield Holdings' shopping centre portfolio there and, potentially, other markets in the future. Both entities will also benefit from Westfield Holdings' knowledge base and experience in the shopping centre business, its brand and its global operating platform.

For Westfield Holdings, the merger will create a global operating and financial structure to match global opportunities and achieve a greater balance between income and capital growth through direct exposure to the underlying property portfolios of Westfield Trust and Westfield America Trust.

The proposal will create an internally managed, vertically integrated Group combining ownership, development, design, construction, funds/asset management, property management, leasing and marketing of shopping centres on a global scale.

In summary, the merger will combine the financial strength and capabilities of each entity to provide the Group with the scale it needs to pursue growth opportunities internationally. It will create the largest listed retail property group in the world and the 8th largest entity on the Australian Stock Exchange, increasing Westfield's profile in global financial markets.

Since the proposal was announced the investment market has viewed the merger favourably. The market capitalisation of the three entities on April 22 was approximately \$22 billion. This has increased to approximately \$25 billion today, following strong increases in the prices of securities in each of the Westfield entities. Over this period:

- The price of Westfield America Trust units rose from \$1.96 to \$2.28;
- The price of Westfield Trust units rose from \$3.55 to \$4.24;
- The price of Westfield Holdings shares rose from \$13.96 to \$14.66.

Meetings of members of Westfield America Trust will be held at 10.00 am on 25 June 2004 at Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW to seek your approval to the proposed merger in the terms set out in the Notice of Meeting, Westfield America Trust Overview and Explanatory Memorandum which accompany this letter. The Explanatory Memorandum also includes a report from an independent expert, Grant Samuel & Associates Pty Limited which has concluded that the Merger is in the best interests of the members of Westfield America Trust.

Meetings of each of Westfield Holdings Limited and Westfield Trust have also been called for 25 June 2004 for the purpose of members of those entities considering the merger. For the merger to proceed, the requisite majorities of the members of each entity must vote in its favour.

The proposal has the unanimous support of the Directors of each of the Westfield entities who have recommended that members of each entity vote in favour of the proposal. The Lowy family wholeheartedly supports the proposal and remains committed to the Westfield Group.

Westfield was, and is, and always will be growth oriented. Over the years its capital structure has evolved and the proposed merger continues this evolution to adapt to a changing market place.

I have always been passionate about growth and this has always been at the heart of the board's strategy. I believe that this merger is consistent with that strategy.

I encourage you to vote in favour of the proposal and to attend the Westfield America Trust meeting or, alternatively, to complete and return the enclosed proxy forms to Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney NSW 2000 (facsimile: +612 8235 8220). Proxies must be received by 10.00 am (Sydney time) on 23 June 2004.

Yours sincerely



Frank P Lowy AC

Chairman

MERGER AT A GLANCE

What is the Merger?

The proposed Merger will combine Westfield, WFT and WFA by the stapling of their securities to form the Westfield Group.

The Merger does not require any cash from existing WFA Members.

What will I receive if the Merger proceeds?

Each WFA Unitholder holding WFA Units on or about 12 July 2004 (the Stapling Record Date) will receive 0.15 Stapled Securities for each WFA Unit held.

Each Stapled Security comprises one Westfield Share, one WFT Unit and one WFA Unit.

For example, if you hold 1,000 WFA Units on the Stapling Record Date you will hold 150 Stapled Securities after the Merger is implemented made up of 150 WFA Units (after multiplying your existing 1,000 WFA Units by 0.15), 150 new shares in Westfield and 150 new units in WFT.

What distributions will I receive?

On 31 August 2004, WFA will pay a distribution of 7.8 cents per WFA Unit¹ (with an estimated tax advantaged component of 45%) for the six month period ending 30 June 2004 to WFA Unitholders on the register on or about 9 July 2004 (the Distribution Record Date). This distribution will be paid whether or not the Merger proceeds.

If the Merger proceeds, WFA Unitholders on the Distribution Record Date will also be entitled to a special capital distribution of 0.9 cents per WFA Unit. This distribution is referable to the first 12 month period following implementation of the Merger and reduces the expected dilutive impact on distributions to WFA Unitholders during that period if the Merger proceeds. The special distribution will be paid on 31 August 2004.

The first full year's distribution on the Stapled Securities after the Merger is implemented is forecast to be \$1.03 per Stapled Security for the year ending 30 June 2005. Distributions are forecast to increase to \$1.10 for the year ending 30 June 2006.

Using the example above, if you hold 1,000 WFA Units on the Stapling Record Date, you will hold 150 Stapled Securities after the Merger is implemented and you are forecast to receive a distribution of \$154.50 (150 multiplied by \$1.03) for the year ending 30 June 2005 and a distribution of \$165 (150 multiplied by \$1.10) for the year ending 30 June 2006.

What do the WFA Directors recommend?

The WFA Directors have unanimously determined that the Merger is in the best interests of WFA Members and unanimously recommend that you vote in favour of the Merger and approve all of the resolutions.

The Independent Expert, Grant Samuel & Associates Pty Limited, has considered the Merger and concluded that the Merger is in the best interests of WFA Members.

What do I need to do?

Actions required of WFA Members are set out on the next page.

¹ For WFA Units issued in February 2004 under WFA's distribution reinvestment plan, the distribution will be 5.23 cents per WFA Unit.

KEY DATES

Latest date for lodgment of proxies and Sale Election Forms	10.00 am on 23 June 2004
Meeting of WFA Members	10.00 am on 25 June 2004
Date on which the Merger is expected to become effective	2 July 2004
Trading in WFA Units ceases	2 July 2004
Trading in Stapled Securities commences on a deferred settlement basis	5 July 2004
Date for determining entitlements to distribution of 7.8 cents per unit for the six months to 30 June 2004 and the special distribution of 0.9 cents per unit (Distribution Record Date)	9 July 2004
Date for determining entitlements to Stapled Securities (Stapling Record Date)	12 July 2004
Date on which Stapled Securities will be issued (Implementation Date)	16 July 2004
Normal trading in Stapled Securities commences	19 July 2004
Payment of distribution of 7.8 cents per unit for the six months to 30 June 2004 and the special capital distribution of 0.9 cents per unit	31 August 2004

The dates following the date of the meeting of WFA Members are indicative only and are subject to the Court approval process, approval from the ASX and satisfaction of the Conditions to the Merger. Any changes to the above timetable will be notified on Westfield's website at www.westfield.com/groupmerger and announced to ASX.

ACTIONS REQUIRED OF WFA MEMBERS

Step 1: Read the documents in full

This document contains details of the Merger and sets out the key anticipated benefits and possible disadvantages of the Merger. The Explanatory Memorandum sets out more detail of the Merger, including the Independent Expert's Report and the taxation report. The Special Notice about the Sale Facility assists you to decide whether or not to participate in the Sale Facility.

This information is important. You should read this document, the Explanatory Memorandum and the Special Notice about the Sale Facility carefully and seek your own independent advice.

If you have any questions about your WFA Units or any matter contained in the documents, please contact the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia) or visit Westfield's website at www.westfield.com/groupmerger

Step 2: Vote on the resolutions

It is very important that you vote on the resolutions to approve the Merger.

The Independent Expert, Grant Samuel & Associates Pty Limited, has considered the Merger and concluded that the Merger is in the best interests of WFA Members.

The WFA Directors have unanimously determined that the Merger is in the best interests of WFA Members and unanimously recommend that you vote in favour of the Merger and approve all of the resolutions.

If you are unable to attend the meeting of WFA Members in person you should complete and return the enclosed yellow Proxy Form so as to be received before 10.00 am (Sydney time) on Wednesday, 23 June 2004.

Step 3: Decide if you want to participate in the Sale Facility

The WFA Directors do not expect that many WFA Unitholders will wish to participate in the Sale Facility. You do not need to participate in the Sale Facility to receive Stapled Securities, as it will happen automatically if the Merger is approved and you are a WFA Unitholder on the Stapling Record Date (unless you are a Foreign Securityholder).

Participating in the Sale Facility will amount to a disposal on the Effective Date of your existing WFA Units for Australian CGT purposes. Participation in the Exchange by Sale Alternative may have adverse Australian tax consequences for you, for example, if you realise a gain on the disposal of your existing WFA Units.

Some unitholders may prefer to sell their WFA Units and receive the cash proceeds instead of Stapled Securities if the Merger proceeds.

You may still vote on the Merger even if you sell your units under the Sale Facility.

All Securityholders with registered addresses in, or who are citizens or residents of, countries outside of Australia, New Zealand, the United Kingdom and Hong Kong will be deemed to have elected to receive the Cash Alternative for all of their WFA Units unless WAML otherwise determines (see section 1.13 of the Explanatory Memorandum).

The WFA Directors do not make any recommendation as to whether you should make any election to participate in the Sale Facility or as to the nature of your participation. Before deciding you should carefully read the taxation report in section 7 of the Explanatory Memorandum and the accompanying Special Notice about the Sale Facility.

You should consult your investment, financial, taxation or other professional adviser as soon as possible to determine whether or not you should participate in the Sale Facility.

Where to find information on the Merger

<i>What will the Westfield Group look like if the Merger proceeds?</i>	Following the Merger, the Westfield Group will be the largest retail property group in the world by equity market capitalisation. The Westfield Group will have investments in 123 shopping centres in Australia, New Zealand, the United States and the United Kingdom valued in excess of A\$34 billion. A more detailed description of the Westfield Group is set out in section 2 of the Explanatory Memorandum. Summary financial information on the Westfield Group and forecast distributions are set out on page 22 of this document. More detailed financial information on the Westfield Group is set out in section 3 of the Explanatory Memorandum. The Independent Accountant's reports on the financial information are set out in sections 4 and 5 of the Explanatory Memorandum.
<i>Why the Merger is being proposed?</i>	The background to and rationale for the Merger is described on pages 8 and 9 of this document and in section 1.1 of the Explanatory Memorandum.
<i>What you will receive if the Merger proceeds?</i>	If the Merger proceeds you will own Stapled Securities in the Westfield Group – see pages 9 and 10 of this document. Detailed information on the mechanics of the Merger for WFA Unitholders is set out in sections 1.3 to 1.5 and section 1.8 of the Explanatory Memorandum.
<i>Things you may wish to consider in deciding how to vote</i>	Your directors unanimously recommend that you vote in favour of the Merger. Key anticipated benefits and possible disadvantages of the Merger are set out on pages 12 to 18 of this document.
<i>What has the independent expert said?</i>	The Independent Expert has considered the Merger and concluded that the Merger is in the best interests of WFA Members. The Independent Expert's report is set out in section 6 of the Explanatory Memorandum.
<i>How is the Merger being implemented?</i>	The Merger is being implemented by way of amendments to the constitutions of Westfield, WFT and WFA together with a Court approved scheme of arrangement for Westfield Shareholders. Details of how the Merger is being implemented are set out on pages 9 and 10 of this document and in section 1 of the Explanatory Memorandum.
<i>What are the tax implications of the Merger?</i>	Greenwoods & Freehills Pty Limited has provided a taxation report on the general Australian taxation consequences of the Merger - see section 7 of the Explanatory Memorandum.
<i>What are the business risks of the Westfield Group?</i>	Investment in Stapled Securities will be subject to general and specific business risks. Some of these business risks are explained in section 3.11 of the Explanatory Memorandum.
<i>Where are the details of the resolutions to be passed by WFA Members?</i>	The details of the resolutions to be passed by WFA Members can be found in the Notice of Meeting included at the back of this document. An explanation of those resolutions is contained in section 10 of the Explanatory Memorandum.

What is the Special Notice about the Sale Facility and the Sale Election Form?

You do not need to complete a Sale Election Form to receive Stapled Securities under the Merger as it will happen automatically if the Merger is approved (unless you are a Foreign Securityholder). However, because of individual circumstances, some WFA Unitholders may wish to participate in the Sale Facility by selling some or all of their existing units before stapling occurs under the Merger. Further information on the general Australian taxation implications of making an election to participate in the Sale Facility are set out in the taxation report in section 7 of the Explanatory Memorandum and in the accompanying Special Notice about the Sale Facility.

However, before deciding whether or not to participate in the Sale Facility, and if so, the nature of your participation, you should consult your investment, financial, taxation or other professional adviser immediately as your decision whether or not to participate may have important tax consequences, some of which may be adverse.

What other information is available?

Section 11 of the Explanatory Memorandum contains other information in relation to the Merger including a description of the proposed new constitution of Westfield and the changes to the constitutions of WFT and WFA, a summary of the Stapling Deed and Implementation Deed, details of the interests of directors and other statutory information.

If you have any further questions you can contact the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia) or visit Westfield's website at **www.westfield.com/groupmerger**

SUMMARY OF THE MERGER

This section provides an overview of the Merger, and what it means for WFA Members. Further details on how the Merger will be implemented are set out in section 1 of the Explanatory Memorandum.

OVERVIEW

On 22 April 2004, WFA announced a proposal to Merge Westfield with WFT and WFA, Australia's two largest listed property trusts, to form the world's largest retail property group by equity market capitalisation. The Merger, if approved, is expected to be implemented on or about 16 July 2004 by the "stapling" of Westfield Shares to WFT Units and WFA Units to form Stapled Securities in what will become known as the Westfield Group. These new Stapled Securities will trade jointly as one security on the ASX.

BACKGROUND TO AND RATIONALE FOR THE MERGER

Westfield was established in 1979 as a successor to Westfield Development Corporation Limited which had been listed on the ASX since 1960. A corporate reorganisation in 1979 created two listed entities, Westfield Property Trust (relaunched as Westfield Trust in 1982) and Westfield Holdings Limited.

WFA was floated on the ASX in 1996 to provide Australian investors with the opportunity to invest in a high quality portfolio of shopping centres located in the United States and managed by Westfield Holdings Limited, generating rental income on a predictable and recurring basis. The WFA float introduced US property investment to the Australian listed property trust sector.

The float of WFA was consistent with the business model that Westfield had adopted for its Australian assets. It involved separating Westfield's US investment activities from its potentially higher risk but higher returning management and development activities, thus creating a separate investment vehicle that provided property investors with the opportunity to invest in a retail property vehicle closely replicating direct ownership and generating rental income and capital returns.

As at 19 May 2004, the share price of each of the entities has performed strongly since listing. Since listing in 1996, WFA has delivered a 19.0% compound annual investment return versus 13.4% for the ASX/S&P 200 Property Trust Index. Since its initial listing in 1960, Westfield has delivered a 30.9% compound annual investment return versus 10.9% for the All Ordinaries Index over the same period. Since listing in 1982, WFT has delivered a 16.6% compound annual investment return versus 13.9% for the ASX/S&P 200 Property Trust Index.

Over the past few years the listed property trust sector has evolved substantially. Investors have demonstrated an increased willingness to accept the risks and opportunities associated with the construction, development and management of property where these risks are mitigated by a well diversified portfolio and an experienced management team. Investment in offshore property markets, particularly in the United States, has also become more widely accepted.

The Merger will continue the evolution of the Westfield Entities by creating an internally managed, vertically integrated, global property group combining ownership, development, design, construction, funds and asset management, property management, leasing and marketing of shopping centres on a global scale. The Westfield Group will have an enhanced ability to pursue major growth opportunities globally without being constrained by the investment mandates and cost of capital of the individual entities.

The Merger brings together WFT, with its premium portfolio of shopping centres in Australia and New Zealand and its strong balance sheet, WFA with its premium portfolio of shopping centres in the United States and its future growth potential and Westfield with its global operating platform, intellectual property, brand, portfolio of United Kingdom shopping centres, global growth opportunities and strong balance sheet.

The Westfield Group will continue to utilise Westfield's long standing operating strategy, brand franchise, intellectual property and global operating platform in order to maximise returns to investors whilst gaining exposure to a well diversified premium property portfolio.

If the Merger is implemented, the Westfield Group will be one of the few truly global property groups with investments in 123 shopping centres with approximately 19,700 retail outlets spread across Australia, New Zealand, the United States and the United Kingdom. The Westfield Group is expected to have an equity market capitalisation of over A\$24 billion, making it the eighth largest entity listed on the ASX (based on prices as at 19 May 2004). It will also be the largest retail property group in the world by equity market capitalisation.

MECHANICS OF THE MERGER

The Merger does not require any cash from existing WFA Unitholders

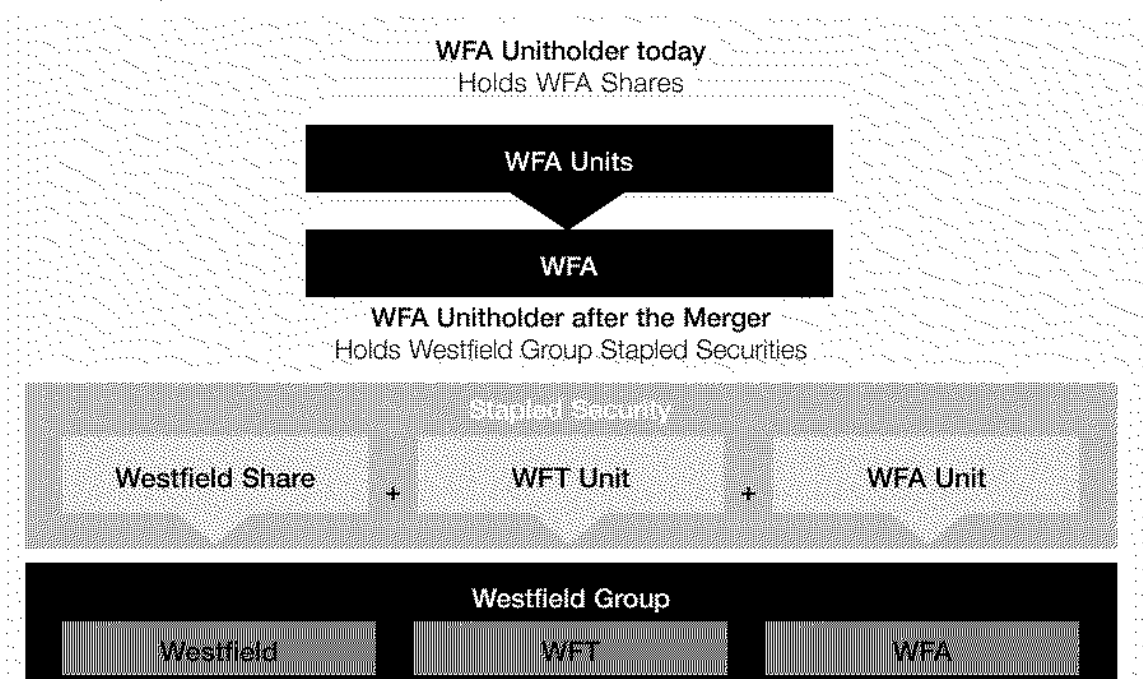
The Merger ratios determine the entitlement of Westfield Shareholders, WFT Unitholders and WFA Unitholders to Stapled Securities and are as follows:

Securities	Merger Ratio	No of Stapled Securities per 1,000 existing shares/units
WFA Units	0.15	150
WFT Units	0.28	280
Westfield Shares	1.00	1,000

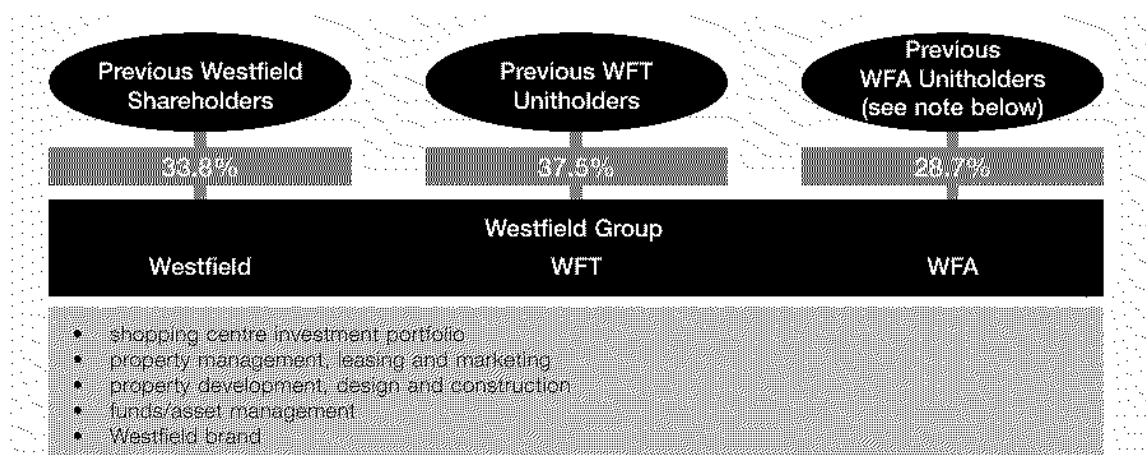
The value contributed by each group of Securityholders to the merged Westfield Group has been determined by the boards of Westfield, WML and WAML based on a number of factors including the relative value and prospects of each Westfield Entity.

The Independent Expert has concluded that the Merger ratio represents a fair balance of competing interests.

As a result, if the Merger is approved, for each WFA Unit that you hold on the Stapling Record Date you will hold 0.15 Stapled Securities after the Implementation Date. Each Stapled Security will comprise a Westfield Share, a WFT Unit and a WFA Unit.



The Merger results in WFA Unitholders collectively holding approximately 28.7% of the Stapled Securities in the Westfield Group. The interests of the other Securityholders in the Westfield Group are shown below.



Note: The above security holdings exclude the WFA Units held by controlled entities of Westfield ("Cross Holders"). Details of the treatment of those units are set out in section 11.8 of the Explanatory Memorandum.

The following ready reckoner provides a guide as to how many Stapled Securities you will have on completion of the Merger:

Number of existing WFA Units	Number of Stapled Securities held after the Merger
500	75
1,000	150
2,500	375
5,000	750
10,000	1,500
50,000	7,500

For the Merger to proceed, at least 75% of the votes cast by WFA Members must be in favour of the resolutions.

It also needs to be approved by the shareholders of Westfield and the members of WFT. The Merger is conditional upon all resolutions being passed by the requisite majority of each entity and, with respect to Westfield, approval from the Supreme Court of New South Wales as required by the Corporations Act.

DISTRIBUTIONS

WFA will pay a distribution of 7.8 cents per WFA Unit (with an estimated tax advantaged component of 45%) for the 6 month period ending 30 June 2004. WFA Unitholders as at the Distribution Record Date on or about 9 July 2004 will be entitled to this distribution in accordance with the WFA constitution. The distribution will be paid on 31 August 2004, whether or not the Merger proceeds.

WFA Unitholders as at the Distribution Record Date will also be entitled to a special capital distribution of 0.9 cents per WFA Unit if the Merger proceeds. This distribution is referable to the first 12 month period following implementation of the Merger and reduces the expected dilutive impact on distributions to WFA Unitholders during that period if the Merger proceeds.

Westfield and WFT will pay dividends and distributions to Westfield Shareholders and WFT Unitholders for the 6 month period ending 30 June 2004. All three Securities will then trade cum-dividend/distribution until on or about 2 July 2004 when they will cease to trade (if the Merger is approved), after which the new Stapled Securities will trade ex-dividend/distribution on a deferred settlement basis until the implementation of the Merger.

WFA's existing distribution reinvestment plan has been suspended and will not apply to the above distributions.

DISTRIBUTION POLICY

Following the Merger, investors in the Westfield Group will receive distributions from each component of the Stapled Security comprising dividends from Westfield as well as distributions from WFT and WFA. It is intended that these combined distributions will be paid to investors half yearly no later than two months after the end of each half year.

The first year's distributions on the Stapled Securities after the Merger are forecast to total \$1.03 per Stapled Security for the year ending 30 June 2005 and forecast to increase to \$1.10 for the year ending 30 June 2006.

It is expected that Westfield Group dividends and distributions in the years ending 30 June 2005 will be franked as to 8%, and tax advantaged as to 27% and in the year ending 30 June 2006 will be franked as to 6% and tax advantaged as to 27%. The general Australian taxation consequences of receiving a distribution with a tax advantaged component and of receiving a franked dividend are set out in section 4 of the taxation report in section 7 of the Explanatory Memorandum. The taxation implications for WFA Unitholders in receiving such dividends and distributions will depend upon the circumstances of each particular unitholder.

It is proposed that the Westfield Group will distribute its reported profit after tax (on an AGAAP basis) as adjusted for an amount equivalent to the project profits that Westfield would have reflected in its statement of financial performance but for the Merger and other amounts which the directors may determine to take into account in order to reflect capital profits or losses and other items as considered appropriate. From time to time the directors may choose to vary this policy to reflect circumstances prevailing at the time (see section 3.8 of the Explanatory Memorandum for further details).

BENEFITS AND DISADVANTAGES OF THE MERGER

This section sets out the key anticipated benefits and possible disadvantages of the Merger for WFA Members.

The WFA Directors believe that the Merger is in the best interests of WFA Members. Set out below are the key anticipated benefits and possible disadvantages of the Merger considered in coming to that conclusion.

The WFA Directors have carefully considered those benefits and disadvantages and have concluded that the anticipated benefits of the Merger significantly outweigh the possible disadvantages. The WFA Directors unanimously recommend that WFA Members vote in favour of the Merger because they believe that it is in the best interests of WFA Members. This is consistent with the opinion of the Independent Expert who has concluded that the Merger is in the best interests of WFA Members. The Independent Expert has also considered the advantages and disadvantages of the Merger (some of which differ from those set out below), which are set out in the Independent Expert's Report in section 6 of the Explanatory Memorandum.

BENEFITS

Financial benefits

In the longer term, distribution growth should be greater in the Westfield Group, driven by the earnings growth from the management, construction and development activities currently undertaken within Westfield.

The Merger is expected to have a positive impact on underlying distribution growth for WFA Unitholders, although the cash distributions for WFA Unitholders during the forecast period will be lower. Underlying distributions of WFA are the US dollar distributions converted into Australian dollars at the current exchange rate. As previously disclosed, WFA's distribution currently benefits from currency hedges that have locked in exchange rates at favourable levels compared to current market rates. The impact of these hedges will run off over their term, which is expected to substantially reduce Australian dollar distribution growth in WFA.

The table below outlines the equivalent forecast distributions for WFA Unitholders on a stand alone and merged basis. The impact of the hedging contracts described above and the special 0.9 cent capital distribution have been separately identified. For details of the financial forecast and assumptions underlying the financial forecast see sections 3.4, 3.5 and 3.6 of the Explanatory Memorandum.

Forecast distributions per existing WFA/Stapled Security equivalent	Year ending 30 June 2004	Year ending 30 June 2005	Year ending 30 June 2006
Without the Merger	12.7	13.6	14.3
– Underlying distributions ²	3.6	3.7	3.6
– Impact of hedging contracts ³			
– Distributions per unit	16.3	17.3	17.9
With the Merger		15.4	16.5
– Underlying distributions		0.9	-
– Special distribution			
– Distributions per unit		16.3	16.5

² WFA's US dollar earning per unit converted at forecast average A\$/US\$ exchange rates.

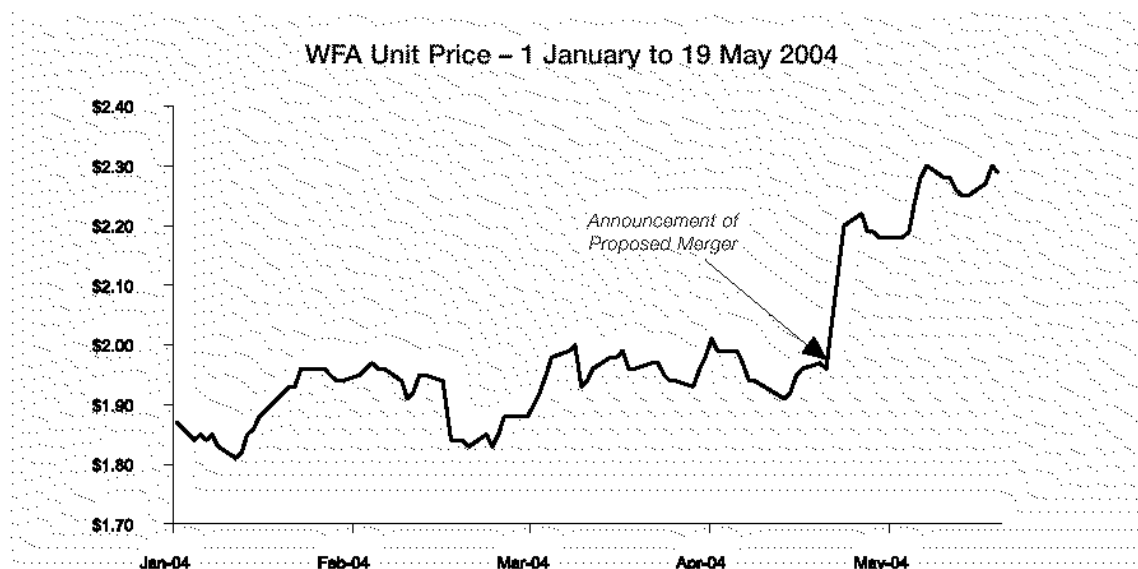
³ Currency hedging contracts currently in place with a declining profile, effectively converting short term underlying distributions at approximately A\$/US\$ 55 cents exchange rate. The benefit of these currency hedges is not reflected in the Westfield Group forecasts as the relevant derivatives are marked to market at the time of the Merger.

Based on these distributions and the unit price of WFA Units immediately before the Merger was announced, WFA Unitholders are forecast to receive a cash yield on their investment of 8.34% for the year to 30 June 2005, increasing to 8.42% for the year to 30 June 2006. These and future distributions are expected to generally comprise partly franked dividends from Westfield and distributions with tax advantaged components from the Trusts. The general Australian taxation consequences of receiving a distribution with a tax advantaged component and of receiving a franked dividend are set out in section 4 of the taxation report in section 7 of the Explanatory Memorandum.

Cost savings of approximately A\$20 million per annum and tax reduction to the Westfield Group averaging approximately A\$60 million per annum for each of the two years ending 30 June 2006 have been forecast as a result of the Merger. Of this A\$60 million, \$40 million per annum reflects the internalisation of management and development of the properties owned by WFT and WFA. Further benefits of approximately \$20 million from reduced tax provisions are forecast in each of the two years ending 30 June 2006 (see section 3.6.4 of the Explanatory Memorandum). Interest expense savings of approximately A\$140 million per annum during the forecast period from switching A\$ debt into US\$ debt are also expected to result from the Merger (see section 3.6.4 of the Explanatory Memorandum).

The Merger creates an internally managed property group. On completion of the Merger, no fees for managing the Trusts will be paid to entities outside the Westfield Group.

Based on the growth prospects and the earnings and distribution yield of the Westfield Group, the WFA Directors believe that there is scope for the value of your investment to increase following implementation of the Merger. Following the announcement of the proposed Merger on 22 April 2004 the combined market capitalisation of the Westfield Entities has increased by approximately \$3 billion.⁴



⁴ Based on the price of Westfield shares, WFT units and WFA units as at close of trading on 19 May 2004.

Facilitating growth

Property as an asset class is increasingly being viewed from a global perspective. The acquisition of property owning entities together with the ongoing development of the existing asset base has become an integral part of the strategy for both WFA and Westfield. Indeed, the value of WFA has been significantly enhanced by large acquisitions such as the acquisition of the Rodamco North America and Jacobs portfolios.

The "globalisation" of the property sector has resulted in opportunities for acquisition of property portfolios or property owning entities of a scale that requires the mobilisation of significant amounts of capital. A substantial component of Westfield's growth in recent times has been achieved through recognising and acting on these acquisition opportunities. However, each of Westfield, WFT and WFA's ability to take full advantage of these opportunities is constrained by the individual mandate of the relevant entity. Combining the three existing Westfield Entities by stapling their securities will provide the combined Westfield Group with a strong platform from which it can better take advantage of major growth opportunities globally in order to provide superior overall returns. This will be enhanced through the application of Westfield's management and development expertise and the Westfield brand in order to maximise the total return on the portfolio.

Participating in management and development returns

Management of the Westfield Group has been able to generate significant returns from the management and development of retail property. If the Merger is approved, WFA Unitholders will be able to share directly in these returns in the future. The WFA Directors believe that management's capabilities in this area should result in a substantially higher level of distributions growth for WFA Unitholders in the future if the Merger is approved.

The WFA Directors believe that the higher returns can be made without materially increasing risk for several reasons:

- the Westfield Group will continue to source predictable and recurring income and profit from its retail property investments;
- the Westfield Group will be conservatively geared with pro-forma financial gearing⁵ following the Merger of 41.6% (as at 31 December 2003); and
- the longstanding experience of the Westfield Group's management team in each of the markets in which they operate, coupled with the broad diversification of the portfolio, provides a significant mitigating factor to the increased risk from the design, construction and management activities that WFA Unitholders will be exposed to in the Westfield Group.

Portfolio diversification

The Westfield Group will enjoy geographic diversification in its investment portfolio. The Westfield Group will hold assets in Australia, New Zealand, the United States and the United Kingdom. As such, its exposure to the risks of any single investment, project or economic region will be substantially reduced. The largest investment property in the Westfield Group will represent only 3.8% of total assets and the largest development only 2.4%.

⁵ $(\text{Interest bearing debt less cash})/(\text{total assets less cash})$.

Access to capital

The Westfield Group should also benefit from greater access to capital on more attractive terms. This is expected to result from:

- the Westfield Group's increased appeal to a broader range of investors (including foreign investors) due to size, scope and structure;
- a reduction in the cost of debt funding due to:
 - the credit rating of the Westfield Group;
 - the ability to raise debt in offshore debt markets and in different currencies, providing the most efficient source of debt at the time;
 - the larger capital base and increased collateral available to the Westfield Group following implementation of the Merger; and
- potential reduced earnings volatility due to portfolio diversification.

Management focus

Under the Merger, the property investment, property management, funds and asset management, development, design and construction activities of the Westfield Group will continue to be managed by the experienced Westfield management team who have been managing the portfolio over many years. The top 50 executives have an average length of service of more than 11 years. The combination of proven operating business expertise, the focus on driving efficiencies within a single combined group structure for the benefit of a common group of stakeholders, together with management's focus on maximising returns to investors, facilitates growth while managing the operating and business risks.

Following implementation of the Merger, the Westfield Group will continue to explore opportunities to create value through partnerships with property investors outside the Westfield Group and, where appropriate, external funds and asset management opportunities.

Breadth of investor support

As at 19 May 2004, WFA had a market capitalisation of A\$8.6 billion and was the 18th largest entity listed on ASX by equity market capitalisation. If the Merger proceeds, the Westfield Group is expected to have a market capitalisation of over A\$24 billion, making it the eighth largest listed entity on ASX (based on prices as at 19 May 2004) and the largest retail property group in the world by equity market capitalisation. The combined turnover on ASX of the three Westfield Entities over the 12 months to 19 May 2004 was approximately A\$17.5 billion. The combined market capitalisation and ASX turnover of the Westfield Group is expected to attract additional support from both local and offshore investors.

If the Merger proceeds, the Stapled Securities are expected to have greater representation in the major stock exchange indices.

The Westfield Group is also expected to have a significantly increased weighting in the ASX/S&P Property Trust Indices. Whilst WFT and WFA are currently included in those indices, the Merger will result in all three entities contributing to the weighting within the ASX/S&P200 Property Trust Index increasing the weighting from an aggregate of 30.5% for the separate entities to 37.4% for the Westfield Group post the Merger. The size of the combined market capitalisation and resultant index weighting is expected to attract further long term support from investors whose performance is measured against this index.

In addition, the Westfield Group is expected to gain greater representation in the MSCI Indices than is currently the case for each of the three Westfield Entities. WFA is currently excluded from the MSCI Indices, whereas WFT and Westfield are both in the MSCI Indices. The Westfield Group's increased weighting to local share indices should increase demand from investors who seek to track the performance of those indices.

Reduced gearing

The Westfield Group had proforma gearing of 41.6%⁶ as at 31 December 2003 and intends to maintain financial gearing of 40% to 45%. As at 31 December 2003, WFA had gearing of 45.4%. Reduced gearing will reduce investors' financial exposure to changes in the performance of the business or fluctuations in the value of the Westfield Group's assets.

Ratings

WFA is not currently rated by any credit rating agency.

On 29 April 2004, Standard & Poor's announced that it believed that if the Merger proceeds as announced, the Westfield Group would be assigned "A/A-1" credit ratings in respect of the stapled structure and its senior unsecured debt (for further details see section 3.14 of the Explanatory Memorandum).

The new credit rating will put the Westfield Group in the top tier of property companies globally and will maximise the Westfield Group's ability to access the global debt capital markets at more favourable rates and will reduce the overall funding cost of the Westfield Group.

⁶ *(Interest bearing debt less cash) / (total assets less cash).*

DISADVANTAGES

Increased risk profile

The property development, design and construction activities currently undertaken by Westfield (particularly in the United Kingdom, where Westfield is in the early stages of its redevelopment program) involve relatively more risk than the property investment activities of WFA. This is largely attributable to the fact that part of the income streams from the business activities of Westfield are project oriented and not necessarily recurrent. However, as the provision of those services does not require additional capital, they have the potential to generate higher investment returns.

The Westfield Group has operated shopping centres in Australia since 1960, the United States since 1977 and the United Kingdom since 2000. Westfield has enjoyed 43 years of continuous profit growth since its listing in 1960. The WFA Directors believe that the longstanding experience of the Westfield Group's management team in each of the markets in which they operate, coupled with the broad diversification of the portfolio, provides a significant mitigating factor to the increased risk from the design, construction and management activities that WFA Unitholders will be exposed to in the Westfield Group.

Exposure to non-US investment

Currently all of WFA's assets are located in the United States. If the Merger is implemented, 51% of the Westfield Group's assets will be located in Australia, New Zealand and the United Kingdom. Accordingly WFA Unitholders will be exposed to the performance of these markets and economies. Investment in these non-United States shopping centres will expose WFA Unitholders to a number of factors that may differ from the United States and that may affect the value of their investments and the income derived from them. These factors include differing:

- retailing conditions;
- laws and regulations as they relate to the acquisition, management and development of shopping centres;
- taxation laws, or domestic taxation laws as they relate to foreign investment;
- monetary conditions, which may affect the cost of offshore borrowings as well as the market value of assets; and
- foreign currency movements.

Despite the increased level of exposure to non-US assets, the Westfield management team has a solid track record of both operational and financial performance in each of the offshore markets in which it operates.

The Westfield Group has currency hedging arrangements in place that partially protect the value of the Westfield Group's net assets (in A\$ terms) against the adverse effect of exchange rate movements.

Short term impact on distributions

As noted above, under the Merger the cash distributions for WFA Unitholders during the forecast period will be lower. This is because without the Merger, there would have been a cash distribution equal to the benefits attributable to currency hedges that have locked in exchange rates at favourable levels compared to current market rates.

Reduced net tangible asset backing

The net tangible asset backing per equivalent WFA Unit will decrease following implementation of the Merger by 8.2% from \$1.35 to \$1.24. This is largely as a result of the intangible value of the business activities of Westfield reflecting the value of Westfield's intellectual property franchise, brand name and operating platform, which will become part of the Westfield Group if the Merger is implemented. It is common for the listed securities of stapled groups such as the proposed Westfield Group to trade at a premium to their net tangible asset backing reflecting the value of the corporate activities undertaken within the group.

Potential adverse tax consequences

The Merger may also give rise to adverse tax consequences to WFA Unitholders in foreign jurisdictions under the taxation laws of those foreign jurisdictions. Foreign unitholders should seek their own advice about the consequences of the Merger under local taxation laws.

Further details of the general Australian taxation implications of the Merger are set out in the taxation report in section 7 of the Explanatory Memorandum and in the Special Notice about the Sale Facility.

There may also be adverse tax consequences for WFA Unitholders who elect to participate in the Exchange by Sale Alternative. Participation in the Sale Facility will amount to a disposal of WFA Units for Australian CGT purposes. Further information on the general Australian taxation implications of making an election to participate in the Sale Facility are set out in the taxation report in section 7 of the Explanatory Memorandum.

Notwithstanding that the WFA Unit may have been held for 12 months prior to disposal of the Stapled Security, any such disposal within 12 months of the Implementation Date will not qualify for discount capital gains tax treatment on the capital gain attributable to the Westfield Share and the WFT Unit.

Decline in tax advantaged distributions

If the Merger proceeds, it is expected that Westfield Group distributions in the two years ending 30 June 2005 and 30 June 2006 will each be tax advantaged as to 27%. This is lower than the percentage of tax advantaged distributions previously received by or announced for WFA Unitholders of 69% (year ending 30 June 2003) and 60% (year ending 30 June 2004 - estimate). The general Australian taxation consequences of receiving a distribution with a tax advantaged component are set out in the taxation report in section 7 of the Explanatory Memorandum.

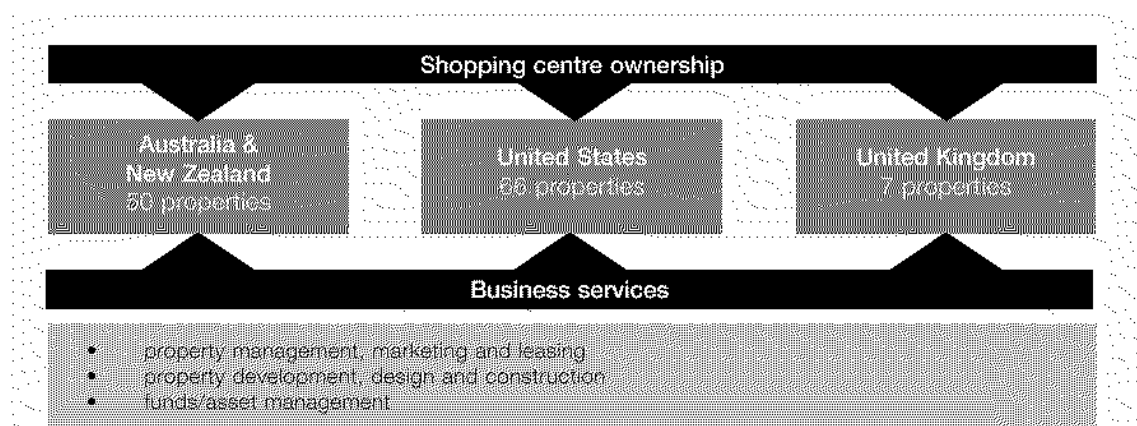
PROFILE OF THE PROPOSED WESTFIELD GROUP

This section contains information in relation to the combined Westfield Group. While the Merger will not create a single legal entity, the effect of Stapling the Westfield Shares, WFT Units and WFA Units will, for many practical purposes, be that Westfield, WFT and WFA will appear as a combined group known as the "Westfield Group".

Overview of the Westfield Group

The Westfield Group will be an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing in excess of 4,000 staff worldwide. It will have investment interests in 123 shopping centres, with a total value in excess of A\$34 billion. The Westfield Group will be the largest retail property group in the world by equity market capitalisation and the eighth largest entity listed on the ASX (based on market capitalisation as at 19 May 2004).

The Westfield Group's core business activities are reflected in the following diagram:



The key details of the Westfield Group's property portfolio are summarised below:

	Australia	NZ	US	UK	Total
Centres	39	11	66	7	123
GLA (Million sqm)	2.9	0.3	6.3	0.2	9.7
Retail Outlets	8,500	1,200	9,300	700	19,700
Assets under management (billions)	A\$14.6	NZ\$1.9	US\$11.9	£0.8	A\$34.0

The objective of the Westfield Group is to achieve superior returns for investors through a combination of capital and income growth, achieved via intensive management of, and re-investment in, its existing portfolio and the acquisition of additional shopping centres, to which its operating strategy is then applied.

Consistent with this strategy the Westfield Group has identified more than \$12 billion of development opportunities within its existing portfolio. The Westfield Group is also looking for further opportunities to expand the shopping centre portfolio, both by acquisitions in markets in which the Westfield Group currently operates and by expansion into new markets that offer opportunities to enhance investment returns, such as Canada and Europe.

The Westfield Group will undertake the following activities:

Property management, marketing and leasing activities

Shopping centre management involves leasing and the day-to-day management and marketing of the centres. The Westfield Group's approach is to maximise returns by creating an efficient and dynamic environment for retailers and a quality shopping experience for consumers. This involves developing a strong relationship and working closely with retailers to provide an appropriate platform so that retailers will have the opportunity to enhance their performance. This is in addition to developing a strong relationship with consumers by supporting the local community of each shopping centre through various marketing activities.

Property development, design and construction activities

The Westfield Group's property development activities are vertically integrated and involve all of the elements of development, design, construction and leasing with a view to maximising returns on investment from both increased rental income and capital appreciation of the asset.

The need to keep shopping centres relevant to consumers and retailers results in a continual pipeline of redevelopment projects. The Westfield Group will have a future development pipeline of approximately A\$7.0 billion of projects which are either under construction or identified within the portfolio for commencement within the near term. The development pipeline is spread across the geographic regions as follows:

- Australia/New Zealand - A\$2.6 billion.
- United States - US\$1.9 billion.
- United Kingdom - £920 million.

Funds/asset management activities

The Westfield Group is also involved in the management of assets on behalf of institutional and other investors. This investment is undertaken either on a joint venture basis on specific properties with partners such as Deutsche Asset Management, AMP Capital Investors, the Perron Group, Australian Prime Property Fund (APPF), Prudential Plc, JP Morgan Real Estate Investment Management, Forest City Enterprises, Morgan Stanley Real Estate Management, and The John Buck Company, or as an investor in other forms of property owning vehicles such as the limited partnership arrangements in place in the United Kingdom with the Possfund and BT Pension Scheme which are managed by the Hermes Group.

Board of Directors, Corporate Governance and Senior Management

If the Merger proceeds, it is intended that the Boards of Westfield and the Responsible Entities will comprise directors common to each board.

A final decision on the composition of the directors of the Westfield Group has not been determined. However, it is expected that the directors of the Westfield Group will comprise the existing executive directors of Westfield, together with a majority of non-executive directors drawn from the existing non-executive directors of Westfield and the Responsible Entities. Mr Frank Lowy AC will continue as Chairman of the Westfield Group. Further details of the Westfield Group Directors are set out in section 2.5 of the Explanatory Memorandum.

In March 2003, the ASX Corporate Governance Council published its Principles of Good Corporate Governance and Best Practice Recommendations (the "Governance Principles"). Westfield will disclose the full extent of its compliance with the Governance Principles in its annual report in respect of the financial year ending 30 June 2004.

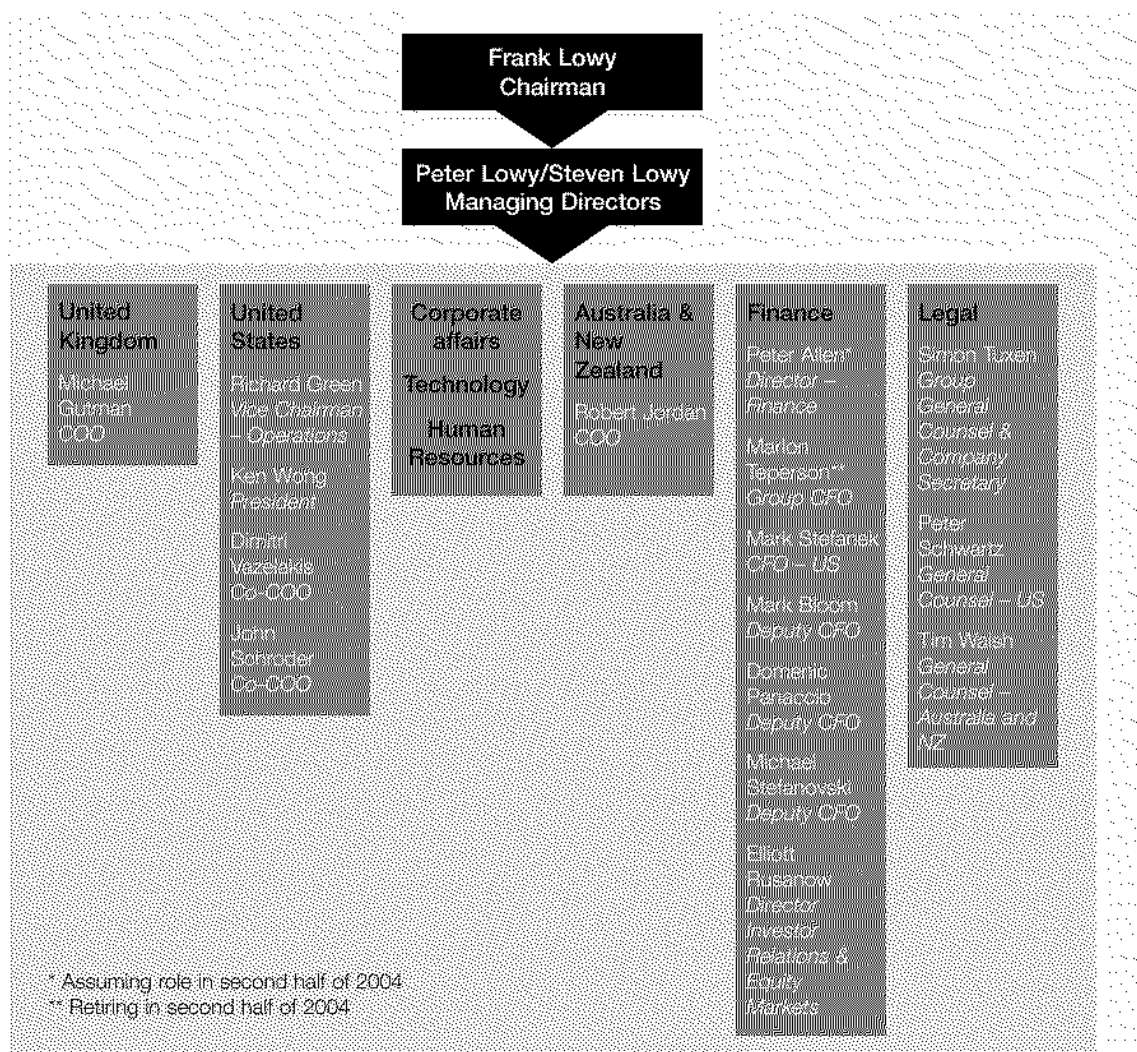
Westfield is currently working on a range of initiatives designed to achieve a high degree of compliance with the Governance Principles. Those initiatives include:

- the formalisation of a number of policies and charters which are based on the recommendations made in the Governance Principles;
- the establishment of a nomination committee; and

- the restructuring of the remuneration committee as a committee comprising only independent non-executive directors following the resignation of the Chairman from the remuneration committee in February 2004.

As these initiatives are being formally implemented by the Westfield Entities during the remainder of the financial year ending 30 June 2004, the market will be informed both through the ASX and through the posting of relevant information on Westfield's website (www.westfield.com).

The senior management of the Westfield Group are set out below:



Further details of the senior management team are set out in section 2.5 of the Explanatory Memorandum.

Summary Financials

The following table sets out the pro-forma summarised consolidated statements of financial position of the Westfield Group as at 31 December 2003 assuming that the Merger is fully implemented, both on an AGAAP basis and an Expected IFRS basis.

The pro forma summarised consolidated statements of financial position have been compiled as if the Merger had occurred at 31 December 2003 and should be read in conjunction with the assumptions and notes set out in section 3.5.1 of the Explanatory Memorandum.

31 December 2003	Westfield Group Pro forma AGAAP	Westfield Group Pro forma Expected IFRS
Assets	\$M	\$M
Current assets	753	753
Equity accounted investments	2,622	2,622
Shopping Centre investments	25,140	25,140
Other	1,167	1,167
Total Assets	29,682	29,682
Total Liabilities	15,121	15,796
Net Assets	14,561	13,886
Net Tangible Assets per Stapled Security	\$8.28	\$7.88
Gearing	41.6%	41.6%

The Westfield Group has a strong balance sheet and will be well positioned to pursue growth opportunities and enhance investor wealth in the future. It is the current intention of the Westfield Group Directors to maintain long term gearing of the Westfield Group within the range of 40% to 45%. However, the Westfield Group is prepared to exceed this level of gearing for a major acquisition provided the Westfield Group can return to its desired gearing level in the short term.

The following table sets out the summarised forecast pro forma consolidated statements of financial performance and distributions for the Westfield Group assuming that the Merger proceeds with an effective date of 1 July 2004. The table is presented under both AGAAP and Expected IFRS and should be read in conjunction with the notes set out in section 3.5.2(ii) and the forecast assumptions set out at section 3.6 of the Explanatory Memorandum.

	Forecast AGAAP		Forecast Expected IFRS	
	Year Ending 30 June		Year Ending 30 June	
	2005 \$M	2006 \$M	2005 \$M	2006 \$M
Westfield Group				
Profit After Tax Attributable to Members	1,581.3	1,621.3	2,646.3	2,566.7
Distribution	1,728.1	1,849.0	1,728.1	1,849.0
Total Stapled Securities on issue (millions)	1,680.8	1,680.8	1,680.8	1,680.8
Distribution per Stapled Security	\$1.03	\$1.10	\$1.03	\$1.10

YOUR VOTE IS IMPORTANT

It is important that you vote on the resolutions to approve the Merger. If you are unable to attend the meeting of WFA Members in person you should complete and return the Proxy Form which accompanies this Westfield America Trust Overview. It is important that you also read the Explanatory Memorandum and the Special Notice about the Sale Facility.

NOTICE OF MEETING OF MEMBERS OF

Westfield America Trust (ARSN 092 058 449)

Notice is hereby given that a meeting of members of Westfield America Trust ("WFA") will be held at:

LOCATION:	Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW
DATE:	25 June 2004
TIME:	10.00 am (Sydney time)

The business of the meeting is to consider and, if thought fit, to pass the following special resolutions:

RESOLUTION 1: Approval of Amendments to Constitution

"THAT, subject to and with effect from the date (if any) on which an order of the Supreme Court of New South Wales ("Court") approving the Scheme of Arrangement between Westfield Holdings Limited and its ordinary shareholders to be considered at a meeting of ordinary shareholders of Westfield Holdings Limited on or about 25 June 2004 pursuant to an order of the Court is lodged with the Australian Securities and Investments Commission, the constitution of the Westfield America Trust is amended in accordance with the provisions of the Supplemental Deed Poll in the form tabled at the meeting and signed by the Chairman of the meeting for the purposes of identification."

RESOLUTION 2: Approval of Merger

"THAT, subject to the Supplemental Deed Poll having first been lodged with the Australian Securities and Investments Commission, the proposal under which units in the Westfield America Trust, shares in Westfield Holdings Limited and units in the Westfield Trust will become stapled securities and which involves a distribution being made by the Westfield America Trust so unitholders can acquire Westfield Holdings Limited shares and Westfield Trust units, as more particularly set out in the Explanatory Memorandum accompanying the notice convening this meeting, is approved."

NOTES

Explanatory Memorandum and Westfield America Trust Overview

This notice of meeting should be read in conjunction with the Explanatory Memorandum and the Westfield America Trust Overview that accompany the notice. The Explanatory Memorandum contains an explanation of the resolutions and further information about the Merger and the Westfield America Trust Overview provides a summary of the Merger and sets out the anticipated key benefits and possible disadvantages of the Merger as they relate to WFA Members to enable you to make an informed decision as to how to vote on the resolutions.

Unless otherwise defined in this notice of meeting, terms used in the notice of meeting have the same meaning as set out in the Glossary in the Explanatory Memorandum.

Required Majorities

Resolutions 1 and 2 are special resolutions and will be passed if at least 75% of the votes cast by WFA Members entitled to vote on the resolution are in favour of the resolution.

Members' entitlement to vote

Registered holders of WFA Units and WFA Options at 7.00am (Sydney time) on 23 June 2004 are eligible to attend and vote, either in person or by proxy, at the WFA Members Meeting, other than the Responsible

Entity and its associates in accordance with section 253E of the Corporations Act 2001 (Cwth).

Exercise of Votes

Since Resolution 1 and Resolution 2 are to be passed as special resolutions, the Corporations Act 2001 (Cwth) requires that these resolutions be decided on a poll.

On a poll, a WFA Member has one vote for each dollar of the value of the total interests the WFA Member has in WFA. The value of the total interests will be determined in accordance with section 253F of the Corporations Act (Cwth).

You need not exercise all of your votes in the same way, nor need you cast all of your votes.

Voting of jointly held units

If your WFA Units are jointly held, only one of the joint holders is entitled to vote at the WFA Members Meeting. If more than one WFA Member votes in respect of a jointly held WFA Unit only the vote of the WFA Member whose name appears first in the register of WFA Members will be counted.

Individuals

If you plan to attend the WFA Members Meeting, we ask that you arrive at the venue at least 30 minutes prior to the time designated for the WFA Members Meeting so that we may check the number and value of your securities and note your attendance.

Voting by corporations

In order to vote at the WFA Members Meeting (other than by proxy), a corporation that is a holder of WFA Units must appoint a person to act as its representative. The appointment must comply with the Corporations Act 2001 (Cwth). A letter of representation can be lodged with the Registry at Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney, NSW 2000, or by facsimile on (02) 8235 8220. The letter of representation must be received prior to the commencement of the WFA Members Meeting or the representative must bring to the WFA Members Meeting evidence of his or her appointment including any authority under which it is signed.

Voting by proxy

If you do not plan to attend the WFA Members Meeting in person, you are encouraged to complete and return the yellow Proxy Form which accompanies this Notice of Meeting.

- A WFA Member entitled to attend and vote at the WFA Members Meeting is entitled to appoint not more than two proxies.
- Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the WFA Member's voting rights. If you wish to appoint a second proxy, please contact Computershare Investor Services Pty Limited on 1300 132 211 for the relevant form.
- A proxy need not be a WFA Member.

The form appointing the proxy and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) can be lodged with the Registry at Computershare Investor Services Pty Limited, Level 2, 60 Carrington Street, Sydney, NSW 2000 or by facsimile on (02) 8235 8220. Proxies must be received not later than 48 hours before the time for holding the WFA Members Meeting.

**By Order of the Board of Directors of
WESTFIELD AMERICA MANAGEMENT LIMITED**

Simon J Tuxen

Company Secretary

Sydney, 25 May 2004

CORPORATE DIRECTORY

Westfield America Trust

ABN 27 374 714 905
ARSN 092 058 449

Responsible Entity

Westfield America Management Limited
ABN 66 072 780 619
AFS Licence 230324

Registered Office

Level 24, Westfield Towers
100 William Street
Sydney NSW 2011
Telephone: +61 2 9358 7000
Facsimile: +61 2 9358 7077

Secretaries

Maureen T McGrath
Simon J Tuxen

Auditors

Ernst & Young
The Ernst & Young Building
321 Kent Street
Sydney NSW 2000

Investor Information

Westfield America Trust
Level 24, Westfield Towers
100 William Street
Sydney NSW 2011

Principal Registry

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 7045
Sydney NSW 2001
Telephone: +61 3 9415 4070
Enquiries: 1300 132 211
Facsimile: +61 3 9611 5710
Email: westfield@computershare.com.au
Website: computershare.com

Listings

Australian Stock Exchange

Website

westfield.com/groupmerger

Westfield Group Merger Information Line
1300 766 010 (Australia)
+61 2 9240 7455 (Overseas)



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

Mark this box with an 'X' if you have made any changes to your address details (see reverse)



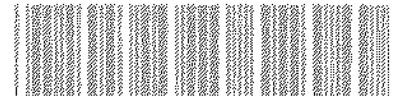
Proxy Form Meeting of Members

Registry:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 8060 Australia
Enquiries (within Australia) 1300 766 010
(outside Australia) 61 2 9240 7455
Facsimile 61 2 8235 8220
www.computershare.com

SAMPLE CUSTOMER
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLE STREET
SAMPLETOWN TAS 7000

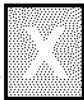
Securityholder Reference Number (SRN)



I 1234567890 I N D

Appointment of Proxy

I/We being a member/s of Westfield America Trust and entitled to attend and vote hereby appoint



the Chairman
of the Meeting
(mark with an 'X')

OR



Write here the name of the person you are
appointing if this person is **someone other**
than the Chairman of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Meeting of Members of Westfield America Trust to be held at the Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW on Friday 25 June 2004 at 10:00am and at any adjournment of that meeting.

Voting directions to your proxy - please mark  to indicate your directions

Item 1. Approval of Amendments to Constitution

Item 2. Approval of Merger

For Against Abstain*

☐	☐	☐
☐	☐	☐

Your unitholding for the SRN or HIN shown above is XXXXXX as at 21 May 2004.
Please note that this balance may include ordinary and/or new units.

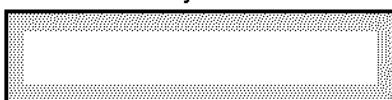
The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

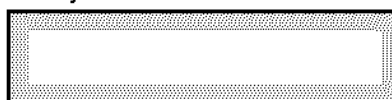
This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Securityholder 1



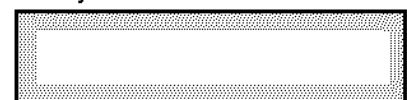
Sole Director and
Sole Company Secretary

Securityholder 2



Director

Securityholder 3



Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

W F A

1 4 P R

007285 - V4



How to complete the Proxy Form

1 Your Address

This is your address as it appears on the company's unit register. If this information is incorrect, please mark the box and make the correction on the form. Securityholders sponsored by a broker (in which case your reference number overleaf will commence with an 'X') should advise your broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

2 Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a securityholder of the company.

3 Votes on Items of Business

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of securities you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

4 Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the company's unit registry or you may copy this form.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

5 Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission. A form of the certificate may be obtained from the company's unit registry.

Lodgement of a Proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below no later than 48 hours before the commencement of the meeting at 10:00am on Friday 25 June 2004. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Documents may be lodged using the reply paid envelope or:

- by posting, delivery or facsimile to Westfield America Trust unit registry at the address opposite, or
- by delivery to the Registered Office of Westfield America Management Limited being
Level 24
Westfield Towers
100 William Street
SYDNEY NSW 2000 Australia
Facsimile 61 2 9357 7131

Westfield America Trust unit registry
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne Victoria 8060
Delivery: Level 2, 60 Carrington Street, Sydney
Facsimile 61 2 8235 8220



Explanatory Memorandum

in relation to a proposal to staple the shares of
Westfield Holdings Limited and the units of
Westfield Trust and Westfield America Trust

Westfield Holdings Limited
(ABN 66 001 671 496)

Westfield Management Limited
(ABN 41 001 670 579)
as responsible entity of Westfield Trust
(ARSN 090 849 746)

Westfield America Management Limited
(ABN 66 072 780 619)
as responsible entity of Westfield America Trust
(ARSN 092 058 449)

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE OVERVIEW FOR THE ENTITY IN WHICH YOU HOLD YOUR SECURITIES AS WELL AS THE RELEVANT SPECIAL NOTICE ABOUT THE SALE FACILITY WHICH ACCOMPANY THE EXPLANATORY MEMORANDUM.

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt as to what you should do, you should consult your investment, financial, taxation or other professional adviser.

WESTFIELD GROUP MERGER

WHAT IS THIS DOCUMENT?

This document (the “**Explanatory Memorandum**”) provides shareholders in Westfield Holdings Limited (“**Westfield**”) and unitholders in Westfield Trust (“**WFT**”) and Westfield America Trust (“**WFA**”) with details of the proposed Merger by way of stapling to form the **Westfield Group**. It also sets out details of the assets and liabilities, financial position, performance and distributions and prospects of the Westfield Group and the rights and liabilities attaching to the Stapled Securities.

This Explanatory Memorandum contains independent accountant’s reports by Ernst & Young and Ernst & Young Transaction Advisory Services Limited, a taxation report by Greenwoods & Freehills Pty Limited and an independent expert’s report by Grant Samuel & Associates Pty Limited.

Investors should also have received:

- one or more accompanying documents titled either “Westfield Holdings Overview”, “Westfield Trust Overview” or “Westfield America Trust Overview”, depending on the entity in which their interest is held. Those documents provide a summary of the Merger, including the impact of its implementation and the key anticipated benefits and possible disadvantages of the Merger as they relate to an investor in the applicable Westfield Entity; and
- one or more accompanying documents titled “Special Notice about the Sale Facility”. This notice contains important information about the Sale Facility and the Sale Election Form.

Investors in each Westfield Entity have the right to vote on the proposed Merger. The Overviews (which include the Notices of Meeting) and this Explanatory Memorandum set out details of the resolutions to be considered and contain important information to assist investors in deciding how to vote.

This Explanatory Memorandum is dated 25 May 2004 and is issued by Westfield and the Responsible Entities.

This Explanatory Memorandum does not constitute investment advice. You should seek your own investment, financial, taxation and other professional advice on the Merger.

You should read the relevant Overview and the Special Notice about the Sale Facility in conjunction with this Explanatory Memorandum.

REGULATORY INFORMATION

This Explanatory Memorandum, the Westfield Holdings Overview and the Special Notice about the Sale Facility comprise the explanatory statement for the Share Scheme for the purposes of section 411(2) of the Corporations Act. A draft copy of this Explanatory Memorandum, the Westfield Holdings Overview and the Special Notice about the Sale Facility was provided to ASIC on 13 May 2004 in accordance with section 411(2) of the Corporations Act. ASIC has been requested to provide a statement in accordance with section 411(17)(b) of the Corporations Act that ASIC has no objection to the Share Scheme. If ASIC provides that statement, it will be produced at the Court Hearing.

This Explanatory Memorandum and the relevant Overview is also a prospectus issued by Westfield for the purposes of Part 6D of the Corporations Act, a product disclosure statement issued by WML (AFS Licence No. 230329) for the purposes of Part 7.9 of the Corporations Act and a product disclosure statement issued by WAML (AFS Licence No. 230324) for the purposes of Part 7.9 of the Corporations Act and was lodged with ASIC on 25 May 2004. It relates to the financial products comprising Westfield Shares, WFT Units and WFA Units. Westfield, WML and WAML each takes full responsibility for the contents of this Explanatory Memorandum and relevant Overview Document.

WML and WAML are related bodies corporate and will remain related bodies corporate for so long as units in WFT and units in WFA are being issued under this Explanatory Memorandum and the relevant Overview.

A copy of this Explanatory Memorandum has also been lodged with ASIC in accordance with section 218 of the Corporations Act.

A copy of this Explanatory Memorandum, each Overview and the Special Notice about the Sale Facility has been provided to the ASX. The fact that the ASX may agree to have the Stapled Securities quoted is not to be taken in any way as an indication of the merits of the Westfield Group or any of the Westfield Entities.

None of ASIC, the ASX and their respective officers takes any responsibility for the contents of this Explanatory Memorandum, any Overview or the Special Notice about the Sale Facility.

DEFINED TERMS

Capitalised terms used in this Explanatory Memorandum are defined in the Glossary in section 12.

In this document, the term “Merger” or “Merge” is used to describe the proposal whereby Westfield Shares, WFT Units and WFA Units will be Stapled to trade together on the ASX under the name of the Westfield Group. Each of the three Westfield Entities will remain in existence as separate legal entities and Westfield Shares, WFT Units and WFA Units will remain as separate assets.

The information outlined in this Explanatory Memorandum, the Overview and the Special Notice about the Sale Facility does not take into account the investment objectives, financial situation, taxation position and needs of any particular Securityholder. It is important that you read the entire Explanatory Memorandum, the relevant Overview and the Special Notice about the Sale Facility before making any voting or investment decision. In particular, in considering the prospects of the Westfield Group, it is important for you to consider the risk factors identified in section 3.11 that could affect the financial performance of the Westfield Group. Past performance is no indication of future performance. You should carefully consider these factors in light of your particular investment objectives, financial situation, taxation position and needs. If you are in any doubt on these matters, consult your investment, financial, taxation or other professional adviser before deciding how to vote on the Merger.

DISCLOSURE ABOUT FORWARD LOOKING STATEMENTS

This Explanatory Memorandum and the Overviews include certain prospective financial information which has been based on current expectations about future events. The prospective financial information is, however, subject to risks, uncertainties and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. Factors which may affect future financial performance include, among other things, those risks identified in section 3.11, the assumptions not proving correct and other matters not currently known to, or considered material by Westfield or the Responsible Entities.

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, the Responsible Entities, their officers, any person named in this Explanatory Memorandum or the Overviews and any person involved in the preparation of this Explanatory Memorandum or the Overviews 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. You are cautioned not to place undue reliance on those statements.

The forward looking statements in this Explanatory Memorandum and the Overviews reflect views held only as at the date of this Explanatory Memorandum.

JURISDICTION

This Explanatory Memorandum, the Overviews and the Special Notice about the Sale Facility do not in any way constitute an offer of securities in any place in which, or to any person to whom, it would not be lawful to make such an offer. None of this Explanatory Memorandum, the Overviews or the Special Notice about the Sale Facility:

- is a prospectus within the meaning of the Hong Kong Companies Ordinance nor is it an advertisement, invitation or document subject to section 103(1) of the Hong Kong Securities and Futures Ordinance; or
- constitutes an offer of securities for sale in the United States and the securities may not be offered or sold in the United States absent registration or an exemption from registration. No offering of Securities will be made in the United States by the Westfield Group. United States Securityholders who are foreign Securityholders will be deemed to have elected to receive the Cash Alternative in respect of all of their Securities (see section 1.13).

KEY DATES

Latest date and time for lodgment of proxies and Sale Election Forms	10.00 am on 23 June 2004
Date and time for determining eligibility to vote at the Merger Meetings	7.00 pm on 23 June 2004
Westfield Shareholders' meetings	
• Share Scheme Meeting	10.00 am on 25 June 2004
• Westfield General Meeting	10.00 am on 25 June 2004
WFT Members' Meeting	10.00 am on 25 June 2004
WFA Members' Meeting	10.00 am on 25 June 2004
Court Hearing – date on which Court considers approval of the Share Scheme	1 July 2004
Effective Date – date on which the Merger becomes effective	2 July 2004
Last Trading Date – last day of trading in Existing WFA Units, Existing WFT Units and Westfield Shares	2 July 2004
Commencement of trading in Stapled Securities on a deferred settlement basis	5 July 2004
Distribution Record Date – date for determining entitlements to dividends/distributions for the 6 months to 30 June 2004 and the 0.9 cents per unit special distribution for WFA Unitholders	5.00 pm on 9 July 2004
Stapling Record Date – date for determining entitlements to Stapled Securities	5.00 pm on 12 July 2004
Implementation Date – date on which Stapled Securities are issued	16 July 2004
Date for despatch of holding statements for Stapled Securities	16 July 2004
Commencement of normal trading in Stapled Securities	19 July 2004
Payment date for dividends/distributions for 6 months to 30 June 2004 and the 0.9 cents per unit special distribution for WFA Unitholders	31 August 2004

All dates following the date of the Merger Meetings are indicative only and are subject to the Court approval process, approval from the ASX and the satisfaction of the conditions precedent to the implementation of the Merger. Any changes to the above timetable will be notified on Westfield's website at www.westfield.com/groupmerger and announced to ASX.

Each of the meetings will commence at 10.00 am (Sydney time) on Friday, 25 June 2004 with a general discussion on matters relating to the Merger which are common to each group of Securityholders.

WHERE TO FIND INFORMATION ON THE MERGER

This Explanatory Memorandum contains detailed information on the proposed Merger and its effect on Westfield Shareholders, WFT Members and WFA Members. The following guide will assist you in locating relevant information on the Merger and its potential impact on you.

What is the Merger?

The Merger will combine Westfield, WFT and WFA by the stapling of their securities.

Stapling involves the creation of a common investor base in Westfield, WFT and WFA and the joint quotation of the securities of each of those entities such that they can only be traded together as one Stapled Security. A Stapled Security comprises one Westfield Share, one WFT Unit and one WFA Unit.

Further information about Stapling is set out in sections 1.2 and 1.3.

What will the Westfield Group look like if the Merger proceeds?

Following the Merger, the Westfield Group will be the largest retail property group in the world by equity market capitalisation. The Westfield Group will have investments in 123 shopping centres in Australia, New Zealand, the United States and the United Kingdom valued in excess of A\$34 billion.

A detailed description of the Westfield Group is set out in section 2.

What distributions can you expect to receive?

If the Merger proceeds, the first full year's distribution on the Stapled Securities is forecast to be \$1.03 per Stapled Security for the year to 30 June 2005. Distributions are forecast to increase to \$1.10 per Stapled Security for the year to 30 June 2006. Detailed information on the forecast distributions for the Westfield Group are set out in section 3.8.1.

Detailed financial information on the Westfield Group is set out in section 3. For ease of reference, summary financial tables which present the statements of financial performance, distribution, financial position and cash flow are set out at the end of section 3. The Independent Accountant's reports on the financial information are set out in sections 4 and 5.

Why is the Merger being proposed?

The rationale for the Merger is to create the optimal structure for future growth for the Westfield Group. The combination of the three Westfield Entities will create an internally managed, vertically integrated global property group combining ownership, development, design, construction, funds/asset management, leasing and marketing activities on a global scale. The Merger will create a global operating and financial structure capable of taking advantage of global growth opportunities.

The background to and rationale for the Merger is described in the relevant Overview which accompanies this Explanatory Memorandum and section 1.1.

What will you receive if the Merger proceeds?

If the Merger proceeds you will own Stapled Securities in the Westfield Group comprising your existing Westfield Shares, WFT Units and WFA Units (as applicable). The number of Stapled Securities that Westfield Shareholders, WFT Unitholders and WFA Unitholders will hold after the Implementation Date is determined by the Merger ratio which is described in section 1.2. Under the Merger ratio:

- each Westfield Shareholder will hold one Stapled Security for every Westfield Share held on the Stapling Record Date;
- each WFT Unitholder will hold 0.28 Stapled Securities for every Existing WFT Unit held on the Stapling Record Date; and
- each WFA Unitholder will hold 0.15 Stapled Securities for every Existing WFA Unit held on the Stapling Record Date.

Detailed information on the mechanics of the Merger for Securityholders is set out in sections 1.3 to 1.8.

Things you may wish to consider in deciding how to vote

The directors of each Westfield Entity unanimously recommend that their respective members vote in favour of the Merger. Key anticipated benefits and possible disadvantages of the Merger are set out in the Overviews.

What has the independent expert said?

The Independent Expert has considered the Merger and concluded that the Merger is in the best interests of shareholders in Westfield and members of WFT and members of WFA. The Independent Expert's report is set out in section 6. The Independent Expert's report contains profiles of each of Westfield, WFT and WFA, a profile of the Westfield Group and an evaluation of the proposed Merger.

How is the Merger being implemented?

The Merger is being implemented by way of a Court approved scheme of arrangement for Westfield Shareholders together with amendments to the constitutions of Westfield, WFT and WFA. Details of how the Merger is being implemented are set out in the Overviews and in section 1.

What are the tax implications of the Merger?

Greenwoods & Freehills Pty Limited has provided a taxation report on the general Australian taxation impacts of the Merger on Securityholders. The taxation report is set out in section 7.

What are the business risks of the Westfield Group?

Investments in Stapled Securities will be subject to general and specific business risks. Some of these business risks are explained in section 3.11, and include risks associated with:

- fluctuations in the value of income of real properties;
- leasing terms and tenant defaults, including bankruptcy or store closures of major tenants;
- illiquidity of property investments;
- the fixed nature of significant costs;
- acquisition of properties and development activities;
- geographic concentration of properties;
- the availability and cost of funding and interest and exchange rate fluctuations;
- regulatory issues and changes in laws (including changes to tax laws);
- competition from other property groups;
- conflicts of interests with partners.

Where are the details of the resolutions to be passed by Westfield Shareholders, WFT Members and WFA Members?

The details of the resolutions to be passed by Westfield Shareholders, WFT Unitholders or WFA Unitholders can be found in the Notices of Meeting which are included at the back of each Overview. An explanation of those resolutions is contained in sections 8, 9 and 10.

What is the Special Notice about the Sale Facility and the Sale Election Form?

You do not need to complete a Sale Election Form to receive Stapled Securities under the Merger as it will happen automatically if the Merger is approved and you hold Westfield Shares, WFT Units or WFA Units on the Stapling Record Date (unless you are a Foreign Securityholder). However, because of their individual circumstances, some Securityholders may wish to use the Sale Facility to sell some or all of their Securities for cash or to exchange them for Stapled Securities (this may be particularly important for owners of Pre-CGT Securities). Further information on the general Australian tax implications of making an election to participate in the Sale Facility are set out in the Special Notice about the Sale Facility and in the taxation report in section 7 of this document.

However, before deciding whether or not to participate in the Sale Facility you should consult your investment, financial, taxation or other professional adviser as your election to participate will have important tax consequences, some of which may be adverse.

What other information is available?

Section 11 contains other information in relation to the Merger including a description of the proposed new constitution of Westfield and the changes to the constitutions of WFT and WFA, a summary of the Stapling Deed and Implementation Deed, details of the interests of directors and other statutory information.

If you have any further questions you can contact the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia) or visit Westfield's website at www.westfield.com/groupmerger

CONTENTS

1	Details of Merger	6
2	Profile of the Proposed Westfield Group	15
3	Financial Information	45
	– Introduction	45
	– Independent Accountant's Reports	46
	– Adoption of International Financial Reporting Standards	46
	– Historical and Forecast Statements of Financial Performance and Distribution by Entity	47
	– Historical and Forecast Pro Forma Consolidated Financial Statements for Westfield Group	54
	– Key Forecast Assumptions	64
	– Sensitivity Analysis	71
	– Distribution Policy	72
	– Gearing, Interest Rate and Foreign Exchange Movement	76
	– Principal Differences Between AGAAP and Expected IFRS	78
	– Risk Factors	80
	– Valuation Policy	85
	– Finance Facilities	85
	– Ratings	86
	– Financial Year End	86
4	Independent Accountant's Report on Historical and Pro Forma Financial Information	93
5	Independent Accountant's Report on Forecast Financial Information	96
6	Independent Expert's Report	101
	– Letter to the Directors	
	– Table of Contents	
	– Financial Services Guide	
	– Terms of the Proposal	
	– Scope of the Proposal	
	– Profile of Westfield Holdings Limited	
	– Profile of Westfield Trust	
	– Profile of Westfield America Trust	
	– Profile of the Westfield Group	
	– Evaluation of the Proposed Merger	
	– Value Analysis of Westfield Holdings Limited	
	– Qualifications, Declarations and Consents	
7	Tax Report	225
	– Factual background	225
	– Tax consequences of the Merger	226
	– Tax consequences of the Sale Facility	230
	– Holding Stapled Securities	234
	– Disposal of Stapled Securities	236
	– Goods and Services Tax	238
	– Other issues	238
8	The Westfield Meetings	243
	– The Westfield Share Scheme Meeting	243
	– The Westfield Shareholders' General Meeting	244
9	The Westfield Trust Members' Meeting	250
10	The Westfield America Trust Members' Meeting	262
11	Additional Information	262
12	Glossary	289
	Annexure A – Share Scheme	296
	Annexure B – Implementation Deed (without Annexures)	306
	Annexure C – Stapling Deed	332

1. DETAILS OF THE MERGER

1.1 Background to and overview of the Merger

At present there are three Westfield Entities listed on the ASX:

- Westfield, which is the operating business of the group comprising retail property management, design, construction, development, leasing and funds and asset management activities. It is the owner of the Westfield intellectual property and brand name. Subsidiaries of Westfield serve as the responsible entities of WFT and WFA. Westfield also has interests in a portfolio of 7 shopping centres in the UK, one in Australia and an investment in WFA;
- WFT, which is a listed trust that holds interests in 49 shopping centres in Australia and New Zealand; and
- WFA, which is also a listed trust that holds interests in 66 properties in the United States.

Under the proposed Merger, the three existing Westfield Entities would combine by way of a Stapling of their Securities to form the Westfield Group (although each Westfield Entity will remain in separate existence). The Westfield Group would be the largest retail property group in the world by equity market capitalisation and the eighth largest entity on the ASX (as at 19 May 2004), with interests in 123 shopping centres with a total value of over A\$34 billion.

The rationale for the Merger is to create the optimal structure for future growth for the Westfield group. The combination of the three Westfield Entities will create an internally managed, vertically integrated global property group combining ownership, development, design, construction, funds/asset management, leasing and marketing activities on a global scale. The Merger will create a global operating and financial structure capable of taking advantage of global growth opportunities.

Much of the Westfield Group's growth in recent times has been driven by expansion in offshore markets. The acquisition of additional properties, including through the acquisition of property owning entities, together with the ongoing development of the existing asset base has become an integral part of the growth strategy for each of the Westfield Entities. Increasingly, these global acquisition opportunities require substantial financial capacity and a balance sheet larger than that of any of the existing Westfield Entities.

Combining the Westfield Group onto a single financial platform is expected to better position the Westfield Group to take advantage of future growth opportunities and to continue to utilise its long standing operating strategy and management infrastructure in order to maximise returns for investors.

The key anticipated benefits and possible disadvantages of the Merger for the members of each entity are contained in the respective Overviews which accompany this Explanatory Memorandum. The directors of each Westfield Entity unanimously recommend that their respective members vote in favour of the Merger.

1.2 The Merger and Stapling

The Merger will ensure a common investor base in each of Westfield, WFT and WFA (other than the Cross Holders). This is to be achieved by means of a scheme of arrangement between Westfield and its shareholders and by amendment of the constitutions of Westfield, WFT and WFA, resulting in the issue of securities of each entity to investors in each other entity and the Stapling of the three securities to each other.

The Merger ratios determine the entitlement of existing Securityholders to Stapled Securities and are as follows:

Entity	Merger Ratio	Number of Stapled Securities per 1,000 existing Securities
Westfield	1.00	1,000
WFT	0.28	280
WFA	0.15	150

Further details on how the Merger ratios have been determined are set out in section 1.5 and the mechanics are set out in sections 1.6 to 1.8.

On completion of the Merger, Securityholders (other than the Cross Holders) will hold Stapled Securities, each comprising one Westfield Share, one Restructured WFT Unit and one Restructured WFA Unit. These three securities will be quoted and traded together as Stapled Securities on the ASX under the name of the Westfield Group. WFT Units will cease to be traded on the New Zealand Stock Exchange.

The Cross Holders are controlled entities of Westfield which hold WFA Units and WFA Options. The Cross Holders holding WFA Units will not receive Stapled Securities on completion of the Merger. Arrangements regarding the Cross Holders and their WFA Units and WFA Options are described in section 11.8.

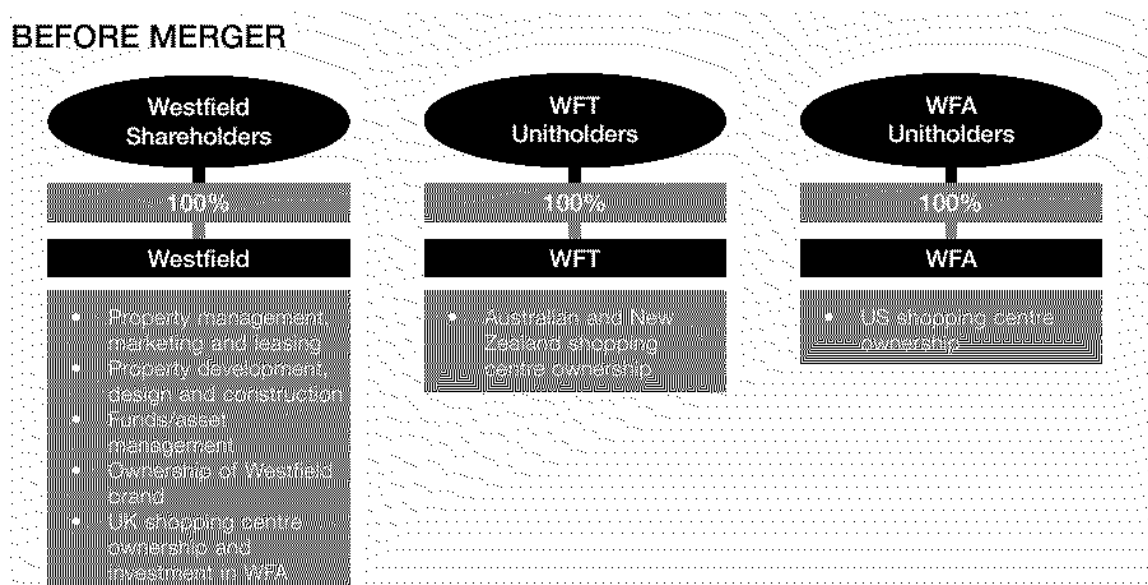
In addition to having a common investor base, it is expected that each Westfield Entity will have common business objectives. This will be facilitated by each of the Westfield Entities entering into a Stapling Deed which provides for cooperation between Westfield and the Responsible Entities in the conduct of the affairs of Westfield, WFT and WFA.

The current directors of each of the Westfield Entities are as set out in section 2.5. Some of these directors are directors of more than one Westfield Entity. If the Merger proceeds, it is intended that the Boards of Westfield and the Responsible Entities will comprise directors common to each board (see section 2.5).

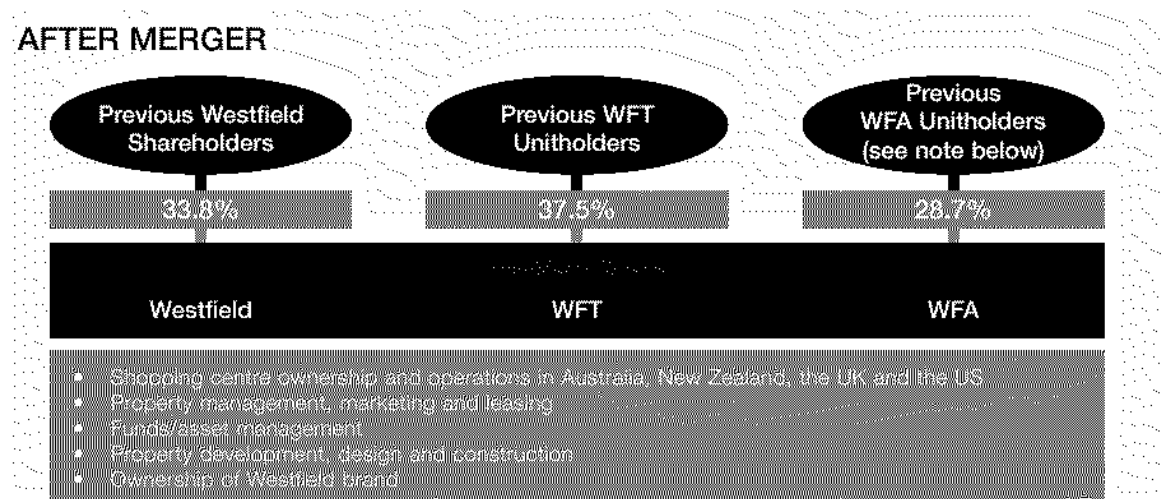
The Westfield Group will be run as an internally managed and vertically integrated group with the following core businesses:

- shopping centre ownership;
- property management, marketing and leasing;
- funds/asset management; and
- property development, design and construction.

The current ownership structure of the three Westfield Entities is set out below:



The position after the Merger is shown below:



Note: The above securityholdings exclude the WFA Units held by controlled entities of Westfield. Details of the treatment of those units is set out in section 11.8.

1.3 How will Stapling work?

Stapling will be achieved through the Stapling Deed and by including provisions in the constitutions of each Westfield Entity requiring that:

- a transfer of shares or units in any of the Westfield Entities can only be completed if it is accompanied by a transfer of an equal number of shares and/or units in both of the other Westfield Entities; and
- any issue, repurchase or redemption of shares or units by a Westfield Entity be matched by an issue, repurchase or redemption of an equal number of shares and/or units in both of the other Westfield Entities.

The above arrangements will not apply in respect of the WFA Units which are the subject of the Cross Holding. The treatment of those units is described in section 11.8.

The other key feature of the Merger is that the provisions of the constitutions of the Westfield Entities and the Stapling Deed provide for co-operation between Westfield and the Responsible Entities in the conduct of the affairs of Westfield, WFT and WFA. This co-operation is in recognition that, but for the Cross Holding, each Westfield Entity will have identical investors with an identical proportionate interest in each entity. The constitutions, if the amendments are approved, will allow for the possibility in the future of other securities being stapled to the Stapled Securities. The provisions of the Stapling Deed are designed to ensure that Westfield, WFT and WFA operate essentially as a co-ordinated economic group. There will also be provision for a cross guarantee of certain liabilities of Westfield, WFT and WFA.

Once the Westfield Shares, Restructured WFT Units and Restructured WFA Units have been Stapled, they will trade jointly on the ASX and will not be able to be traded or dealt with separately.

An investment in the Westfield Group will operate like an investment in a single coordinated group. Specifically:

- Stapled Securities will trade together as one on the ASX;
- Stapled Securityholders will receive combined reports from the Westfield Group; and
- Stapled Securityholders will receive one distribution and dividend cheque each half year.

However, Westfield Shares, WFT Units and WFA Units will remain as separate assets for Australian tax purposes. Accordingly, on a sale of Stapled Securities the sale price will, for Australian tax purposes, be apportioned over the three separate securities (see the taxation report in section 7 for further details).

1.4 Steps required to complete the Merger

There are five key steps that must be completed for the Merger to proceed. These are set out below:

	What	When
Step 1	Approval by Westfield Shareholders of the Share Scheme Resolution	25 June 2004
Step 2	Approval by Westfield Shareholders of the General Resolutions	25 June 2004
Step 3	Approval of the WFT Resolutions at a meeting of WFT Members	25 June 2004
Step 4	Approval of the WFA Resolutions at a meeting of WFA Members	25 June 2004
Step 5	Approval by the Court of the Share Scheme and lodgment of the Share Scheme Order with ASIC	On or about 1 and 2 July 2004

The Court may refuse to grant the order referred to in Step 5 above even if the Share Scheme is approved by the requisite majority of Westfield Shareholders.

1.5 Merger ratio

The value contributed by each group of Securityholders to the merged Westfield Group has been determined by the board of Westfield and the boards of its wholly owned subsidiaries, WML and WAML, based on a number of factors including the relative value and prospects of each Westfield Entity. The Independent Expert has concluded that this merger ratio represents a fair balance of competing interests.

Accordingly, there will be an adjustment to the number of WFT Units and WFA Units on issue immediately prior to the Merger to ensure that the percentage ownership interests of the three groups of Securityholders, as outlined in 1.2 above, reflect the merger ratio.

1.6 Mechanics for Westfield Shareholders

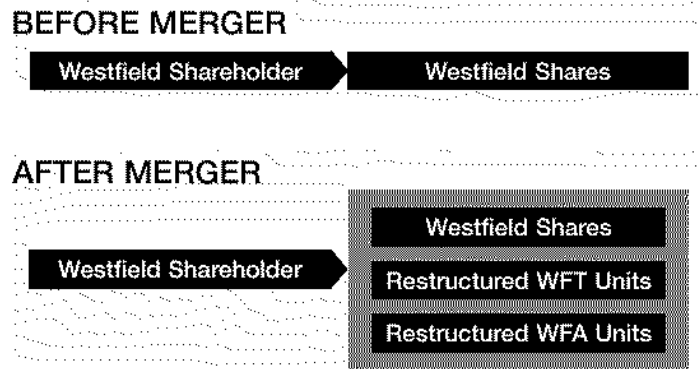
If the Merger proceeds, each Westfield Shareholder holding Westfield Shares on or about 12 July 2004 (the Stapling Record Date) will receive one Stapled Security for each Westfield Share held.

The Stapled Security will comprise the existing Westfield Share and a newly issued Restructured WFT Unit and Restructured WFA Unit. The newly issued units are made available to each Westfield Shareholder holding Westfield Shares on the Stapling Record Date through participation in a fully franked stapling dividend of \$0.002 per Westfield Share. This stapling dividend will be wholly applied to subscribe for one Restructured WFT Unit for \$0.001 and one Restructured WFA Unit for \$0.001 for each Westfield Share held. The Australian tax consequences of this stapling dividend are explained in section 7.

As an illustration, if you held 1,000 Westfield Shares on the Stapling Record Date – after the Implementation Date you will hold 1,000 Stapled Securities, comprising 1,000 Westfield Shares, 1,000 Restructured WFT Units and 1,000 Restructured WFA Units.

At the same time, WFT Unitholders and WFA Unitholders (other than the Cross Holders) will be involved in the process referred to in sections 1.7 and 1.8 such that, on completion of the Merger, each person holding securities in a Westfield Entity will hold an equal number of securities in all of the Westfield Entities (ie Stapled Securities).

The position of a Westfield Shareholder pre and post the Merger is illustrated below:



On or about 31 August 2004, Westfield will pay a dividend of 13.58 cents per Westfield Share (franked as to 50%) for the 6 month period ending 30 June 2004 to existing Westfield Shareholders on the Distribution Record Date. This dividend will be paid whether or not the Merger proceeds.

1.7 Mechanics for WFT Unitholders

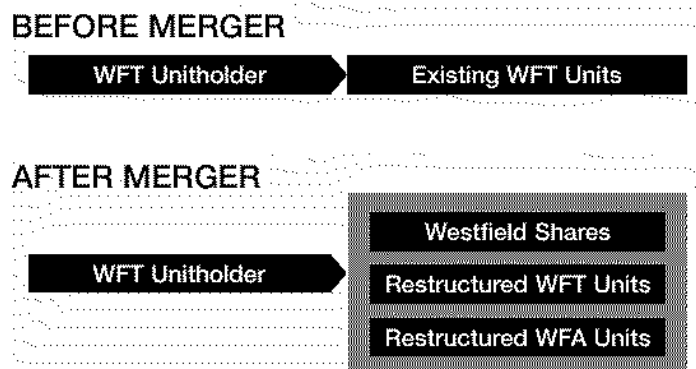
If the Merger proceeds, the following steps will occur in the following order for WFT Unitholders holding Existing WFT Units on the Stapling Record Date:

- Each Existing WFT Unit will be converted into 0.28 Restructured WFT Units, with each holding being rounded up to the nearest whole number of Restructured WFT Units. Each WFT Unitholder holding WFT Units on or about 12 July 2004 (the Stapling Record Date) will receive one Stapled Security for each Restructured WFT Unit held.
- Each Stapled Security will comprise a Restructured WFT Unit and a newly issued Westfield Share and Restructured WFA Unit. The newly issued securities are made available to each WFT Unitholder holding WFT Units on the Stapling Record Date through participation in a stapling distribution of \$1.01 per Restructured WFT Unit. This stapling distribution will be wholly applied to subscribe for one Westfield Share for \$0.01 and one Restructured WFA Unit for \$1.00 for each Restructured WFT Unit held. The Australian tax consequences of this stapling distribution are explained in section 7.

As an illustration, if you held 1,000 Existing WFT Units on the Stapling Record Date – after the Implementation Date you will hold 280 Stapled Securities, comprising 280 Westfield Shares, 280 Restructured WFT Units and 280 Restructured WFA Units.

At the same time Westfield Shareholders and WFA Unitholders (other than the Cross Holders) will be involved in the process referred to in sections 1.6 and 1.8 such that on completion of the Merger, each person holding securities in a Westfield Entity will hold an equal number of securities in all of the Westfield Entities (ie Stapled Securities).

The position of a WFT Unitholder pre and post the Merger is illustrated below:



On or about 31 August 2004, WFT will pay a distribution of 12.71 cents per Existing WFT Unit (with an estimated tax advantaged component of 38%) for the 6 month period ending 30 June 2004 to existing WFT Unitholders on the Distribution Record Date. This distribution will be paid whether or not the Merger proceeds.

1.8 Mechanics for WFA Unitholders

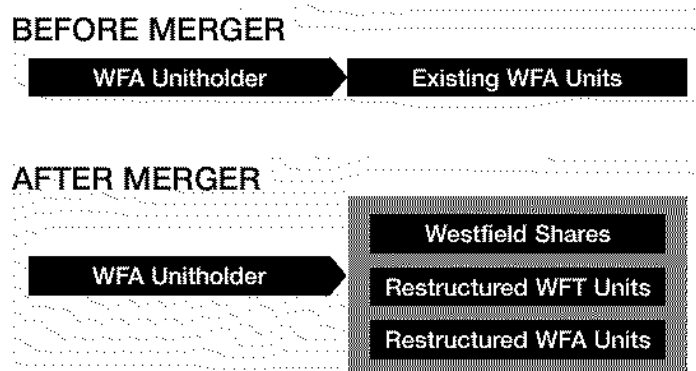
If the Merger proceeds, the following steps will occur in the following order for WFA Unitholders holding Existing WFA Units on the Stapling Record Date:

- Each Existing WFA Unit (including the Cross Holdings) will be converted into 0.15 Restructured WFA Units, with each holding being rounded up to the nearest whole number of Restructured WFA Units. Each WFA Unitholder (other than the Cross-Holders) holding Existing WFA Units on or about 12 July 2004 (the Stapling Record Date) will receive one Stapled Security for each Restructured WFA Unit held.
- Each Stapled Security will comprise a Restructured WFA Unit and a newly issued Westfield Share and Restructured WFT Unit. The newly issued securities are made available to each WFA Unitholder (other than the Cross Holders) holding WFA Units on the Stapling Record Date through participation in a stapling distribution of \$1.01 per Restructured WFA Unit. This stapling distribution will (except in the case of the Cross Holders) be wholly applied to subscribe for one Westfield Share for \$0.01 and one Restructured WFT Unit for \$1.00 for each Restructured WFA Unit held. The Australian tax consequences of this stapling distribution are explained in section 7.

As an illustration, if you held 1,000 Existing WFA Units on the Stapling Record Date – after the Implementation Date you will hold 150 Stapled Securities, comprising 150 Westfield Shares, 150 Restructured WFT Units and 150 Restructured WFA Units.

At the same time, Westfield Shareholders and WFT Unitholders will be involved in the process referred to in sections 1.6 and 1.7 such that on completion of the Merger, each person holding securities in a Westfield Entity will hold an equal number of securities in all of the Westfield Entities (ie Stapled Securities).

The position of a WFA Unitholder (other than the Cross Holders) pre and post the Merger is illustrated below:



On or about 31 August 2004, WFA will pay a distribution of 7.8 cents per Existing WFA Unit (with an estimated tax advantaged component of 45%) for the 6 month period ending 30 June 2004 to existing WFA Unitholders on the Distribution Record Date. This distribution will be paid whether or not the Merger proceeds.

If the Merger proceeds, WFA Unitholders on the Distribution Record Date will also be entitled to a special capital distribution of 0.9 cents per WFA Unit. This distribution is referable to the first 12 month period following implementation of the Merger and reduces the expected dilutive impact on distributions to WFA Unitholders during that period if the Merger proceeds. The special distribution will be paid on or about 31 August 2004.

1.9 Optionholders

Each Westfield Entity has on issue options to subscribe for Westfield Shares, WFT Units and WFA Units (as applicable). The treatment of, and effect of the Merger on, these options is set out in sections 11.10 to 11.13.

1.10 Interconditionality

Implementation of the Merger is subject to satisfaction of a number of Conditions on or prior to the Court Hearing. These Conditions include:

- Westfield Shareholders approving the Share Scheme Resolution and the General Resolutions;
- WFT Members approving each of the WFT Resolutions;
- WFA Members approving each of the WFA Resolutions;
- amendment of the constitutions of WFT and WFA as described in sections 9.3 and 10.3;
- the Court approving the Share Scheme; and
- the Implementation Deed not being terminated by any party prior to the Court making the Share Scheme Order.

Under the Implementation Deed, each of the Conditions must be satisfied by 31 August 2004 (or such later date agreed by Westfield and the Responsible Entities), otherwise the Implementation Deed will terminate and the Merger will not proceed.

1.11 If the Merger does not proceed

If the Merger does not proceed each Westfield Entity will continue as it currently does (that is, the three separate entities will be operated separately and their securities will continue to trade separately on the ASX and, in the case of WFT Units, the New Zealand Stock Exchange). The costs incurred in connection with the Merger will be borne equally by the three Westfield Entities. The costs that will be shared

between the Westfield Entities if the Merger does not proceed are expected to be approximately \$80 million. This amount reflects legal, taxation, financial advisers, independent accountants and independent expert costs as well as some upfront financing costs and the costs associated with fixing the interest rate differential between United States and Australian interest rates for 2 years as discussed as part of the net interest expense assumptions set out in section 3.6.4. If the Merger is not implemented, the rights of holders of options in Westfield, WFT and WFA will remain unchanged.

1.12 Sale Facility

The Westfield Group Directors do not expect that many Securityholders will wish to participate in the Sale Facility. You do not need to participate in the Sale Facility to receive Stapled Securities under the Merger. You will automatically receive Stapled Securities if you are a Securityholder on the Stapling Record Date (unless you are a Foreign Securityholder).

While the directors of Westfield and the Responsible Entities recommend that their respective shareholders and members approve the Merger in order to receive Stapled Securities, any Securityholder who prefers to sell some or all of their existing Securities and receive cash instead of Stapled Securities if the Merger proceeds can do so under the Cash Alternative in the Sale Facility.

Further, there may be some Securityholders, particularly if some or all of their Securities are Pre-CGT assets, who may wish to sell their existing Securities and receive in exchange Stapled Securities under the Exchange by Sale Alternative in the Sale Facility. There may be adverse Australian tax consequences to such Securityholders who do, or do not participate in this facility, depending on their individual circumstances.

The Westfield Group Directors do not make any recommendation as to whether you should make any election to participate in the Sale Facility or, if so, the nature of your participation. You should be aware that participating in the Sale Facility will amount to a disposal on the Effective Date of your participating Securities for Australian CGT purposes.

Your decision whether or not to participate in the Sale Facility and the nature of your participation should be made only after consultation with your investment, financial, taxation or other professional adviser based on your own particular circumstances. General comments on some of the Australian tax implications of participating in the Sale Facility are set out in the Special Notice about the Sale Facility and in the taxation report in section 7.

Instructions on how to participate in the Sale Facility and to make a valid election under the Sale Facility are set forth in the Special Notice about the Sale Facility. To participate in the Sale Facility, the Sale Election Form must be completed and lodged before 10.00 am (Sydney time) on 23 June 2004, otherwise you will be deemed to have elected not to participate in the Sale Facility and will, unless you are a Foreign Securityholder, receive Stapled Securities under the mechanics described in sections 1.6 to 1.8 if the Merger is approved.

1.13 Foreign Securityholders

Restrictions in certain foreign countries make it impractical or unlawful to offer or receive securities in those countries.

Accordingly, no Issuer is obliged to issue Securities to a Foreign Securityholder. A Foreign Securityholder is any Securityholder who on the Stapling Record Date:

- has a registered address which is outside Australia and New Zealand and their respective external territories; or
- is a citizen or a resident of a jurisdiction outside Australia and New Zealand or is otherwise in such jurisdiction,

unless the Issuer is satisfied that it is not prevented from lawfully issuing Securities to them, either unconditionally or after compliance with conditions that the Issuer regards as acceptable.

As at the date of this document, the Issuers are satisfied in accordance with the above that they are able

to, and will, issue Securities in accordance with the Merger to Securityholders who have registered addresses in:

- the United Kingdom; and
- Hong Kong.

Foreign Securityholders will be deemed to have elected to participate in the Cash Alternative for all of their Securities.

In the case of Foreign Securityholders, the price payable under the Cash Alternative will be paid by cheque in either Australian dollars drawn on an Australian bank or in the currency of the country of the Foreign Securityholder's registered address as at the Stapling Record Date, at Westfield's and the Responsible Entities' election. Any currency conversion will be made at the exchange rate between that currency and Australian currency specified by the relevant Issuer after the completion of the Sale Facility process.

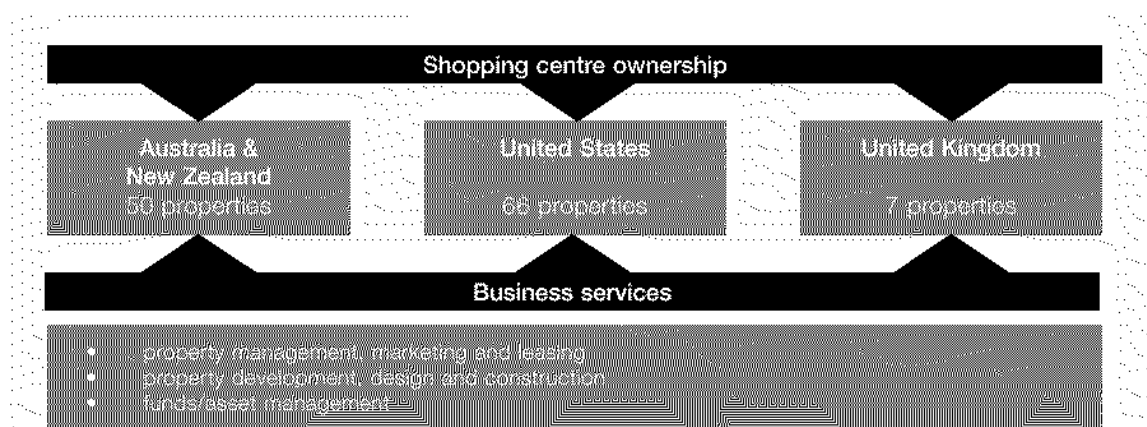
2. PROFILE OF THE PROPOSED WESTFIELD GROUP

2.1 Overview of the Westfield Group

If the Merger proceeds, the Westfield Group is expected to be the largest retail property group in the world by equity market capitalisation and the eighth largest entity listed on the ASX (as at 19 May 2004). Operating on a global platform, the Westfield Group will be an internally managed, vertically integrated shopping centre group, undertaking ownership, development, design, construction, funds and asset management, property management, leasing and marketing employing in excess of 4,000 staff worldwide.

The Westfield Group will have interests in an investment portfolio of 123 shopping centres valued in excess of A\$34 billion located in Australia, the United States, New Zealand and the United Kingdom. These shopping centre portfolios have strong positions in their local markets with geographic, retail and economic diversity providing a strong and consistent income stream. The centres are located in prime trade areas, anchored by long term tenancies with major retailers and incorporate a wide cross section of high quality specialty retailers and national chain store operators.

The Westfield Group's core business activities are depicted in the following diagram:



Initially, in excess of 90% of the Westfield Group assets and approximately 90% of forecast distributable earnings will relate to shopping centre ownership. The remaining 10% of the distributable earnings will be derived from property and funds and asset management and development, design and construction activities.

2.2 Operating strategy

The objective of the Westfield Group is to achieve superior returns for investors through a combination of capital and income growth. The Westfield Group's long standing operating strategy has been to achieve this through the intensive management and redevelopment of the existing portfolio and the acquisition of additional shopping centres, to which the same operating strategy is then applied. If the Merger proceeds, the Westfield Group will continue to pursue this operating strategy.

The first element of the Westfield Group's operating strategy involves a strong focus on operating performance at each centre whilst developing strong relationships with retailers and leveraging the benefits of the strong brand, as well as recognising that shopping centres must keep pace with the evolving demands of the communities they serve. In this regard the Westfield Group has previously identified more than A\$12 billion of development opportunities within the existing portfolio, which will serve to enhance the value of the asset base by redeveloping the centres to meet the changing needs of consumers and retailers.

The second element of this strategy is to look for further opportunities to expand the shopping centre portfolio. This involves both expansion in the markets in which the Westfield Group currently operates

being Australia, New Zealand, the United States and the United Kingdom, and geographic expansion into new markets which offer opportunities to enhance investment returns such as Canada and Continental Europe. The Merger will create a stronger platform from which to pursue expansion opportunities globally.

Vertical integration allows the Westfield Group to be involved in every aspect of the shopping centre business from development, design and construction activities, to leasing and ongoing management of day-to-day activities, to asset management of the global portfolio.

2.3 Business Overview

The Westfield Group will undertake the following activities:

Property management, marketing and leasing activities

Shopping centre management involves leasing and the day-to-day management and marketing of the centres. The Westfield Group's approach is to maximise returns by creating an efficient and dynamic environment for retailers and a quality shopping experience for consumers. This involves developing a strong relationship and working closely with retailers to provide an appropriate platform so that retailers will have the opportunity to enhance their performance. This is in addition to developing a strong relationship with consumers by supporting the local community of each shopping centre through various marketing activities.

Property development, design and construction activities

The Westfield Group's property development activities are vertically integrated and involve all of the elements of development, design, construction and leasing with a view to maximising returns on investment from both increased rental income and capital appreciation of the asset.

The need to keep shopping centres relevant to consumers and retailers results in a continual pipeline of redevelopment projects. The Westfield Group will have a future development pipeline of approximately A\$7.0 billion of projects which are either under construction or identified within the portfolio for commencement within the next five years. The development pipeline is spread across the geographic regions as follows:

- Australia/New Zealand – A\$2.6 billion.
- United States – US\$1.9 billion.
- United Kingdom – £920 million.

Of the A\$7.0 billion near term development pipeline for the next 5 years, A\$2.1 billion of projects were under construction as at 31 March 2004 and over 30 projects globally valued at approximately A\$4.9 billion are expected to commence during the next five years. The A\$2.1 billion of projects under construction as at 31 March 2004 are fully funded from existing banking facilities and internal cash resources. In excess of A\$5 billion of potential projects have also been identified in addition to the above near term pipeline.

Westfield has extensive experience and a solid track record of completing projects on time and within budget. Much of the traditional risk associated with property development is mitigated by having lease agreements in place with anchor tenants before commencing construction. In addition, the risks associated with any individual development project are diversified by virtue of the number of projects underway globally at any point in time.

Funds/Asset management activities

The Westfield Group is also involved in the management of assets on behalf of institutional and other investors. This investment is undertaken either on a joint venture basis on specific properties with partners such as Deutsche Asset Management, AMP Capital Investors, the Perron Group, Australian Prime Property Fund (APPF), Prudential Plc, JP Morgan Real Estate Investment Management, Forest City Enterprises, Morgan Stanley Real Estate Management, and The John Buck Company, or as an investor in other forms of property owning vehicles such as the limited partnership arrangements in place in the United Kingdom with the Possfund and BT Pension Scheme which are managed by the Hermes Group.

The Westfield Group will also remain the Responsible Entity of the Carindale Property Trust which is a single centre property trust listed separately on the ASX. Carindale Property Trust's sole investment is a 50% interest in Westfield Carindale, Brisbane's largest regional shopping centre. The Westfield Group will continue to manage the centre and will continue to own the 50% interest in the Carindale Property Trust currently held by WFT.

2.4 The property investment portfolio

The property investment portfolio will have interests in total assets of more than A\$34 billion, representing 123 shopping centres in four countries with over 9 million square metres of retail space, making the Westfield Group the largest Australian property group listed on the ASX. The newly formed Westfield Group will also be the world's largest retail property group by equity market capitalisation.

The Westfield Group's shopping centre investments are undertaken on both a wholly owned basis and through joint ventures with co-owners, primarily major institutional investors.

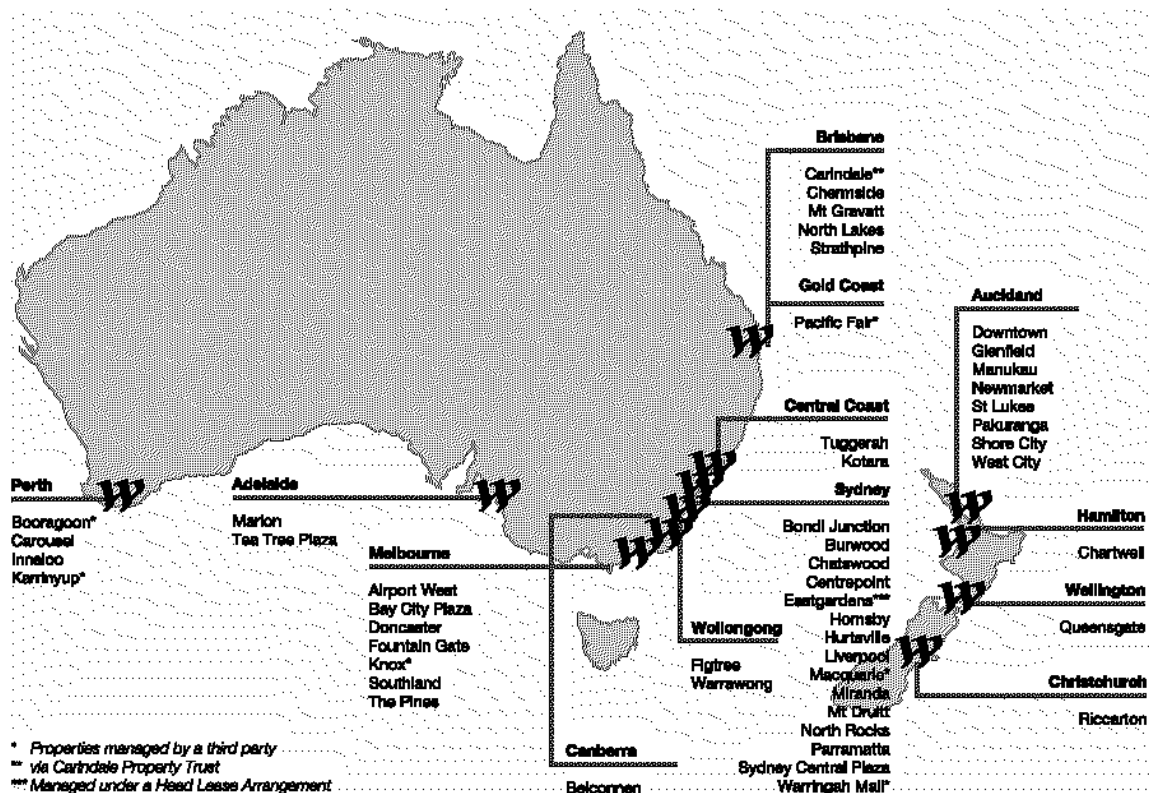
With shopping centres spread across 5 states of Australia, 14 states of the United States, New Zealand and the United Kingdom, the portfolio benefits from extensive geographic diversity.

In addition, within the portfolio there are approximately 19,700 retail outlets representing a wide spectrum of the retailing industry who operate in shopping centres.

Australia and New Zealand

The Westfield Group will own or have ownership interests in 50 shopping centres in Australia and New Zealand with a value of A\$16.3 billion (as at 31 March 2004), of which Westfield Group's proportionate interest in the book value is A\$11.4 billion comprising 3.2 million square metres of retail space and 9,700 retail outlets. Of these centres, 44 are managed by the Westfield Group.

The location of the Westfield Group's Australia and New Zealand properties is shown below.



Operations

Retail sales in the Australian and New Zealand shopping centres totalled A\$14.9 billion for the 12 months to 31 March 2004. On a like for like basis for the 12 months to 31 March 2004 comparable store sales in Australia increased 5.9% and in New Zealand increased 1.9% over the previous 12 month period.

Demand for space in existing centres and new developments in both Australia and New Zealand has continued to be solid, with occupancy levels in existing centres remaining above 99.5%.

Development activities

There is currently A\$900 million of projects under construction in Australia and New Zealand including:

- Bondi Junction, Sydney, Australia (A\$700 million) – This project, scheduled for completion in the second half of 2004, is expected to yield 7.5% to 7.75% on development cost. The completed centre will be approximately 108,000 square metres, and comprise David Jones, Myer, Target, Kmart, Woolworths, Coles, an 11 screen Greater Union cinema complex and 331 specialty stores, reflecting the latest in innovative design and providing a world-class shopping centre for its affluent catchment area.
- Riccarton, Christchurch, New Zealand (NZ\$94 million) – This project commenced construction in early 2004 and is expected to yield 8.25% on development cost. Upon completion, scheduled in mid 2005, the centre will comprise an extended Farmers Department Store and Pak 'n Save Discount Supermarket, Kmart, a new Rebel store, a 6 screen cinema complex and 155 specialty stores over 45,700 square metres.
- The Pines, Melbourne (A\$44 million) – Work started in early 2004 and is expected to yield 8.75% on development costs. Upon completion, scheduled at the end of 2004, the centre will comprise 23,000 square metres and include Safeway Supermarket, Target, a new Coles and Aldi Supermarket and a total of 87 specialty stores.

A further A\$1.7 billion of future projects are planned in Australia and New Zealand with work well advanced for new projects including Doncaster in Melbourne, Centrepoin in Sydney's CBD, Liverpool and Parramatta in Sydney, Tuggerah on the NSW Central Coast, Innaloo in Perth, Mt Gravatt in Brisbane and Queensgate in Wellington, New Zealand. Further planning is underway for projects at Chermside and North Lakes in Brisbane, Helensvale on Queensland's Gold Coast, Kotara in Newcastle and Belconnen in Canberra. In New Zealand, planning is underway for projects at Newmarket, Manukau, Pakuranga, St Lukes and Albany all of which are located within the Auckland metropolitan area.

The assets in the Australia and New Zealand portfolio are listed below:

Australia Property Information

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽¹⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Airport West (50%)	Melbourne	1982	87.6	Jun-03	215.5	52,759	158	Kmart, Target, Harris Scarfe, Coles, Bi-Lo, Safeway, Village 8-Cinema Complex
Bay City (50%)	Geelong	2003	77.1	Jun-03	179.3	35,325	80	Myer, Coles, Target
Belconnen	Canberra	1986/2003	460.0	Dec-03	384.5	75,676	199	Myer, Kmart, Coles, Woolworths, Dan Murphy's Liquor, Toys 'R' Us, Hoyts 10-Cinema Complex
Bondi Junction	Sydney	1994/98/01	202.6	Dec-00	n/a	108,568 ⁽⁶⁾	331 ⁽⁶⁾	Myer, David Jones, Target, Woolworths, Coles, Greater Union 11-Cinema Complex, Restaurant and Leisure Precinct, Office Towers
Booragoon ⁽²⁾ (25%)	Perth	2003	124.0	Dec-03	418.8	76,199	189	Myer, David Jones, Kmart, Hoyts, Coles, Newmart
Bunwood	Sydney	1992	480.0	Dec-03	343.1	64,678	242	Myer, Target, Kmart, Coles, Woolworths, Greater Union 12-Cinema Complex, Restaurant & Leisure Precinct
Carindale ⁽³⁾ (50%)	Brisbane	1999	225.4	Jun-02	501.6	111,100	270	David Jones, Myer, Target, Big W, Woolworths, Harvey Norman, Action, Birch Carroll & Coyle 8-Cinema Complex

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽¹⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Carousel	Perth	1996	377.0	Jun-02	362.7	80,597	256	Myer, Kmart, Woolworths, Coles, Hoyts 14-Cinema Complex, Restaurant and Leisure Precinct, Target
Centrepoint	Sydney	2001	272.5	Oct-01	463.1	17,971	145	Offices, Links to Myer & David Jones, Centrepoint Tower
Sydney Central Plaza ⁽²⁾	Sydney	2003	401.4	Mar-03	n/a	54,360	85	Myer, Link to Centrepoint Tower
Chatswood	Sydney	1993	521.9	Dec-02	423.6	54,439	291	Links to Myer, Target, Coles, Food for Less, Toys 'R' Us, Hoyts 6-Cinema Complex, Restaurant and Leisure Precinct
Chermside	Brisbane	1996	427.7	Dec-02	412.2	78,934	261	Myer, Target, Kmart, Coles, Bi-Lo, Birch Carroll & Coyle 16-Cinema Complex, Restaurant and Leisure Precinct
Doncaster	Melbourne	1993/1997	378.4	Jun-03	333.9	59,261	212	Myer, Kmart, Coles, Safeway, Village Twin Cinema
Eastgardens ⁽³⁾	Sydney	n/a	n/a	n/a	492.3	85,068	250	David Jones, Kmart, Coles, Big W, Woolworths, Franklins, Hoyts
Figtree	Wollongong	1982	77.1	Jun-03	137.5	20,238	78	Kmart, Coles, Woolworths

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽¹⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Fountain Gate	Melbourne	1995/1997	457.7	Dec-01	493.7	142,761	319	Target, Kmart, Big W, Coles, Safeway, Bi-Lo, Megamart, Kmart Garden Superstore, Village 10-Cinema Complex, Restaurant and Leisure Precinct
Hornsby	Sydney	1982/1996	536.7	Dec-01	482.7	100,063	337	Myer, David Jones, Target, Kmart, Woolworths, Coles, Aldi, Dan Murphy's Liquor, Greater Union 9-Cinema Complex, Restaurant and Leisure Precinct
Hurstville (50%)	Sydney	1988	185.4	Jun-01	334.5	64,881	248	Myer, Target, Kmart, Coles, Food for Less, Aldi, Toys 'R' Us, Dan Murphys, Greater Union 8-Cinema Complex
Innaloo	Perth	1996	69.7	Dec-02	125.1	26,107	77	Coles, Target, Kmart
Karrinyup ⁽²⁾ (25%)	Perth	2003	85.0	Dec-03	308.7	54,990	153	Myer, David Jones, Big W, Woolworths
Knox (30%) ⁽²⁾	Melbourne	2003	189.0	Dec-03	553.8	139,512	350	Myer, Target, Kmart, Coles, Bi-Lo, Village
Kotara	Central Coast, NSW	2003	245.0	Dec-03	276.1	42,637	119	David Jones, Coles, Kmart, Woolworths, Toys 'R' Us
Liverpool (50%)	Sydney	1983	182.6	Dec-02	305.9	69,512	223	Myer, Target, Woolworths, Coles, Toys 'R' Us, Greater Union 12-Cinema Complex

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽¹⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Macquarie ⁽²⁾ (55%)	Sydney	2003	308.0	Dec-03	509.7	95,288	230	Myer, Big W, Target, Greater Union, Woolworths, Franklins Fresh
Marion (50%)	Adelaide	1987	323.0	Dec-03	571.8	132,956	302	Myer, David Jones, Target, Kmart, Big W, Woolworths, Dan Murphy's Liquor, Coles, Harris Scarfe, Greater Union 30-Cinema Megaplex, Bunnings Warehouse, Restaurant and Leisure Precinct
Miranda (50%)	Sydney	1982	327.8	Jun-02	589.8	111,371	345	Myer, David Jones, Big W, Target, Woolworths, Aldi, Toys 'R' Us, Franklins, Greater Union 8-Cinema Complex
Mt Druitt (50%)	Sydney	2000	125.0	Dec-03	271.8	69,207	185	Myer, Kmart, Woolworths, Coles, Bi-Lo, Hoyts 8-Cinema Complex
Mt Gravatt (75%)	Brisbane	2003	391.0	Dec-03	417.2	93,565	300	David Jones, Coles, Kmart, Woolworths, Big W, Toys 'R' Us, Birch Carroll & Coyle 16-Cinema Complex
North Lakes	Brisbane	2003	89.0	Dec-03	n/a	23,732	84	Coles, Target
North Rocks	Sydney	1982	57.9	Jun-01	96.7	20,860	80	Kmart, Coles, Franklins
Pacific Fair ⁽²⁾ (44%)	Gold Coast	2003	314.2	Dec-03	548.8	103,136	280	Myer, Kmart, BCC, Target, Coles

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽ⁱ⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Parramatta	Sydney	1993/1999	829.6	Dec-02	552.0	124,176	394	Myer, David Jones, Target, Kmart, Woolworths, Coles, Toys 'R' Us, Village 8-Cinema Complex
Southland (50%)	Melbourne	1988	360.8	Jun-03	616.8	131,732	409	Myer, David Jones, Target, Big W, Kmart, Coles, Safeway
Strathpine	Brisbane	1985/1996	175.9	Dec-01	202.5	46,188	158	Myer, Big W, Woolworths, Action, Birch Carroll & Coyle 8-Cinema Complex
Tea Tree Plaza (50%)	Adelaide	1988	181.5	Dec-03	404.6	94,670	243	Myer, Big W, Target, Kmart, Woolworths, Coles, Harris Scarfe, Toys 'R' Us, Bi-Lo Mega Fresh, Hoyts 9-Cinema Complex
The Pines	Melbourne	2000	42.3	n/a	80.5	15,200	43	Safeway, Target
Tuggerah	Central Coast, NSW	1994	247.3	Dec-01	305.8	58,750	169	David Jones, Big W, Target, Woolworths, Coles, Greater Union 8-Cinema Complex, Restaurant & Leisure Centre
Warrawong	Wollongong	1988	155.0	Dec-03	185.6	54,402	126	Kmart, Big W, Coles, Woolworths, Bunnings Warehouse, Hoyts 6-Cinema Complex

Property	Location	Acquisition Date	Book Value 31/12/03 ⁽¹⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (A\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Warringah ⁽²⁾ (25%)	Sydney	2003	175.0	Dec-03	630.7	125,401	270	Myer, David Jones, Big W, Target, Hoyts, Woolworths, Coles
Total Australian portfolio			10,167.1		13,532.9	2,916,480	8,491	

Notes:

- 1 All properties are 100% owned unless otherwise shown. Book values reflect the Westfield Group's ownership share.
- 2 Booragoon, Karingup, Knox, Macquarie, Pacific Fair and Warringah are managed by the joint venture partner.
- 3 Eastgardens is managed by the Westfield Group under a Head Lease arrangement.
- 4 Carindale is owned via a 50% interest in Carindale Property Trust.
- 5 Retail sales data for Sydney Central Plaza are combined with Centrepoint.
- 6 Reflects estimates on completion.

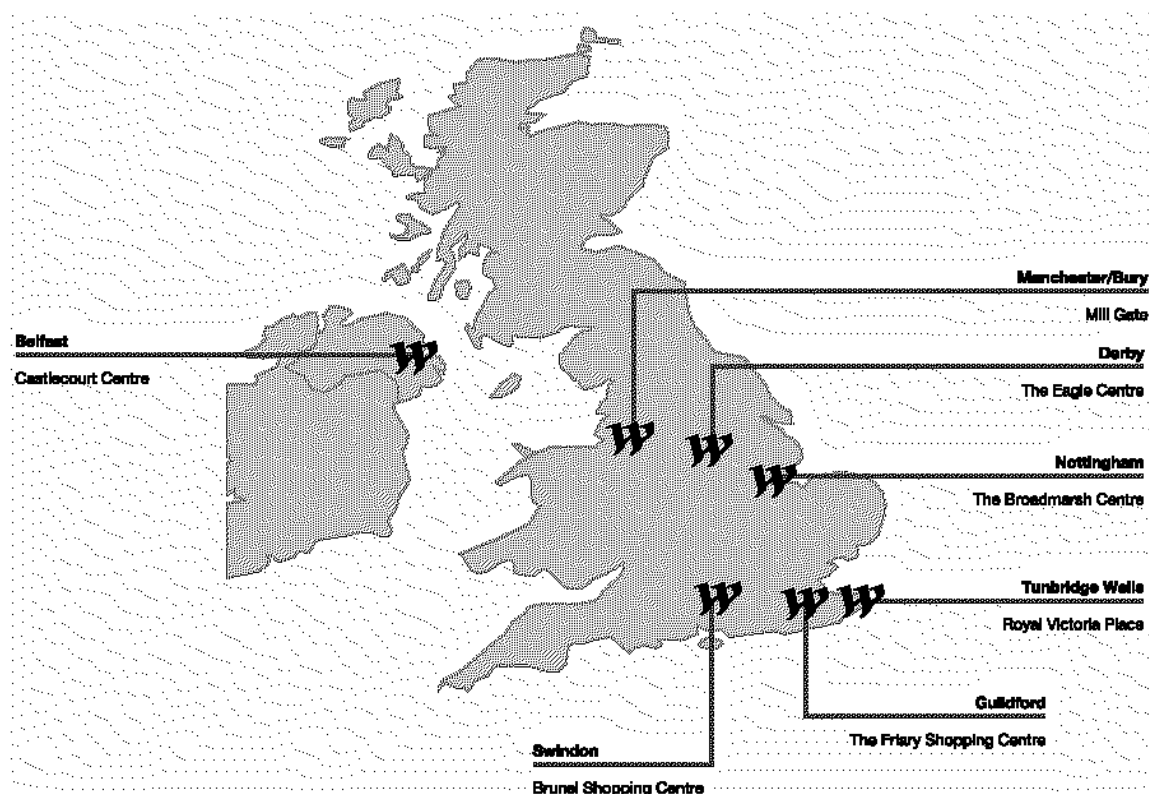
New Zealand Property Information

Westfield Shoppingtown	Location	Acquisition Date	Book Value 31/12/03 ⁽ⁱ⁾ (A\$ million)	Latest Independent Valuation Date	Total Retail Sales 31/03/04 (NZ\$ million)	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers and Special Features
Chartwell	Hamilton	1998	50.3	Sep-01	104.3	15,028	85	Farmers, Foodtown
Downtown	Auckland	1998	39.1	Sep-02	56.1	15,298	76	The Warehouse, Rendells
Glenfield	Auckland	1998	129.1	Sep-03	170.7	30,876	130	Farmers, The Warehouse, Foodtown, Woolworths
Manukau	Auckland	1998/2001	152.0	Sep-01	165.4	35,387	145	Farmers, Foodtown
Pakuranga	Auckland	1998	64.6	Sep-01	96.9	20,197	79	Farmers, Foodtown, The Warehouse
Queensgate	Wellington	1999	100.9	Sep-03	133.0	20,693	80	Farmers, Foodtown
Riccarton	Christchurch	1998	132.0	Sep-01	212.2	29,110	100	Farmers, Farmers Home, Kmart, Pak 'N Save
Shore City	Auckland	1998	87.9	Sep-03	77.0	14,873	84	Farmers
St Lukes	Auckland	1998	282.9	Sep-02	266.7	37,991	179	Farmers, Kmart, Foodtown, Village Force 8-Cinema Complex
Two Double Seven/ Newmarket (50%)	Auckland	2002	63.8	Aug-02	116.6	12,956	79	Woolworths
WestCity	Auckland	1998	133.4	Jun-01	129.9	30,397	145	Farmers, Countdown, Village Force 8-Cinema Complex, Restaurant and Leisure Precinct
Total New Zealand portfolio			1,236.0		1,528.8	262,806	1,182	
Total Australia & New Zealand portfolio (A\$)			11,403.1		14,871.9	3,179,286	9,673	

United Kingdom

The Westfield Group will own interests in and operate seven shopping centres in the United Kingdom with a book value of approximately £864 million (as at 31 March 2004) of which the Westfield Group's proportionate interest in the book value is £457 million, comprising approximately 700 retail outlets and 250,000 square metres of retail space.

The location of the Westfield Group's United Kingdom properties is shown below.



The Westfield Group entered the United Kingdom market in March 2000 with the acquisition of a 75% interest in The Broadmarsh Centre in Nottingham in a joint venture with Possfund (now the Royal Mail Pension Plan), a major United Kingdom pension fund managed by Hermes Property Asset Management. In July 2000, Westfield entered into a 50:50 joint venture with MEPC Group for a further six centres, with MEPC Group subsequently selling their interest in the properties to BT Pension Scheme, a major United Kingdom pension fund also managed by Hermes Property Asset Management. Extensive redevelopment opportunities exist within the portfolio given the United Kingdom's low retail space per capita compared to other countries in which Westfield operates.

Net operating incomes for the seven centres have, in each year, either met or exceeded expectations at the time of their acquisition and plans are moving forward for major redevelopment of the portfolio.

Operations

Retail sales data for the United Kingdom for the 12 months to 31 March 2004 show an increase of approximately 2% over the previous 12 month period (per BRC-KPMG Retail Sales Monitor). Whilst Westfield does not collect sales data from all tenants within its United Kingdom shopping centre portfolio, indications are that the Westfield centres have experienced similar levels of sales growth.

Occupancy levels in the centres have increased from 95.3% at the time of acquisition to in excess of 99% as at 31 March 2004.

Development activities

Each of the United Kingdom shopping centre interests are located within town centres. The redevelopment of in-town retail centre locations is favoured by government policy. The Westfield Group has extensive expertise in redeveloping in town shopping centres.

Outline planning approval permission has now been obtained for The Eagle Centre, Derby (£200 million), and The Brunel Centre in Swindon (£180 million). The relevant councils have resolved to grant outline planning permissions for a development at The Friary Centre in Guildford (£140 million) and The Broadmarsh centre in Nottingham (£400 million). The planning permissions for these centres will be issued upon planning agreements being entered into with the relevant Council and this is expected to occur shortly.

Significant progress has been made on pre-development work at The Eagle Centre, Derby, with construction expected to commence in the second half of this year.

The assets in the United Kingdom portfolio are listed below:

Property	Location	Acquisition Date	Book Value 31/12/03 (£ million) ⁽¹⁾	Latest Independent Valuation Date	Lettable Area 31/03/04 (Sqm)	Number of Retailers 31/03/04	Major Retailers
Castle Court (50%)	Belfast	2000	87.8	June 02	30,879	77	Debenhams
The Mill Gate Centre (50%)	Bury	2000	44.1	June 02	32,660	142	Boots, Bhs
The Eagle Centre (50%)	Derby	2000	81.8	June 02	50,997	99	Boots, Bhs, Woolworths, Sainsbury's
The Friary (50%)	Guildford	2000	61.8	June 02	14,032	68	Alders
The Brunel Centre (50%)	Swindon	2000	56.3	June 02	48,987	110	House of Fraser, Boots, Sainsbury's
Royal Victoria Place (50%)	Tunbridge Wells	2000	51.1	June 02	28,300	116	Fenwick
The Broadmarsh Centre (75%)	Nottingham	2000	74.0	n/a	44,900	110	Alders, Bhs
Total United Kingdom portfolio			456.9		250,755	722	

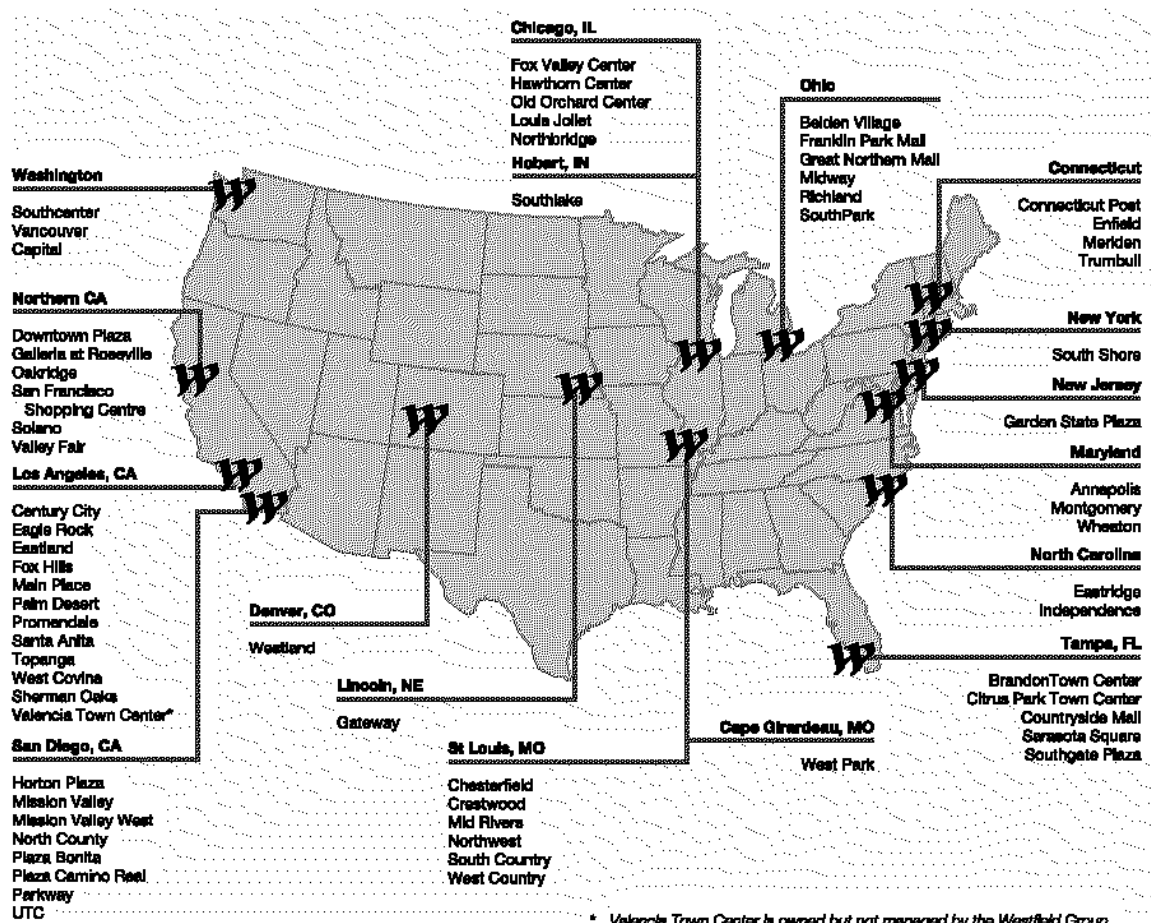
¹ Book value reflects the Westfield Group's Ownership Share.

United States

Operations

The Westfield Group will own interests in 66 shopping centres in the United States, of which 65 are managed by the Westfield Group, with a value of US\$11.9 billion (as at 31 March 2004) of which the Westfield Group's proportionate interest in the book value is US\$9.7 billion, comprising 6.3 million square metres of retail space and approximately 9,300 retail outlets. The Westfield Group is one of the largest shopping centre owners in the United States, a leading player in the largest five United States markets by population and has a strong presence in the majority of the largest 25 United States markets by population.

The location of the Westfield Group's United States properties is shown below.



The Westfield Group is also a leading manager and developer of United States airport concessions with 9 concessions totalling approximately 400,000 square feet at Washington D.C., Houston, San Antonio, Orlando, Newark, New York and Boston.

Whilst there has been a softer retail trading environment in the United States since September 2001, there has been an improvement in trading conditions over the past 12 months. Total retail sales at Westfield shopping centres in the United States totalled approximately US\$15 billion during the 12 months ended 31 March 2004, with comparable specialty store sales growth per square foot increasing by 3.8% over the previous 12 month period. This now shows a trend of 12 months of consecutive sales growth. Solid demand for space in existing and redeveloped centres has continued, with specialty store space 92%

leased as at 31 March 2004, unchanged from 31 March 2003. As at 31 December 2003, the portfolio was 94% leased. This occupancy level is at the high end of the United States shopping mall peer group.

The 22 centres acquired from the Jacobs Group and RNA in 2002 have been fully integrated into the Westfield management platform and the Westfield Shoppingtown brand has been launched at all of these centres (excluding Valencia, which is not managed by the Westfield Group). These two portfolio acquisitions are key examples of the Westfield Group's demonstrated ability to grow assets under management through the acquisition of properties within existing markets and the rapid and successful integration of those properties into the Westfield portfolio.

Development activities

The Westfield Group currently has US\$930 million of redevelopment projects underway in the United States portfolio. Major expansion projects currently under construction include:

- The San Francisco Center, San Francisco (US\$410 million) – the redevelopment of this centre with the adjacent former Emporium department store in downtown San Francisco is the largest project currently under construction by the Westfield Group in the United States. The project is expected to yield between 8.0% and 8.5% on development cost. Upon scheduled completion towards the end of 2006 the centre will comprise the largest Bloomingdale's department store outside New York and the largest Nordstrom department store outside Seattle, a state-of-the-art theatre complex and over 200 specialty stores. Over 1 million square feet will be added to the existing 500,000 square feet.
- Century City, Los Angeles (US\$127 million) – This project, which commenced early in 2004, is expected to yield 9.0% on development cost upon scheduled completion in the first half of 2006. The development includes the addition of 70,000 square feet including additional specialty stores and the relocation and redevelopment of the existing food court and theatres.
- Franklin Park, Ohio (US\$113 million) – A project yield of 9.1% on development cost is expected upon completion in mid 2005. The redevelopment includes the addition of a new entertainment and lifestyle precinct comprising a 75,000 square foot Dicks Sporting Goods store, a 16 screen cinema, a relocated and expanded food court, restaurants and 25 new specialty stores, as well as an 80,000 square foot expansion of the existing Dillard's department store.
- Wheaton, Maryland (US\$111 million) – this project, which is expected to yield 9.1% on development cost and is scheduled to be completed mid 2005, will include a new 175,000 square foot Macy's department store, 100,000 square feet of additional specialty store space and additional parking.
- Santa Anita, Los Angeles (US\$98 million) – upon scheduled completion at the end of 2004, this project will comprise a new 16 screen theatre, a relocated 750 seat food court, Borders Books and Music, Sports Chalet, Dave & Busters, restaurants and approximately 30 new specialty stores. This project is expected to yield 9.2% on development cost.

A number of projects have commenced on properties which were acquired as part of the RNA transaction. Since settling on this portfolio, the Westfield Group has US\$669 million of projects under construction on properties within the former RNA portfolio (the San Francisco Center, Century City, Great Northern and Franklin Park). Similarly, the Westfield Group has identified a number of development opportunities within the portfolio acquired from the Jacobs Group which are in advanced stages of planning.

A further US\$1.0 billion of identified future projects are expected to be in progress in the United States with a total of up to 15 projects to be in progress during calendar year 2004, the largest number of projects the Westfield Group has undertaken in the United States at any one time. Work is expected to commence in mid 2004 at Topanga in Los Angeles and Connecticut Post in Connecticut, whilst projects at Garden State Plaza in New Jersey and Chesterfield in Missouri are expected to commence later in 2004. Planning is also underway for projects at Southcenter in Washington, Southgate in Florida, Southpark in Ohio, Meriden in Connecticut, UTC and Plaza Bonita in San Diego.

The assets in the United States portfolio are listed below:

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
WEST COAST									
SAN DIEGO									
Horton Plaza	San Diego	1998	224.5	Oct-01	864.9	445	503.6	136	Macy's, Nordstrom, Mervyn's, 14-screen theatre
Mission Valley (76%)	San Diego	1996	144.1	Oct-01	1,356.2	359	562.9	90	Robinsons-May, Macy's Home & Furniture, Target, Nordstrom Rack, Bed Bath & Beyond, Loehmans, Michaels, 20-screen theatre
Mission Valley West ⁽²⁾ (76%)	San Diego	1996	n/a	n/a	212.8	410	212.8	16	DSW Shoe Warehouse, Gateway Computers, Borders, Old Navy
North County	Escondido	1996/1998	161.6	Apr-02	1,255.6	382	375.1	181	Nordstrom, Robinsons-May (2), Macy's, JC Penney, Sears
Parkway	El Cajon	1998	195.9	Oct-01	1,140.3	394	533.9	190	Robinsons-May, Sears, JC Penney, Mervyn's, Wal-Mart (opening 2004)
Plaza Bonita	National City	1996	162.4	Jun-03	817.6	413	308.8	140	Robinsons-May, JC Penney, Mervyn's
Plaza Camino Real (40%)	Carlsbad	1996	60.4	Jun-03	1,124.4	348	406.2	152	Macy's (2), Sears, Robinsons-May, JC Penney

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
UTC (50%)	San Diego	1998	100.3	Oct-01	1,034.7	459	440.2	150	Nordstrom, Macy's, Robinsons-May, Sears
LOS ANGELES									
Century City	Los Angeles	2002/2003	345.2	n/a	795.9	627	382.8	129	Bloomingdale's, Macy's, 14-screen theatre, 56,000 sq.ft. Office Space
Eagle Rock	Los Angeles	1996	39.0	Oct-01	458.5	184	168.0	71	Robinsons-May, Target
Eastland	West Covina	1996	92.9	Dec-03	796.4	316	594.6	35	Power Centre: Target, Mervyn's, Old Navy, Baby's 'R' Us, Burlington Coat, 14-screen theatre
Fashion Square (50%)	Sherman Oaks	2002	68.5	n/a	848.2	433	345.6	132	Bloomingdale's, Macy's
Fox Hills	Culver City	1998	112.0	Oct-01	870.8	313	319.5	145	Macy's, Robinsons-May, JC Penney
Main Place	Santa Ana	2002	213.9	Dec-03	1,109.9	423	449.4	183	Macy's, Nordstrom, Robinsons-May (2), 6-screen theatre
Palm Desert	Palm Desert	1999	142.5	Dec-02	968.8	346	378.0	153	Macy's (2), Robinsons-May, JC Penney, Barnes & Noble, Sears (opening 2004)
Promenade	Woodland Hills	1998	78.0	Oct-01	615.1	399	345.1	54	Macy's (2), Barnes & Noble, 14-screen theatre

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
Santa Anita (90%)	Arcadia	1998	152.3	Oct-01	1,060.1	368	379.3	154	Nordstrom, Macy's, Robinsons-May, JC Penney
Topanga	Canoga Park	1996/1998	199.3	Dec-03	1,043.8	453	365.2	129	Nordstrom, Robinsons-May, Sears
Valencia (3) (25%)	Valencia	2002	0.0	n/a	730.0	n/a	335.0	150	JC Penney, Robinsons-May, Sears
West Covina	West Covina	1996	170.0	Oct-01	1,179.7	323	531.6	214	Macy's, Robinsons-May, Sears, JC Penney
NORTHERN CALIFORNIA									
Downtown Plaza	Sacramento	1998	157.4	Oct-01	1,197.9	340	406.7	120	Macy's (2), 7-screen theatre, 278,000 sq.ft. Office Space
Oakridge	San Jose	1998	300.5	Dec-03	1,163.5	355	625.3	203	Macy's, Sears, Target (opening 2004), 20-screen theatre
Galleria at Roseville	Roseville	2002	212.0	n/a	1,036.2	460	464.1	139	Nordstrom, Macy's, JC Penney, Sears
San Francisco Centre	San Francisco	2002	148.9	n/a	497.7	544	185.7	70	Nordstrom
Solano	Fairfield	1998	118.8	Oct-01	1,031.4	352	471.9	155	Macy's, Sears, JC Penney, Mervyn's, Best Buy, 16-screen theatre
Valley Fair (50%)	San Jose	1998	356.1	Dec-03	1,476.2	634	741.5	263	Nordstrom, Macy's (2),

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
WASHINGTON									
Capital	Olympia	1998	71.6	Oct-01	582.3	314	275.7	113	JC Penney, Mervyn's, Bon Marché, Best Buy, 4-screen theatre
Southcenter	Seattle	2002	142.1	Mar-02	1,327.5	510	370.0	158	Nordstrom, Bon Marché, JC Penney, Sears, Mervyn's
Vancouver	Vancouver	1996/2000	103.8	Jun-03	884.2	305	342.6	140	Meier & Frank, Nordstrom, Sears, JC Penney, Mervyn's
COLORADO									
Westland	Denver	1996	23.6	Dec-03	471.2	239	169.8	16	Sears, Lowes (opening 2004)
MIDWEST									
ILLINOIS / INDIANA									
Fox Valley	Aurora	2002	186.9	n/a	1,445.4	341	565.6	192	Carson Pirie Scott, Marshall Field's, Sears, JC Penney
Hawthorn	Vernon Hills	2002	183.0	n/a	1,291.0	355	488.2	158	Carson Pirie Scott, Marshall Field's, Sears, JC Penney
Louis Joliet	Joliet	2003	92.8	n/a	943.9	346	327.4	108	Carson Pirie Scott, Marshall Field's, Sears, JC Penney
North Bridge (33%)	Chicago	2003	106.1	n/a	685.7	565	425.7	76	Nordstrom

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
Old Orchard	Skokie	2002	317.9	n/a	1,807.6	464	683.6	138	Bloomingdale's, Lord & Taylor, Marshall Field's, Nordstrom, Saks Fifth Avenue, 13-screen theatre, 60,000 sq.ft. Office Space
Southlake	Hobart	2002	178.3	Dec-03	1,286.0	362	599.7	180	Carson Pirie Scott, Kohl's, L.S. Ayers, Sears, JC Penney
OHIO									
Belden Village	Canton	2002	102.5	Mar-02	828.4	390	318.2	114	Dillard's, Kaufmann's, Sears
Franklin Park	Toledo	2002	167.0	n/a	1,057.6	455	281.1	116	Dillard's, JC Penney, Marshall Field's
Great Northern	North Olmstead	2002	131.6	Dec-03	1,155.4	295	352.1	152	JC Penney, Kaufmann's, Sears, Dillard's
Midway	Elroya	2002	78.9	Dec-03	1,055.7	279	394.0	128	Dillard's, JC Penney, Kaufmann's, Sears
Richland	Mansfield	2002	40.8	Dec-03	718.5	294	153.6	67	JC Penney, Kaufmann's, Lazarus, Sears
Southpark	Strongsville	2002	142.5	Mar-02	1,422.8	351	720.9	160	Dillard's, JC Penney, Kaufmann's, Kohl's, Sears

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
MISSOURI									
Chesterfield	Chesterfield	2002	125.0	Mar-02	1,287.3	291	466.8	157	Famous-Barr, Dillard's, Sears
Crestwood	St. Louis	1998	149.2	Jun-03	1,028.0	268	450.1	159	Famous-Barr, Dillard's, Sears, 10-screen theatre
Mid Rivers	St. Louis	1996	146.3	Jun-03	1,053.5	326	457.6	151	Famous-Barr, Dillard's, Sears, JC Penney, 14-screen theatre
Northwest	St. Ann	1997	101.0	Dec-03	1,839.7	256	887.3	174	Famous-Barr, Dillard's, Sears, 9-screen theatre, Steve & Barry's, 154,000 sq.ft. Office Space
South County	St. Louis	1996	150.6	Jun-03	1,020.6	311	357.2	150	Famous-Barr, Dillard's, JC Penney, Sears
West County	Des Peres	1996	287.7	Dec-02	1,267.0	364	476.6	157	Famous-Barr, Nordstrom, JC Penney, Lord & Taylor, Galyan's
West Park	Cape Girardeau	1996	52.5	Jun-03	502.3	227	229.9	82	Famous-Barr, JC Penney
NEBRASKA									
Gateway	Lincoln	2002	69.7	Mar-02	980.3	318	411.8	113	Dillard's, JC Penney, Sears, Younkers, Steve & Barry's, 61,000 sq.ft. Office Space

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
EAST COAST									
CONNECTICUT									
Connecticut Post	Milford	1996	165.5	Apr-02	1,011.2	314	423.6	154	Filene's, JC Penney, Sears
Enfield	Enfield	1996	66.7	Jun-03	722.1	266	251.4	78	Filene's (2), Sears, Target, 12-screen theatre
Meriden	Meriden	1996/1997	148.3	Apr-02	908.0	303	366.1	150	Filene's, Sears, JC Penney
Trumbull	Trumbull	1996	218.0	Apr-02	1,196.2	380	499.6	169	Macy's, Filene's, Lord & Taylor, JC Penney
MARYLAND									
Annapolis	Annapolis	1996/1997	268.1	Oct-01	1,205.5	491	513.4	176	Nordstrom, Hecht's, Lord & Taylor, JC Penney, Sears, 11-screen theatre
Montgomery (50%)	Bethesda	1996/2001	167.5	Jun-03	1,238.6	472	526.5	190	Nordstrom, Hecht's (2), Sears
Wheaton	Wheaton	1997/1999	158.8	Jun-03	1,246.4	345	427.7	115	Hecht's, JC Penney, Target, 11-screen theatre, 195,000 sq.ft. Office Space
NORTH CAROLINA									
Eastridge	Gastonia	2002	32.4	Dec-03	898.5	215	290.0	105	Belk, Dillard's, JC Penney, Sears
Independence (78%)	Wilmington	1998/1999	106.1	Apr-03	1,001.9	275	368.1	146	Belk, Dillard's, JC Penney, Sears

Property	Location	Acquisition Date	Book Value 31/12/03 (US\$ million)	Latest Independent Valuation Date	Total Leasable Area sqft 31/03/04 ('000)	Specialty Store Sales 31/12/03 (per sqft US\$)	Specialty Leasable Area sqft 31/03/04 ('000)	Number of Specialty Retailers 31/03/04	Major Retailers and Special Features
FLORIDA									
Brandon	Brandon	2002	165.1	n/a	985.4	385	365.7	151	Burdines's, Dillard's, JC Penney, Sears
Citrus Park	Tampa	2002	171.6	n/a	1,098.9	361	452.7	143	Burdines's, Dillard's, JC Penney, Sears, 20-screen theatre
Countryside	Clearwater	2002	158.4	Dec-03	1,218.0	358	399.2	169	Burdines's, Dillard's, JC Penney, Sears
Sarasota	Sarasota	2003	77.5	n/a	854.2	303	273.5	113	Burdines's, Dillard's, JC Penney, Sears
Southgate	Sarasota	2003	62.6	n/a	422.1	459	136.3	49	Burdines's, Dillard's, Saks Fifth Avenue
OTHER									
NEW JERSEY									
Garden State ⁽¹⁾ (60%)	Paramus	2000/2002	463.1	Dec-02	1,999.4	530	866.6	276	Macy's, Lord & Taylor, JC Penney, Nordstrom, Neiman Marcus
NEW YORK									
South Shore	Bay Shore	1996	187.9	Apr-02	1,165.4	417	308.1	126	Macy's, Lord & Taylor, Sears, JC Penney
Total United States portfolio			9,725.5		67,800.3		27,506.8	9,023 ⁽⁵⁾	

Notes:

1 All properties are owned 100% unless otherwise shown, book values reflect Westfield Americas's ownership share

2 Mission Valley West book value is included in Mission Valley

3 Valencia is not managed by the Westfield Group

4 Book value for Garden State Plaza has been restated to reflect a 60% interest

5 The number of specialty retailers does not include US airport concessions

2.5 Board of Directors and Senior Management

Board of Directors

If the Merger proceeds, it is intended that each of the Boards of Westfield and the Responsible Entities will comprise directors common to each board.

A final decision on the composition of the Boards of the Westfield Group has not been made. However, it is expected that the directors of the Westfield Group will comprise the existing executive directors of Westfield, together with a majority of non-executive directors drawn from the existing non-executive directors of Westfield and of the Responsible Entities. Mr Frank P Lowy AC will continue as Chairman of the Westfield Group.

The current directors of Westfield and the Responsible Entities are set out below:

Name of director	Role	Westfield director	WFT director	WFA director
Frank P Lowy, AC	Chairman	✓	✓	✓
Frederick G Hilmer, AO	Deputy Chairman	✓		
David H Lowy, AM	Deputy Chairman	✓		
Jillian R Broadbent, AO	Non-executive Director		✓	✓
William J Falconer, CNZM	Non-executive Director		✓	
Robert A Ferguson	Non-executive Director	✓		
Roy L Furman	Non-executive Director			✓
David M Gonski, AO	Non-executive Director	✓		
Herman Huizinga	Non-executive Director		✓	✓
Stephen P Johns	Non-executive Director	✓	✓	✓
Peter S Lowy	Managing Director	✓	✓	✓
Steven M Lowy	Managing Director	✓	✓	✓
Robert C Mansfield, AO	Non-executive Director		✓	✓
John B Studdy, AM	Non-executive Director		✓	✓
Francis T Vincent	Non-executive Director			✓
Gary Weiss	Non-executive Director		✓	
Dean R Wills, AO	Non-executive Director	✓		
Carla M Zampatti, AM	Non-executive Director	✓		

The profiles of the current directors of Westfield and the Responsible Entities are:

Frank P Lowy, AC, Chairman

Mr Frank Lowy AC is Executive Chairman and co-founder of the Westfield Group. He is a Member of the Board of the Reserve Bank of Australia, a director of Daily Mail and General Trust plc (UK), a member of The Scripps Research Institute Board of Trustees and Chairman of the Lowy Institute for International Policy and Australian Soccer Association Limited.

Frederick G Hilmer, AO, Deputy Chairman

Appointed a non-executive director of Westfield Holdings Limited in 1991 and non-executive deputy chairman in 1997, Mr Hilmer is the chief executive officer and a director of John Fairfax Holdings Limited

and was appointed to that position in 1998. Between 1989 and 1997, Mr Hilmer was dean and Professor of Management at the Australian Graduate School of Management (University of NSW).

David H Lowy, AM, Deputy Chairman

David Lowy joined Westfield in 1977, was appointed as an executive director in 1982 and became managing director in 1987, a position he held until June 2000. In June 2000, Mr Lowy was appointed as a non-executive Deputy Chairman. David Lowy is a principal of LFG Holdings and is the founder and president of Temora Aviation Museum.

Jillian R Broadbent, AO, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited and Westfield America Management Limited in May 2002, Jillian Broadbent is a member of the board of the Reserve Bank of Australia and a director of Woodside Petroleum Ltd, Coca-Cola Amatil Ltd and the Special Broadcasting Service.

William J Falconer, CNZM, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited in May 2002, William Falconer is chairman of a number of companies including Hellaby Holdings Ltd, Restaurant Brands NZ Ltd, Oyster Bay Marlborough Vineyards and Westgate Transport Ltd, and is a director of Tower Limited and the New Zealand Symphony Orchestra.

Robert A Ferguson, Non-executive Director

Appointed as a non-executive director of Westfield Holdings Limited in 1994, Robert Ferguson is an associate of the Securities Institute of Australia and a director of the Lowy Institute for International Policy, chairman of Eduvest Limited, deputy chair, The Sydney Institute and a director of Sydney Writers Festival. From 1986 until 1999, Mr Ferguson was Chief Executive Officer of Bankers Trust Australia Limited. He also served as Chairman of Bankers Trust New Zealand and was a member of the Management Committee of Bankers Trust Company. From 1999 until 2003, he was Chairman of BT Financial Group.

Roy L Furman, Non-executive Director

Appointed as a non-executive director of Westfield America Management Limited in May 2002, Roy Furman, based in the United States, is vice chairman of Jefferies & Company and chairman of Jefferies Capital Partners, a group of private equity funds. He was co-founder of Furman Selz (1973), an international investment banking, institutional brokerage and money-management firm. Mr Furman is also a former director of Westfield America, Inc.

David M Gonski, AO, Non-executive Director

Appointed as a non-executive director of Westfield Holdings Limited in 1985, David Gonski is also chairman of Investec Wentworth Pty Ltd and Coca-Cola Amatil Limited. He is a director of John Fairfax Holdings Ltd and ANZ Banking Group Ltd. He is president of the Art Gallery of NSW Trust and chairman of the National Institute of Dramatic Art and the Australia Council.

Herman Huizinga, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited and Westfield America Management Limited in May 2002, Herman Huizinga also serves on the board of the Eye Hospital in Rotterdam. Mr Huizinga was previously a member of the Executive Board of ING Group, headquartered in The Netherlands. He is also a former director of Westfield America, Inc.

Stephen P Johns, Non-executive Director

Appointed as an executive director of Westfield Holdings Limited and Westfield Management Limited in 1985 and Westfield America Management Limited in 1996. Stephen Johns held a number of positions including Group Finance Director and Executive Director, Capital Markets within Westfield. Mr Johns became a non-executive director of the three boards in October 2003. Mr Johns is also a member of the Council of Governors of Ascham School, a director of Ascham Foundation Limited and a director of Sydney Symphony Orchestra Holdings Pty Limited.

Peter S Lowy, Managing Director

Peter Lowy was appointed as an executive director of Westfield Holdings Limited in 1987, of Westfield Management Limited in 1986 and of Westfield America Management Limited in 1996. Peter Lowy has resided in the United States since 1990 and was appointed a Managing Director in 1997. He serves on the Board of Governors for the National Association of Real Estate Investment Trusts and is a director of the Lowy Institute for International Policy. He is also a director of Westfield America, Inc.

Steven M Lowy, Managing Director

Steven Lowy was appointed as an executive director of Westfield Holdings Limited and Westfield Management Limited in 1989 and an executive director of Westfield America Management Limited in 1996. In 1997, he was appointed a Managing Director. Steven Lowy is a director of the Victor Chang Cardiac Research Institute and a director of the Lowy Institute for International Policy.

Robert C Mansfield, AO, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited and Westfield America Management Limited in May 2002, Bob Mansfield is chairman of CDS Technologies Pty Ltd and AAV Limited. He was CEO of McDonald's Australia, Wormald International Ltd, Optus Communications and John Fairfax. Mr Mansfield was appointed a director of Telstra in November 1999 and held the position of non-executive chairman of Telstra from January 2000 to April 2004. He has also filled a number of positions for the Federal Government.

John B Studdy, AM, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited and Westfield America Management Limited in January 2004, John Studdy is a director and former chairman of Ten Network Holdings Limited and a director of Angus & Coote (Holdings) Limited. Mr Studdy is also a former senior partner of Coopers & Lybrand and chairman and director of a number of public companies, including Mercantile Mutual Holdings Limited. He is also an honorary vice president of the International Federation of MS Societies and chairman of the Pain Management Research Institute.

Francis T Vincent, Non-executive Director

Appointed as a non-executive director of Westfield America Management Limited in May 2002, Francis T Vincent, Jr. based in the United States, is a director of Time Warner, Inc. Mr Vincent has held the positions of executive vice president of the Coca-Cola Company, president and chief executive officer for Columbia Pictures Industries, Inc., and associate director of the division of corporation finance of the US Securities and Exchange Commission. He was the 8th Commissioner of Major League Baseball. Mr Vincent is also a former director of Westfield America Inc.

Gary H Weiss, Non-executive Director

Appointed as a non-executive director of Westfield Management Limited in May 2002, Gary Weiss is an executive director of Guinness Peat Group plc, chairman of Coats Group Limited, Ariadne Australia Ltd and MEM Group Ltd and is a director of Capral Aluminium Limited and various other public companies in Australia, the UK and New Zealand.

Dean R Wills, AO, Non-executive Director

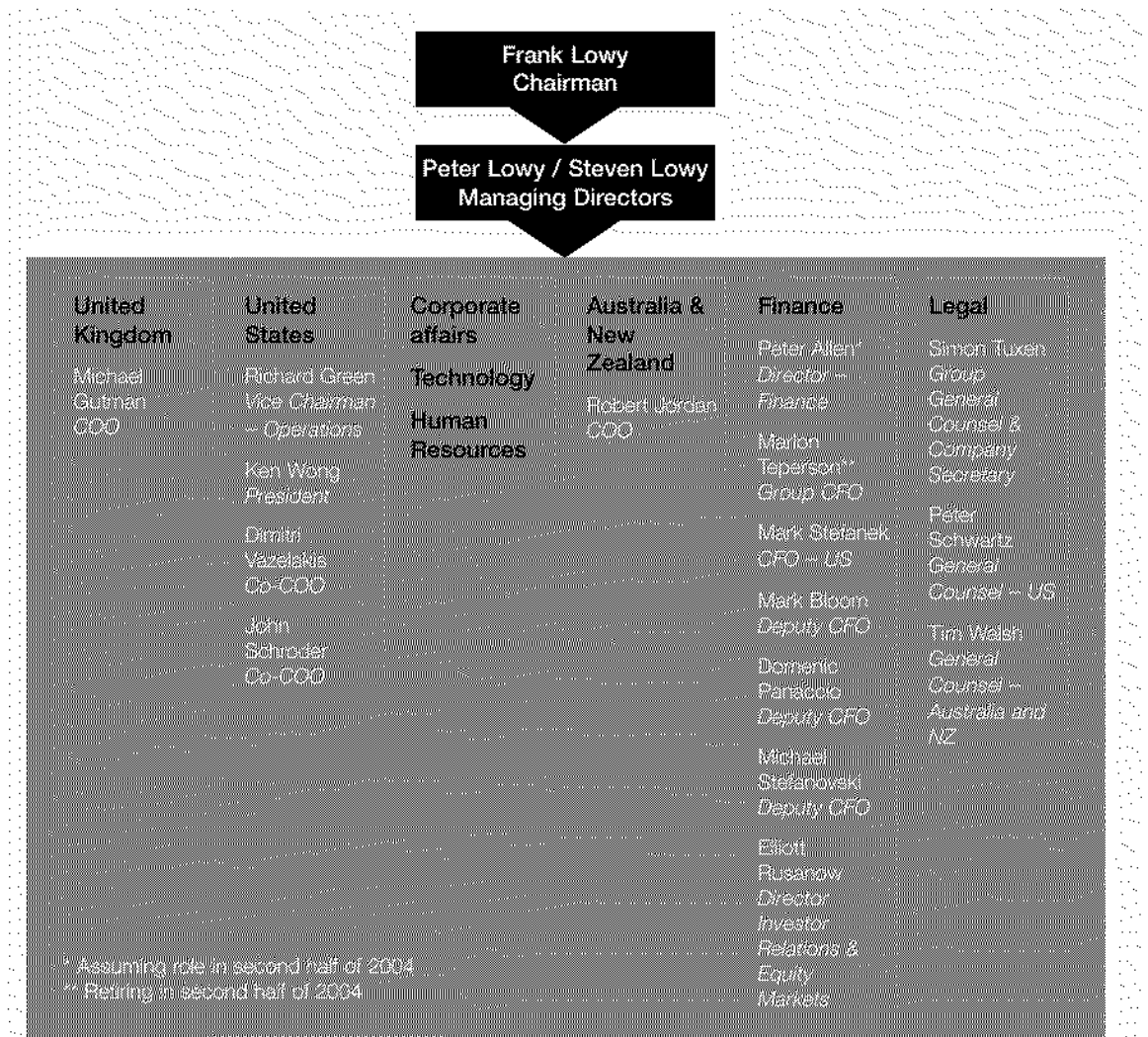
Appointed as a non-executive director of Westfield Holdings Limited in 1994, Dean Wills is chairman of Transfield Services Ltd, chairman of the Coca-Cola Australia Foundation and chairman of John Fairfax Holdings Ltd, a fellow of the Australian Institute of Company Directors (AICD) and a fellow of the Australian Marketing Institute (AMI).

Carla M Zampatti, AM, Non-executive Director

Appointed as a non-executive director of Westfield Holdings Limited in 1997, Carla Zampatti is executive chairman of the Carla Zampatti Group, chairman of the Special Broadcasting Service (SBS), a director of McDonald's Australia Limited and a trustee of the Sydney Theatre Company Foundation Trust.

Westfield Group senior management

The Westfield Group senior management team is set out in the following chart:



The Westfield Group has a solid track record reflecting the efforts, dedication and skill of all of its staff who are led by an experienced and long serving senior management team. This senior management team drives the Westfield Group's intensive management culture. The top 20 executives have an average age of 48 years with an average length of service at Westfield of 13 years, while the top 50 executives have an average age of 47 and average length of service of 11 years. This reflects both the depth of experience and loyalty which provides management stability and continuity for the Westfield Group.

Responsibility for management of the Westfield Group will continue to rest with these executives.

The profiles of the members of the senior management team are:

Peter Lowy, Managing Director – see above.

Steven Lowy, Managing Director – see above.

Peter Allen, CEO, United Kingdom and Europe

Peter Allen joined the Westfield Group in 1996 and is responsible for the European and United Kingdom operations. Mr Allen is based in London and is a member of Westfield's Global Executive Management Committee. Mr Allen will move to Australia to assume the role of Director-Finance in the second half of 2004.

Mark Bloom, Deputy Chief Financial Officer

Mark Bloom joined the Westfield Group in March 2003 as Deputy Chief Financial Officer. Prior to joining the Westfield Group Mr Bloom was Executive Director Finance for the Liberty Group Ltd in Johannesburg.

Richard Green, Vice Chairman – Operations, United States

Richard Green joined the Westfield Group in 1980. Mr Green is responsible for new business initiatives in the United States, manages relationships with top United States retail clients and advises on development issues for the Westfield Group's United States shopping centres.

Michael Gutman, Chief Operating Officer United Kingdom/Europe

Michael Gutman joined the Westfield Group in 1993. In 1999 Mr Gutman was appointed Joint Chief Operating Officer responsible for development, design and construction in Australia and New Zealand. In early 2003 Mr Gutman relocated to the United Kingdom as Chief Operating Officer United Kingdom/Europe.

Robert Jordan, Chief Operating Officer, Australia and New Zealand

Robert Jordan joined the Westfield Group in 1987. In 1999 Mr Jordan was appointed Joint Chief Operating Officer responsible for management, marketing and leasing in Australia and New Zealand and in 2003, he was appointed Chief Operating Officer for Australia and New Zealand.

Domenic Panaccio, Chief Financial Officer WFA, Deputy Chief Financial Officer, Westfield Group

Domenic Panaccio joined the Westfield Group in 2004 as Chief Financial Officer WFA and Deputy Chief Financial Officer of the Westfield Group. Prior to joining the Westfield Group, Mr Panaccio spent 21 years with the Fosters Group where he held senior positions in the finance and capital markets areas.

Elliott Rusanow, Director Investor Relations & Equity Markets

Elliott Rusanow joined the Westfield Group in 1999. In October 2003, Mr Rusanow was appointed Director – Investor Relations & Equity Markets, having previously held the positions of Executive Assisting the Managing Director and Manager, Westfield Trust.

John Schroder, Co-Chief Operating Officer, United States.

John Schroder joined the Westfield Group in 1994. In 2000, Mr Schroder transferred to the United States from Australia and holds the position of Co-Chief Operating Officer, responsible for leasing, management and marketing for the Westfield Group's United States portfolio.

Peter Schwartz, Senior Executive Vice President and General Counsel, United States

Peter Schwartz joined the Westfield Group in 2002. Mr. Schwartz was a Partner at Debevoise & Plimpton in New York from 1994 to 2002 and an associate at the firm from 1984 to 1993. At Debevoise, Mr. Schwartz began working with Westfield in 1986.

Mark Stefanek, Chief Financial Officer, United States

Mark Stefanek joined the Westfield Group in 1994 and was appointed Chief Financial Officer, United States in 1997. With extensive experience in real estate finance and development, Mr Stefanek is responsible for the United States' treasury, accounting, financial reporting and tax compliance.

Michael Stefanovski, Chief Financial Officer WFT, Deputy Chief Financial Officer Westfield Group

Michael Stefanovski joined the Westfield Group in December 2003 as Chief Financial Officer of WFT and Deputy Chief Financial Officer of the Westfield Group. Prior to joining the Westfield Group, Mr Stefanovski was Chief Financial Officer for Perpetual Trustees Australia Limited.

Marlon Teperson, Group Chief Financial Officer

Marlon Teperson joined the Westfield Group in 1989 and was appointed Group Chief Financial Officer in 2002. Marlon Teperson recently announced his retirement from the company to be effective in the second half of 2004.

Simon Tuxen, Group General Counsel and Company Secretary

Simon Tuxen joined the Westfield Group in 2002 as the Group General Counsel and Company Secretary. Prior to joining Westfield, Mr Tuxen was the General Counsel of BIL International Limited in Singapore and the Group Legal Manager of the Jardine Matheson Group in Hong Kong. Mr Tuxen was a partner of Mallesons Stephen Jaques from 1987 to 1993.

Dimitri Vazelakis, Co-Chief Operating Officer, United States

Dimitri Vazelakis joined the Westfield Group in 1972. In 1986 Mr Vazelakis transferred to the United States from Australia and is now responsible for design and construction activities in the United States and co-ordinating the global design and construction team.

Tim Walsh, General Counsel, Australia and New Zealand

Tim Walsh joined Westfield in 1987 as Company Secretary and General Counsel. Mr Walsh has been in his current position as General Counsel – Australia and New Zealand since 1997.

Kenneth Wong, President – United States Operations

Kenneth Wong joined the Westfield Group in 2003 as Co Chief Operating Officer – Development. Before coming to Westfield, Mr Wong served nine years with The Walt Disney Company where he held a number of key executive positions, including President of Walt Disney Imagineering. Earlier this year, Mr Wong was appointed to the position of President – United States Operations.

Employees

Except as set out in sections 11.10 and 11.19.2, employee arrangements will be unaffected by the Merger. The Westfield Group will have the benefit of the employees who currently run the separate businesses of the three Westfield Entities, continuing to run the businesses of the Westfield Group.

3. FINANCIAL INFORMATION

3.1 Introduction

This section contains information concerning:

- **Historical and forecast statements of financial performance** compiled on an AGAAP basis for each of Westfield (section 3.4.1), WFT (section 3.4.2) and WFA (section 3.4.3) on a standalone basis as if the Merger had not been effected:
 - Historical
Years ended 30 June 2002 and 2003 and the six month period ended 31 December 2003
 - Forecast
Years ending 30 June 2004, 2005 and 2006
 - **Historical and forecast pro forma consolidated statements of financial performance and distribution** for the Westfield Group compiled on an AGAAP basis (section 3.5.3) and **historical and forecast pro forma consolidated statements of cash flows** for the Westfield Group on an AGAAP basis (section 3.5.5) as follows:
 - Historical
Years ended 30 June 2002 and 2003 and the six month period ended 31 December 2003
 - Forecast
Years ending 30 June 2004, 2005 and 2006
 - **Forecast pro forma consolidated statements of financial performance and distribution** for the Westfield Group compiled on an Expected IFRS basis (section 3.3) for the years ending 30 June 2005 and 2006 (section 3.5.4).
 - **Historical statements of financial position** for Westfield, WFT and WFA compiled on an AGAAP basis and **pro forma consolidated statements of financial position** for the Westfield Group compiled on both an AGAAP and Expected IFRS basis at 31 December 2003 as if the Merger transaction had occurred on that date (section 3.5.1).
 - **Assumptions** underlying the preparation of forecast financial information for individual entities on a standalone basis and forecast pro forma financial information for the Westfield Group (section 3.6) and related sensitivity analysis (section 3.7).
 - **Principal differences between AGAAP and Expected IFRS** as they relate to the Westfield Group (section 3.10).
 - **The distribution policy** for the Westfield Group for the years ending 30 June 2005 and 2006 (section 3.8).
 - **Historical, forecast and pro forma forecast distributions** per security (section 3.8.1) as follows:
 - Historical information for Westfield, WFT and WFA for the years ended 30 June 2002 and 2003 and the six month period ended 31 December 2003;
 - Forecast information for Westfield, WFT and WFA for the year ending 30 June 2004; and
 - The pro forma forecast distribution for the years ending 30 June 2005 and 30 June 2006 based on the conversion ratio for the Merger.
- The tabular summary also sets out the tax advantaged or franked component of each historical, forecast and pro forma forecast distribution.
- Summary of Westfield Group gearing position, interest rate and foreign exchange management practices (section 3.9).

- Business risk factors which may impact on the future operations and performance of Westfield, WFT and WFA on an entity standalone basis and on the Westfield Group (section 3.11).
- All financial information included in this section is shown in A\$ unless otherwise noted.

Summary financial tables are set out at the end of this section 3 for ease of reference. The summary financial tables present the statements of financial performance, distribution, financial position and cashflow which are presented in this section 3. These tables should not be considered without reference to the detailed notes, descriptions, assumptions and bases of preparation described in this section 3.

3.2 Independent Accountant's Reports

Ernst & Young have reviewed the historical stand alone financial information for Westfield, WFT and WFA set out in sections 3.4.1, 3.4.2, 3.4.3 and 3.5.1 and the historical pro forma consolidated financial information set out in sections 3.5.1, 3.5.3 and 3.5.5. Their report on this financial information is set out in section 4.

Ernst & Young Transaction Advisory Services Limited has reviewed the forecast pro forma consolidated financial information set out in section 3.5.3, 3.5.4 and 3.5.5. Their report on this financial information is set out in section 5.

The historical and forecast pro forma financial information should be read in conjunction with the Independent Accountant's reports.

Shareholders, unitholders and optionholders should note the comments in relation to the scope and limitations of the Independent Accountant's review.

3.3 Adoption of International Financial Reporting Standards

For reporting periods beginning on or after 1 January 2005, it is expected that the Westfield Group will comply with Australian equivalent International Financial Reporting Standards ("IFRS") as issued by the Australian Accounting Standards Board ("AASB").

The AASB has committed to issue Australian equivalents to those IFRS on issue at 31 March 2004 that will be applicable from 1 January 2005.

The financial information presented in this Explanatory Memorandum that is referred to as being presented on an IFRS basis reflects the current interpretation of those standards and proposals that are expected to apply to the Westfield Group from 1 January 2005 ("**Expected IFRS**") comprising:

- Australian equivalents of those IFRS that are on issue at 31 March 2004 and that will be applicable as from 1 January 2005; and
- an International Accounting Standards Board's proposed exposure draft of an amendment to the Business Combinations Standard that will address the application of the purchase method of accounting to a stapling transaction of the type proposed for the formation of the Westfield Group.

Notwithstanding Australia's stated commitment to move to IFRS from 1 January 2005 it is possible that this start date may be deferred and it is also possible that the Expected IFRS referred to in the Explanatory Memorandum may change between now and the IFRS start date and it is possible that those changes could have a material effect.

The historical and forecast standalone financial information for each Westfield entity for the years ended 30 June 2002, 2003, six month period ended 31 December 2003 and year ending 30 June 2004, presented in this section, have been prepared in accordance with AGAAP. The pro forma consolidated statement of financial position at 31 December 2003 has been prepared in accordance with both AGAAP and Expected IFRS. The forecast pro forma consolidated statements of financial performance and distribution for the years ending 30 June 2005 and 30 June 2006, presented in section 3.5, have been prepared in accordance with both AGAAP and Expected IFRS.

The differences between AGAAP and Expected IFRS identified by management to date as potentially having a significant effect on the financial position and financial performance of the Westfield Group are summarised in section 3.10.

The financial effect of the major Expected IFRS differences on the forecast pro forma consolidated statements of financial performance for the years ending 30 June 2005 and 2006 are identified below the table at section 3.5.4. The financial effect of the major Expected IFRS differences on the pro forma consolidated statement of financial position as at 31 December 2003 are identified below the table at section 3.5.1. Whilst the introduction of Expected IFRS may result in volatility in the future reported results of the Westfield Group, it is not expected that these changes will affect the forecast distributions.

3.4 Historical and Forecast Statements of Financial Performance and Distribution by Entity

Introduction

The following tables set out summarised statements of financial performance for Westfield, WFT and WFA for the years ended 30 June 2002 and 2003 prepared under AGAAP. This financial information has been extracted from the audited financial reports for these years for Westfield. The financial reporting year end for WFT and WFA is 31 December and the financial information for these entities has been extracted from both the audited full year 31 December 2001, 2002 and 2003 financial reports and audited half year 30 June 2001, 2002 and 2003 financial reports and compiled into a 30 June financial year format.

The tables below also include summarised statements of financial performance for these entities for the six month period ended 31 December 2003 compiled from the reviewed half year financial report for Westfield and the audited 2003 financial reports for WFT and WFA referred to above.

The tables include summarised statements of forecasts of financial performance for those entities for the years ending 30 June 2004, 2005 and 2006. These standalone forecasts of financial performance have been compiled as if the Merger had not been transacted.

Adjustments have been made, where appropriate to ensure that the accounting policies for each of the entities have been consistently applied during all periods. There have been no changes in Australian Accounting Standards during these periods that have had a significant effect on any of the entities' operating results. The assumptions which have been used in preparation of the forecasts are set out in sections 3.6.1, 3.6.2 and 3.6.3.

3.4.1 Westfield Statements of Financial Performance and Distribution

	Historical			Forecast	
	Year Ended 30 June		Six Months Ended 31 Dec	Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M ⁽¹⁾	2005 \$M
Trading revenue	930.1	1,101.9	667.0	1,318.3	1,578.4
Project income	119.1	114.6	69.3	140.5	249.1
Property and funds management	60.9	100.6	62.7	117.9	136.1
Other expenses	(14.9)	(12.0)	(6.2)	(13.3)	(13.8)
Business income	165.1	203.2	125.8	245.1	299.6
Investment income	188.0	197.9	98.4	175.2	179.5
Net interest (expense)/ income	(64.5)	(40.7)	(8.3)	(9.2)	1.4
Net investment income	123.5	157.2	90.1	166.0	180.9
Profit before tax	288.6	360.4	215.9	411.1	480.5
Tax expense	(54.4)	(72.0)	(42.5)	(82.7)	(106.0)
Profit after tax	234.2	288.4	173.4	328.4	374.5
Dividend	118.6	144.4	86.7	163.5	187.8
Earnings per share – Cents (basic)	42.1	51.1	30.7	58.1	65.9
Dividends per share – Cents	21.1	25.6	15.3	28.9	32.9

(1) Under the Implementation Deed each of Westfield, WFT and WFA have agreed they will share the aggregate costs of the Merger in equal proportions. Costs estimated to total \$95 million have been forecast to be incurred in the year ending 30 June 2004. These costs relate to advisers fees and costs (time based and success based fees), establishment costs of a bridge finance standby facility and various other costs relating to the write-off of existing option arrangements.

The forecast standalone statements of financial performance for each of Westfield, WFT and WFA do not reflect any of the transaction costs. If the Merger does not proceed, not all of the transaction costs will be incurred and accordingly the costs that will be shared between Westfield, WFT and WFA in these circumstances are estimated to be approximately \$80 million. These costs will be expensed by each entity in the period ending 30 June 2004 and they will not affect the distributions announced on 22 April 2004.

In addition, if the Merger proceeds the Westfield investment in WFA will not participate in the proposed Stapling, which will result in a pre Merger writedown of Westfield's investment in WFA for the year ending 30 June 2004 by an amount of approximately \$575 million. This potential writedown has not been reflected in the Westfield forecast statement of financial performance for the year ending 30 June 2004 as set out above. If the Merger proceeds and the writedown is made it will not affect the Westfield announced distribution for this period as set out in section 3.5.2 (ii). If the Merger does not proceed the writedown will not be required.

Westfield Discussion and Analysis of Historical Performance

Year Ended 30 June 2002

Highlights for the year included:

- The \$6 billion Jacobs and Rodamco North America ("RNA") transactions were completed by WFA and the Centrepont complex in Sydney was acquired by WFT, adding a further 22 properties to Westfield's management portfolio; and
- Westfield's global development program continued with approximately \$1 billion of projects completed during the financial year.

Year Ended 30 June 2003

Highlights for the year included:

- The addition of a net six shopping centres to Westfield's management portfolio with a value of \$1.2 billion;
- The completion of \$840 million of development projects;
- The receipt of outline planning consent for three major development projects totalling £780 million in the United Kingdom; and
- At the end of the period, the development pipeline of projects under construction or in the advanced planning process, stood at \$6.4 billion.

6 Months Ended 31 December 2003

Highlights for the half year included:

- Completion of the \$2 billion acquisition of AMP Shopping Centre Trust ("**ART**") by WFT in August 2003;
- The addition of six shopping centres to Westfield's management portfolio with a value of \$1.1 billion;
- The completion of \$400 million of development projects;
- The commencement of \$750 million of development projects; and
- At the end of the period Westfield had a future development pipeline of \$7.0 billion, the largest in the company's history, with \$1.3 billion of projects added since June 2003.

3.4.2 WFT Statements of Financial Performance and Distribution

	Historical			Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M ⁽²⁾	2005 \$M	2006 \$M
Net property income ⁽¹⁾	646.9	723.0	413.6	839.9	935.7	987.4
Net profit from asset sales	7.3	4.0	15.4	19.3	–	–
Other expenses	(29.8)	(37.4)	(20.6)	(44.6)	(53.7)	(61.2)
EBIT	624.4	689.6	408.4	814.6	882.0	926.2
Net interest expense	(157.4)	(181.4)	(118.3)	(233.3)	(279.9)	(287.8)
Profit before tax	467.0	508.2	290.1	581.3	602.1	638.4
Tax expense	–	(0.5)	(0.2)	(0.6)	(1.0)	(1.2)
Profit after tax before outside equity interest	467.0	507.7	289.9	580.7	601.1	637.2
Outside equity interest	(5.7)	(8.4)	(3.3)	(6.5)	(6.9)	(7.2)
Profit after tax attributable to members	461.3	499.3	286.6	574.2	594.2	630.0
Distribution	454.0	495.3	271.2	554.9	594.2	630.0
Earnings per unit – cents (basic)	23.6	24.1	13.1	26.0	26.1	27.1
Distribution per unit⁽³⁾ – cents	23.2	24.0	12.4	25.1	26.1	27.1

(1) Represents property income, less property expenses and contribution from equity accounted investments.

(2) Refer to note (1) at 3.4.1 for the effect of the transaction costs on WFT results for the period to 30 June 2004 if the Merger does not proceed.

(3) Distribution per unit for the years ending 30 June 2002, 2003 and 2004 exclude any profit on asset sales.

WFT Discussion & Analysis of Historical Performance

Year Ended 30 June 2002

Highlights for the year included:

- WFT acquired AMP's 50% interest in Bondi Junction and 100% of Centrepont for \$375 million. WFT also sold a 50% interest in Liverpool for \$181 million to AMP; and
- Hornsby and Fountain Gate were completed at a total cost of \$573 million. Commencement of the \$700 million Bondi Junction redevelopment, and stage one of the \$67 million North Lakes shopping centre. In New Zealand construction continued on the NZ\$59 million redevelopment of the St Lukes shopping centre.

Year Ended 30 June 2003

Highlights for the year included:

- WFT's total assets increased by 34.8% over 30 June 2002 to \$12.4 billion. This was achieved primarily by the acquisition of the ART portfolio amounting to \$2.0 billion (85% at 30 June 2003, with the remainder acquired in August 2003), as well as other acquisitions and capital works;
- Acquisition of a 50% interest in Bay City Plaza and 100% of Sydney Central Plaza for \$473 million; and
- As part of the ART acquisition WFT sold two properties, Galleria in Perth and Toombul in Brisbane for net proceeds of \$610 million. During the period, WFT also sold 50% of Airport West shopping centre.

6 months Ended 31 December 2003

Highlights for the half year included:

- WFT sold the Colonnades centre in Adelaide (from the ART portfolio), and 50% of Arndale in Adelaide for net proceeds of \$174 million and purchased an additional 50% interest in Belconnen, in the Australian Capital Territory, for \$230 million;
- Stage one of the \$700 million Bondi Junction redevelopment was opened in November 2003 with a new David Jones department store, Woolworths supermarket and 20 specialty stores; and
- WFT issued \$500 million of medium term notes into the Australian debt capital market and also raised \$850 million from the sale of Unsecured Notes and Call Options over WFT units. The proceeds were used to retire bank debt.

3.4.3 WFA Statements of Financial Performance and Distribution

	Historical			Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M ⁽²⁾	2005 \$M	2006 \$M
Net property income ⁽¹⁾	898.6	1,370.7	698.8	1,297.7	1,344.9	1,457.0
Net profit/(loss) from asset sales	(14.8)	22.2	22.5	22.5	–	–
Other expenses	(25.8)	(38.4)	(28.7)	(47.3)	(49.6)	(51.7)
EBIT	858.0	1,354.5	692.6	1,272.9	1,295.3	1,405.3
Net interest expense	(466.0)	(622.8)	(265.5)	(469.8)	(433.0)	(486.9)
Profit before tax	392.0	731.7	427.1	803.1	862.3	918.4
Tax expense	(25.3)	(35.4)	(17.6)	(38.5)	(52.2)	(61.3)
Profit after tax before outside equity interest	366.7	696.3	409.5	764.6	810.1	857.1
Outside equity interest	(83.4)	(157.0)	(82.3)	(145.5)	(147.4)	(157.0)
Profit after tax attributable to members	283.3	539.3	327.2	619.1	662.7	700.1
Distribution	343.6	522.1	310.1	602.0	662.7	700.1
Earnings per unit – cents (basic)⁽³⁾	12.6	16.2	9.0	16.8	17.3	17.9
Distribution at average exchange rate – cents ⁽⁴⁾	16.3	14.7	7.0	12.7	13.6	14.3
Effect of exchange rate hedging – cents	(1.7)	0.9	1.5	3.6	3.7	3.6
Distribution – cents⁽³⁾	14.6	15.6	8.5	16.3	17.3	17.9
(1) Represents property income, including the effect of hedge contracts, less property expenses plus contribution from equity accounted investments. (2) Refer to note (1) at 3.4.1 for the effect of the transaction costs on WFA results for the period to 30 June 2004 if the Merger does not proceed. (3) Distribution per unit for the years ending 30 June 2002, 2003 and 2004 exclude any profit or loss on asset sales. Earnings per unit for the six months ended 30 June 2002 and 31 December 2002 is calculated on distribution entitlement which reflects the capital raising to fund the RNA property acquisition. Distribution per unit for the six months ended 30 June 2002 included a one time capital payment in respect of the capital raising to fund the RNA property acquisition. (4) Exchange Rates.						
– Average rate	0.5236	0.5841	0.6863	0.7186	0.7152	0.6941
– Average rate including hedge contracts applied to distributable income	0.5858	0.5519	0.5617	0.5613	0.5603	0.5553

WFA Discussion and Analysis of Historical Performance

Year Ended 30 June 2002

Highlights for the year included:

- A one time capital distribution of \$60 million (equivalent to 1.97 cents per unit). This comprised \$48 million to offset the dilutionary effect of the equity subscriptions raised prior to the settlement of the RNA acquisition, and \$12 million in respect of an investment write-off;
- During the year WFA acquired all the publicly held common shares in Westfield America, Inc. (WEA) which resulted in the de-listing of WEA;
- WEA joined with The Simon Property Group and The Rouse Company to acquire the property portfolio of RNA. The assets acquired by WEA, representing 14 shopping centres were valued at approximately US\$2.3 billion and WEA assumed liabilities of approximately US\$1.3 billion;
- In May 2002, WEA also completed the acquisition of the Jacobs Group portfolio. The combined value of the RNA and Jacobs Group acquisition was approximately \$6 billion. These acquisitions increased the size of the portfolio by 60 percent to more than 5.8 million square metres of retail space;
- The equity component of the acquisition (approximately \$2 billion) together with transaction costs and increased working capital were funded by total equity raisings of \$2.4 billion as follows:
 - \$1.15 billion from an underwritten institutional placement;
 - \$200 million from a placement of ordinary WFA units to the leading Dutch pension fund, Stichting Pensioenfond ABP;
 - \$900 million from Westfield via ordinary WFA units and common stock of WEA; and
 - An issue of approximately \$150 million of ordinary WFA units through a retail offering by way of a prospectus which incorporated a priority offering to WFA unitholders;
- WEA also acquired the remaining 50% interests in Franklin Park Mall in Ohio, and Century City Shopping Centre in Los Angeles, for US\$232 million;
- An agreement was announced in April 2001 and completed in July 2001 for WEA to acquire a 99-year lease for the retail component of the World Trade Center in New York for US\$127 million; and
- The final stage of the US\$175 million redevelopment of Westfield Shoppingtown Valley Fair in San Jose, California was opened 100% leased in March 2002. Followed by the completion of the US\$57 million redevelopment of Westfield Shoppingtown South County in St. Louis, Missouri.

Year Ended 30 June 2003

Highlights for the year included:

- WEA signed a letter of intent with Forest City Enterprises to commence a US\$410 million redevelopment of its San Francisco Centre;
- WEA acquired a 50% interest in Fashion Square Sherman Oaks for US\$67 million and sold a 25% interest in Garden State Plaza for US\$194 million;
- In December 2002 the remaining interest in San Francisco Center was acquired through the issuance of units in the WEA operating partnership and the assumption of debt totalling US\$62 million; and
- Completion of the US\$237 million redevelopment of Westfield Shoppingtown West County, located in St. Louis Missouri.

6 months Ended 31 December 2003

Highlights for the half year included:

- WEA sold its interest in the World Trade Center retail premises for US\$140 million and acquired a right of first offer on the retail portion of any new development on the site;
- Acquisition of a 33% interest in The Shops at North Bridge in Chicago, Illinois, and 100% of Sarasota Square shopping center in Sarasota, Florida and Louis Joliet Mall in suburban Chicago for US\$275 million;
- Completion of a US\$141 million redevelopment in Oakridge San Jose, California; and
- At 31 December 2003 WEA had US\$770 million of investment projects under way at the following Westfield Shoppingtowns – San Francisco Centre and Santa Anita, in California; Franklin Park, in Toledo, Ohio and Wheaton, in Wheaton Maryland.

3.5 Historical and Forecast Pro forma Consolidated Financial Statements for Westfield Group

Set out below are the historical and forecast pro forma consolidated financial statements for the Westfield Group.

3.5.1 Historical Statement of Financial Position by Entity and Pro forma Consolidated Statement of Financial Position

Introduction

The following table sets out summarised statements of financial position for each of Westfield, WFT and WFA as at 31 December 2003. This information has been extracted from the audited 31 December 2003 financial reports of WFT and WFA and the reviewed financial report of Westfield at 31 December 2003.

Also set out in this table is the pro forma summarised consolidated statements of financial position of the Westfield Group as at 31 December 2003 under both AGAAP and Expected IFRS.

The pro forma statements of financial position have been compiled as if the Westfield Group had been merged at 31 December 2003 and reflects, on a pro forma basis, the pro forma adjustments set out below the table.

Standalone and Pro Forma Consolidated Statements of Financial Position

31 December 2003	Standalone Entities As Reported AGAAP			Westfield Group Pro Forma	
	Westfield	WFT	WFA	AGAAP	Expected IFRS
	\$M	\$M	\$M	\$M	\$M
Assets					
Cash assets	41	40	174	258	258
Other current assets	293	151	253	495	495
Equity accounted investments	2,205	798	772	2,622	2,622
Shopping centre investments	29	11,499	12,631	25,140	25,140
Other	652	115	771	1,167	1,167
Total assets	3,220	12,603	14,601	29,682	29,682
Liabilities					
Borrowings	939	4,648	6,725	12,498	12,498
Deferred tax	189	–	–	189	864
Creditors and accruals	282	366	460	1,160	1,160
Other	116	299	984	1,274	1,274
Total liabilities	1,526	5,313	8,169	15,121	15,796
Net assets	1,694	7,290	6,432	14,561	13,886
Equity					
Shareholders equity attributable to:					
Stapled securityholders	1,694	7,198	4,968	13,916	13,241
Outside equity interests	–	92	1,464	645	645
Total equity	1,694	7,290	6,432	14,561	13,886
Net asset backing (\$)					
Per standalone security	\$3.00	\$3.27	\$1.35		
Per stapled security				\$8.28	\$7.88
Gearing					
Borrowings (less cash)/ total assets (less cash)	28.2%	36.7%	45.4%	41.6%	41.6%

Westfield Group Pro Forma Property and Equity Accounted Investments

31 December 2003	Total	Australasia	United Kingdom	United States
	\$M	\$M	\$M	\$M
Shopping centre and other property assets	25,140	12,430	-	12,710
Equity accounted investments	2,622	788	509	1,325
Total	27,762	13,218	509	14,035

	Australasia	United Kingdom	United States
	\$M	£M	US\$M
Book value of proportionate interest in shopping centres at 31 December 2003 (section 2.4)	11,403	457	9,726
Add:			
Outside equity interests	-	-	93
Other property assets	-	-	154
Construction in progress and other property costs at 31 December 2003	1,026	-	288
Capital Expenditure since 31 December 2003	291	-	252
Directors' fair value adjustment for the Merger	514	-	343
Less:			
Debt of equity accounted investments	(16)	(243)	(547)
Total in local currency	13,218	214	10,309
Total property and equity accounted investments in A\$	13,218	509	14,035

Basis of Preparation of the Pro Forma Consolidated Statements of Financial Position

The Merger will give rise to the occurrence of certain other transactions and events, including treasury transactions which have not been reflected in the pro forma statement of financial position at 31 December 2003 set out above. These are reflected in the forecast pro forma consolidated statement of financial performance for the years ending 30 June 2005 and 2006 set out in section 3.5.3 and 3.5.4.

The pro forma statements of financial position set out above have been compiled as if the effective date of the Merger had occurred at 31 December 2003 and incorporates the accounting treatment of the associated transactions under (i) below and other significant transactions as described under (ii) below. In all material respects the accounting treatment is the same for AGAAP and Expected IFRS with the exception of the income tax entries described under (iii) below.

- (i) Accounting standards require the Merger to be treated as an in substance acquisition for accounting purposes. Accordingly, Westfield will apply purchase accounting principles to the transaction as follows:
- the fair value of the net assets of WFT and WFA estimated on a pro forma basis based on information available at the date of this Explanatory Memorandum represents the in substance consideration. Included in the fair value adjustments are:
 - net revaluation increments in the property assets held by WFT and WFA of \$980 million since 31 December 2003;
 - net mark to market decrement of \$100 million in WFT and WFA representing the present value of all WFT and WFA's foreign exchange instruments, fixed rate debt and interest rate derivative instruments; and

- retranslation of the assets and liabilities of WFA to the exchange rate at 23 April 2004, reflecting an increase of \$132 million in net assets since 31 December 2003.

The actual purchase accounting entries to be made at the date of the Merger will vary from those set out above depending on changes in values.

- inter-entity assets, liabilities and equity balances have been eliminated on consolidation, including:
 - the investment in WFA held by Westfield;
 - dividends/distributions receivable by Westfield from WFA; and
 - receivable/payable balances between the entities on inter-entity transactions arising from management fees, advisory fees, property management charges and construction charges.
- (ii) The effect of significant transactions which have occurred subsequent to 31 December 2003 have been adjusted in the pro forma statement of financial position including the following:
 - receipt of proceeds by WFT from the sale of Arndale shopping centre of \$60 million in January 2004 applied to repay debt of WFT;
 - draw-down of borrowings to fund construction in progress of \$634 million by WFT and WFA; and
 - sale by WFA of 15% of Garden State Plaza to an outside equity interest taking the investment from a 75% consolidated investment to a 60% equity accounted investment. The proceeds of \$106 million will be used to repay debt. Negotiations are in progress to sell a further 10% to the same outside equity partner. This additional sale has not been reflected in the forecasts; and
- (iii) Long term deferred tax liabilities of \$675 million have been recorded under Expected IFRS principally recognizing for the first time differences in book values and tax values of shopping centre investments where applicable. These deferred tax liabilities were previously not required to be recognized under AGAAP and are not expected to be realised or affect the distribution statement. Section 3.10 (ii) (d) describes this accounting difference in general terms.

3.5.2 Historical and Forecast Pro Forma Consolidated Statements of Financial Performance

Introduction

The table in section 3.5.3 sets out the summarised pro forma consolidated statements of financial performance for the Westfield Group for the historical years ended 30 June in each of 2002 and 2003, the six months period ended 31 December 2003 and the forecast years ending 30 June in each of 2004, 2005 and 2006 prepared in accordance with AGAAP.

The historical pro forma financial information for the years ended 30 June 2002 and 2003, the six months period ended 31 December 2003 and the forecast financial information for the year ending 30 June 2004 have been compiled as if the Westfield Group had been merged throughout these periods and reflects on a pro forma basis the events and transactions set out in (i) and (ii) below.

The forecast pro forma financial information for the years ending 30 June 2005 and 2006 have been compiled as if the Merger had occurred on 1 July 2004 and reflects on a pro forma basis the events and transactions set out in (ii) below.

(i) Basis of Preparation of Historical Pro Forma Consolidated Statements of Financial Performance

Accounting standards require the Merger to be treated for accounting purposes as an in substance acquisition. WFT and WFA will be treated as having been "acquired" at the fair value of their assets and liabilities and will apply consolidation accounting principles including the elimination of the following inter-entity transactions:

- management and advisory fees;
- property management charges;
- design, development and construction charges; and
- dividends/distribution on the cross-holding between Westfield and WFA.

(ii) Basis of Preparation of Forecast Pro Forma Consolidated Statements of Financial Performance

The Directors' forecast pro forma consolidated financial information ('forecast pro forma financial information') comprises:

- statement of forecast financial performance and distribution under AGAAP for the year ending 30 June 2004 – section 3.5.3;
- statement of forecast financial performance and distribution for the years ending 30 June 2005 and 30 June 2006 – sections 3.5.3 under AGAAP and 3.5.4 under Expected IFRS;
- statement of forecast cash flow for the years ending 30 June 2004, 30 June 2005 and 30 June 2006 – section 3.5.5; and
- key assumptions to the forecast financial performance and distribution and cash flow information referred to above – section 3.6.

The forecast pro forma financial information for the years ending 30 June 2004, 2005 and 2006 have been prepared on the basis as set out in section 3.5.2 (i) above.

The forecast pro forma financial information as set out in sections 3.5.3 and 3.5.4 for the years ending 30 June 2005 and 30 June 2006, has been compiled as if the Merger had occurred on 1 July 2004 and incorporates the new financing and other arrangements that the Board and management expect to introduce on completion of the Merger (section 3.6.4). It also reflects the financial implications to the forecasts of the fair value adjustments to assets and liabilities as part of the application of purchase accounting.

The forecast pro forma consolidated financial information for the Westfield Group for the year ending 30 June 2004 set out in section 3.5.3 has been prepared in accordance with AGAAP. The forecast pro forma financial information for the Westfield Group for the years ending 30 June 2005 and 30 June 2006 has been prepared in accordance with both AGAAP and Expected IFRS as set out in sections 3.5.3 and 3.5.4 respectively.

Subject to the continuous and periodic disclosure requirements imposed on publicly listed companies, neither Westfield, WFT or WFA, as they are currently constituted, nor the Westfield Group after the Merger intend to update this information or to publish forecast financial information in the future.

Investors in Westfield, WFT and WFA will receive distributions in relation to the six months ending 30 June 2004 as announced on 22 April 2004 of:

Westfield	13.58 cents per share
WFT	12.71 cents per unit
WFA	7.80 cents per unit.

In addition, a special distribution of 0.9 cents per unit will be paid on or about 31 August 2004 to existing WFA unitholders as at the Distribution Record Date (on or about 9 July 2004) if the Merger proceeds to reduce the expected dilutive impact on distributions to WFA unitholders for the forecast distribution for the year ending 30 June 2005.

Forecast pro forma consolidated statement of financial performance and distribution for the year ending 30 June 2004 has been provided so that investors have information for the period covered by the forecast financial information. **However, investors should note that the pro forma consolidated statement of financial performance and distribution for the years ending 30 June 2002, 2003 and 2004 relates to a period prior to the date on which, if approved, the Merger will be effective and no savings or benefits arising from the Merger have been assumed in these periods.**

Section 3.8.1 sets out the historical and forecast distributions per unit for WFT and WFA and per share for Westfield.

Achievement of the Expected IFRS forecast may be significantly impacted by future changes in the value of underlying properties and movements in foreign exchange and interest rates that may impact on the mark to

market value of the Westfield Group's foreign currency derivatives and related treasury arrangements which are different to those assumed in the forecast set out in section 3.5.4. **Investors should be aware that the above items may introduce considerable volatility into the future reported results of the Westfield Group under Expected IFRS. This issue is not specific to Westfield Group or the Merger. As indicated in the distribution statement in section 3.8, adjustments for these items are made against Expected IFRS profit after tax to determine forecast distributions.**

The forecast pro forma financial information was prepared based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions which are expected to take place, including the key assumptions set out in section 3.6. The forecast pro forma financial information was prepared on the basis of currently available information and estimates. The Westfield Group believes it has used due care and attention in the preparation of this forecast pro forma financial information and considers the assumptions to be reasonable when considered as a whole. However, this information is not fact and investors are cautioned not to place undue reliance on the forecast pro forma financial information.

The forecast pro forma financial information is likely to vary from actual results and any variation may be materially positive or negative because the assumptions, and therefore the forecast pro forma financial information, are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of the Westfield Group and are not predictable on a reliable basis. Accordingly, neither the Westfield Group nor any other person, including the Westfield Group Directors, can give any assurance that the forecast pro forma financial information will be achieved.

The forecast pro forma financial information should be read in conjunction with the key assumptions in section 3.6, the sensitivity analysis in section 3.7, the risk factors described in section 3.11 and other information contained in this document. A report on the forecast pro forma financial information by the Independent Accountant, Ernst & Young Transaction Advisory Services Limited, is set out in section 5.

3.5.3 Historical and Forecast Pro Forma Consolidated Statements of Financial Performance and Distribution – AGAAP

Westfield Group – AGAAP ⁽¹⁾	Historical Pro Forma			Pro Forma Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Property income ⁽²⁾	2,054.3	2,900.1	1,507.6	2,887.8	2,925.4	3,158.0
Contribution from equity accounted investments	273.3	174.7	89.4	183.8	181.2	184.8
Other income	42.0	43.6	20.1	40.2	62.4	76.9
Net profit/(loss) from asset sales	(5.7)	19.6	39.0	39.0	–	–
Total income	2,363.9	3,138.0	1,656.1	3,150.8	3,169.0	3,419.7
Property expenses ⁽²⁾	(640.3)	(870.8)	(432.2)	(826.5)	(830.6)	(896.6)
Other expenses	(148.4)	(163.7)	(79.5)	(151.5)	(98.1)	(106.7)
Transaction costs	–	–	–	(95.0)	–	–
Total expenses	(788.7)	(1,034.5)	(511.7)	(1,073.0)	(928.7)	(1,003.3)
EBIT	1,575.2	2,103.5	1,144.4	2,077.8	2,240.3	2,416.4
Net interest expense ⁽²⁾	(679.1)	(836.5)	(388.6)	(710.4)	(495.7)	(607.8)
Profit before tax	896.1	1,267.0	755.8	1,367.4	1,744.6	1,808.6
Tax expense	(76.5)	(104.2)	(58.4)	(117.3)	(100.9)	(116.6)
Profit after tax before outside equity interests	819.6	1,162.8	697.4	1,250.1	1,643.7	1,692.0
Outside equity interests	(34.2)	(68.1)	(37.8)	(68.8)	(62.4)	(70.7)
Profit after tax attributable to members	785.4	1,094.7	659.6	1,181.3	1,581.3	1,621.3
Project profits eliminated in stapled group					146.8	227.7
Distribution					1,728.1	1,849.0
Number of stapled securities - million					1,680.8	1,680.8
Distribution per stapled security					\$1.03	\$1.10

(1) Forecast pro forma consolidated statement of financial performance and distribution for the year ending 30 June 2004 has been provided so that investors have information for the period covered by the forecast financial information. However, investors should note that the pro forma consolidated statement of financial performance and distribution for the years ending 30 June 2002, 2003 and 2004 relates to a period prior to the date on which, if approved, the Merger will be effective and no savings or benefits arising from the Merger have been assumed in these periods.

(2) The A\$ equivalent amounts of US dollar denominated property income, property expenses and net interest expense have been impacted by movements in exchange rates.

Historical and Forecast Pro Forma Consolidated Property Income and Expenses by Geographic Region

Westfield Group – AGAAP	Historical Pro Forma			Pro Forma Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Australasia	880.4	969.1	557.1	1,137.2	1,265.1	1,347.0
United States	1,173.9	1,931.0	950.5	1,750.6	1,660.3	1,811.0
Property income⁽¹⁾	2,054.3	2,900.1	1,507.6	2,887.8	2,925.4	3,158.0
Australasia	(262.4)	(271.2)	(161.3)	(320.4)	(336.8)	(359.6)
United States	(377.9)	(599.6)	(270.9)	(506.1)	(493.8)	(537.0)
Property expenses	(640.3)	(870.8)	(432.2)	(826.5)	(830.6)	(896.6)
Net operating income	1,414.0	2,029.3	1,075.4	2,061.3	2,094.8	2,261.4

(1) United States property income and expenses are affected by movements in exchange rates.

A number of Australian and United States properties and all United Kingdom properties are accounted for under the equity accounting method and as such are not reflected in the consolidated statement of property income and expenses above. In certain circumstances the introduction of co-owners results in property income and expenses being reclassified as equity accounted income.

3.5.4 Forecast Pro Forma Consolidated Statements of Financial Performance and Distribution – Expected IFRS

Westfield Group – Expected IFRS	Forecast Pro Forma Year Ending	
	30 June 2005 \$M	30 June 2006 \$M
Property income	2,925.4	3,158.0
Contribution from equity accounted investments	181.2	184.8
Other income	62.4	76.9
Net revaluations ⁽¹⁾	1,275.0	1,110.0
Total income	4,444.0	4,529.7
Property expenses	(830.6)	(896.6)
Other expenses	(98.1)	(106.7)
Total expenses	(928.7)	(1,003.3)
EBIT	3,515.3	3,526.4
Net interest expense	(495.7)	(607.8)
Profit before tax	3,019.6	2,918.6
Tax expense	(100.9)	(116.6)
Expected IFRS deferred tax ⁽²⁾	(143.1)	(116.0)
Total tax expense	(244.0)	(232.6)
Profit after tax before outside equity interests	2,775.6	2,686.0
Outside equity interest ⁽³⁾	(129.3)	(119.3)
Profit after tax attributable to members	2,646.3	2,566.7
Distribution⁽⁴⁾ \$ million	1,728.1	1,849.0
Number of stapled securities million	1,680.8	1,680.8
Distribution per stapled security	\$1.03	\$1.10

The major differences between the forecast pro forma consolidated statement of financial performance under Expected IFRS and that under AGAAP described in section 3.10 that affect the forecast are summarised below:

(1) *Investment Property Revaluations:*

Under Expected IFRS revaluation increments or decrements are recognised in the operating results in the statement of financial performance whereas under AGAAP they are recognised through the asset revaluation reserve.

In the forecast period, revaluation increments of \$1,275.0 million have been recognised for the year ending 30 June 2005 and \$1,110.0 million for the year ending 30 June 2006.

(2) *Income Tax Accounting:*

Under Expected IFRS deferred income tax liabilities are recognised based upon the differences between tax values and book values of all assets and liabilities of taxable entities. Under AGAAP deferred tax liabilities are not recognised on book and tax value differences for investment properties arising from revaluation increments and other differences.

In the forecast period deferred tax expense arising from this difference amounts to \$143.1 million for the year ending 30 June 2005 and \$116.0 million for the year ending 30 June 2006.

(3) *Outside Equity Interests:*

Under Expected IFRS, outside equity interests include a proportionate share of investment property revaluations.

(4) *Refer distribution table in section 3.8.*

3.5.5 Historical and Forecast Pro Forma Consolidated Statements of Cash Flows

Introduction

The following table sets out summarised pro forma consolidated statements of cash flow for the Westfield Group for the years ended 30 June 2002 and 2003, the six month period ended 31 December 2003 and the forecast years ending 30 June of 2004, 2005 and 2006. This financial information has been prepared in accordance with AGAAP.

The historical and forecast pro forma statements of cash flow have been compiled on the same basis of assumed effective date of the Merger as are described in the Introduction in section 3.5.2 above and on a pro forma basis for the events and transactions set out below.

Basis of Preparation of Historical and Forecast Pro Forma Consolidated Statements of Cash Flow

The Merger is being treated as an in substance acquisition for accounting purposes. Accordingly Westfield will apply consolidated accounting principles including the elimination of the following inter-entity cash transactions:

- management and advisory fee payments;
- property management payments;
- design, development and construction fee payments; and
- payment of dividends/distributions on the cross-holding between Westfield and WFA.

There are no major differences between the forecast pro forma consolidated statement of cashflow under Expected IFRS and AGAAP.

Historical and Forecast Pro Forma Consolidated Statement of Cash Flows

Westfield Group	Historical Pro Forma			Pro Forma Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Net cash flows from operating activities	1,604.2	2,113.6	997.9	1,899.6	2,181.6	2,442.6
Cash flows from investing activities						
Acquisition of property investments	(2,330.9)	(1,723.3)	(805.1)	(805.1)	–	–
Construction and development	(859.8)	(726.2)	(516.9)	(1,004.0)	(1,008.4)	(986.0)
Disposal of properties	–	373.3	1,025.3	1,197.5	–	–
Equity accounted investments	(315.6)	(93.6)	(133.8)	(223.2)	(173.6)	(107.5)
Other	(67.6)	(25.9)	(39.3)	(52.6)	24.2	(5.7)
Net cash outflows used in investing activities	(3,573.9)	(2,195.7)	(469.8)	(887.4)	(1,157.8)	(1,099.2)
Cash flows from financing activities						
Capital raisings	2,996.7	1,209.0	307.3	664.2	–	–
Purchase of outside equity interests	(134.2)	(6.9)	–	–	–	–
Borrowings	620.9	947.3	149.2	493.0	1,289.6	1,258.5
Dividends/distributions	(718.7)	(1,060.1)	(595.8)	(1,345.4)	(1,620.9)	(1,813.3)
Net borrowing costs	(759.3)	(928.7)	(459.2)	(809.8)	(685.3)	(788.7)
Other	22.4	(73.5)	1.3	(22.0)	0.7	(1.3)
Net cash in/(out) flows from financing activities	2,027.8	87.1	(597.2)	(1,020.0)	(1,015.9)	(1,344.8)
Increase/(decrease) in cash	58.1	5.0	(69.1)	(7.8)	7.9	(1.4)

3.6 Key Forecast Assumptions

The forecast pro forma statements of financial performance for the years ending 30 June 2004, 2005 and 2006 have been prepared on the basis of the assumptions listed below. The forecast for the year ending 30 June 2004 has been compiled based upon the pro forma historical statement of financial performance for the Westfield Group for the six month period ended 31 December 2003, which has been reviewed by Ernst & Young, and the Westfield Group Directors' pro forma forecast for the six month period ending 30 June 2004.

3.6.1 General Forecast Assumptions

The principal general assumptions upon which the forecast financial information for the stand alone entities and Westfield Group have been prepared are:

- Continuation of existing operating strategy, which is to achieve superior returns for investors through the intensive management and redevelopment of the existing portfolio and the acquisition of additional shopping centres.

- No acquisitions or disposals of shopping centres have been incorporated into the forecast financial information. However, investors should be aware that consistent with the operating strategy described in this Explanatory Memorandum the Westfield Group actively seeks opportunities to add value through the acquisition of other shopping centres should those acquisitions be considered to be in the best interests of the Westfield Group.
- No change in corporate rates of taxation or the rates of taxation applying to the businesses in Australia, New Zealand, the United States of America and the United Kingdom.
- No material changes to applicable regulations and legislation which would have a material impact on the Westfield Group.
- No changes will be announced as regards to the timing of the introduction of IFRS or the content of currently issued IFRS and that no new IFRS standards will be issued between the date of preparation of this Explanatory Memorandum and the effective date for implementation of the standards, 1 January 2005.
- No material change in the Westfield Group's competitive environment.
- The following average foreign exchange rates have been used in the forecasts:

	Forecast Six Months Ending 30 June	Forecast Year Ending 30 June	
	2004	2005	2006
A\$/US\$	0.7508	0.7152	0.6941
A\$/£	0.4150	0.4116	0.4088
A\$/NZ\$	1.1491	1.1654	1.1688

The above rates are based on market rates as at 23 April 2004.

- The following average floating interest rates have been used in the forecasts:

	Forecast Six Months Ending 30 June	Forecast Year Ending 30 June	
	2004	2005	2006
AUS	5.61%	5.71%	5.95%
US	1.13%	1.95%	3.51%
UK	4.25%	4.87%	5.29%
NZ	5.57%	5.91%	6.28%

The above rates are based on market rates as at 23 April 2004 and exclude any borrowing margins or line fees.

3.6.2 Assumptions for Standalone Forecasts for Westfield

The following assumptions have been adopted in preparing the stand alone Westfield forecast information for the years ending 30 June 2004, 2005 and 2006:

- Business income comprises property management fees, funds management fees and profits from design, development and construction activities.

Westfield earns project profits as the developer of properties principally for properties within the portfolios of WFT, WFA and properties held by partnerships in the UK in which Westfield holds an interest. Project profits are based on existing development contracts and projects expected to be undertaken during the forecast period.

The forecasts only include income that is considered to have a high level of certainty and excludes other potential income from developments that Westfield is pursuing that either may fall outside of the period or where the feasibility process is not sufficiently developed. Project profits are forecast to be recognised using accounting principles which are consistent with historical periods and are consistently applied across the forecast period.

- The following is a list of existing projects under development but not completed as at 30 June 2004 and those expected to commence during the forecast period:
 - Significant projects currently underway are: Bondi Junction in Australia; Riccarton in New Zealand; and Century City, Franklin Park, San Francisco, Santa Anita, Wheaton Plaza in the United States;
 - Significant projects expected to commence during the period from 1 July 2004 to 30 June 2006 include: Tuggerah, Helensvale, Liverpool, Belconnen, Chermerside, Doncaster, Kotara and Parramatta in Australia; Queensgate and Newmarket in New Zealand; Topanga, Southcentre, Annapolis, Southpark, Southgate in the United States; Nottingham and Derby in the United Kingdom;
- Westfield charges a property management fee to each centre it manages. Management fees are based on the underlying property income of the managed centres and the assumptions adopted are consistent with current arrangements and with those adopted in forecasting each centre's net property income; and
- Westfield also receives a management fee as responsible entity for both WFT and WFA. This fee relates to the profitability of both trusts which is consistent with existing management services contracts and forecasts of the profitability of WFT and WFA.
- Westfield has investments in both WFA (including its direct investment in Westfield America, Inc.) and the UK property portfolio. Westfield equity accounts its proportional share of income from WFA, WEA and the UK property portfolio. WFA is an Australian dollar denominated entity and income from WFA is recognized in Australian dollars. US\$ income from Westfield's direct investment in WEA and £ income from the UK property partnerships are converted to A\$ at the applicable average exchange rates. Income is forecast applying the same assumptions as those adopted above for property income and expenses.
- Business and investment income is reported after allocating all indirect overheads incurred. These overheads are generally expected to increase in line with inflation. The method of allocating these overheads is consistent with that adopted in historical periods.
- The forecast net interest expense for Westfield is based on existing debt facilities, interest rate swaps and cross currency swaps in place. These cross currency swaps are used to hedge Westfield's net US\$ and net £ investments. Foreign currency interest costs are translated to A\$ at the average exchange rates for the relevant periods. The forecast takes into consideration the following factors:
 - Existing on balance sheet debt of \$939 million at 31 December 2003 and the maturity profile of those facilities.
 - Forecast debt repayments during forecast periods.
 - Assumed refinancing of existing facilities at maturity.

- Existing A\$/US\$ and A\$/£ cross currency swaps used to hedge Westfield's net US\$ and net £ investments. Westfield benefits from the interest rate differential between Australian and United States interest rates. No new cross currency swaps have been forecast to replace swaps as they mature.
- Income tax expense is forecast on a country by country basis. It represents the tax expense on the business income of Westfield and the withholding tax payable on distributions received from investments in WEA. The forecast increase in effective tax rate for Westfield reflects the increasing proportion of business income relative to investment income.

3.6.3 Assumptions for Standalone Forecasts for WFT and WFA

The following assumptions have been adopted in preparing the stand alone WFT and WFA forecast financial information for the years ending 30 June 2004, 2005 and 2006.

The standalone forecasts for WFT and WFA, shown at section 3.4.2 and 3.4.3 respectively, show property income, property expenses and contributions from equity accounted investments on a combined basis under the heading "Net property income".

Property Income

Property income includes property rental income, mall merchandising income, recoveries from shopping centre tenants and other income relating to the property portfolio of WFT and WFA. Forecast property income over the forecast periods reflects average growth in stable centres of approximately 3% to 5% per annum, increases generated by redevelopment activity (as set out in section 3.6.2) and the flow through impact of historical acquisitions and disposals as discussed in sections 3.4.1, 3.4.2 and 3.4.3 of this Explanatory Memorandum.

Forecast rental income is based on existing leases and where applicable, forecasts of any changes on review and renewal. Factors taken into consideration in determining changes in property income include:

- market conditions, including the retailing environments in all markets in which WFT and WFA operate and taking into consideration factors such as competing shopping centres and outlets;
- economic conditions, including CPI growth rates and general economic growth rates in each country;
- lease renewals, either to existing tenants or alternative tenants at market rates. Where appropriate, allowances are made for vacancy provisions and promotional expenditure; and
- the impact of developments in progress and those expected to complete over the forecast period, as well as those properties where developments are expected to commence during the forecast period. Assessments have been made as to the trading conditions for those properties post completion of developments.

Property Expenses

Property expenses are forecast on a centre by centre basis and take into consideration both recoverable and non recoverable expenses. Recoverable expenses include expenses which relate to the operation of the centre, such as cleaning, insurance, council rates and water rates. Non recoverable expenses include items such as legal fees and owners promotion fund contributions. The majority of specialty tenants pay a pro-rata share of recoverable outgoings based on the proportion of the tenants' shop area versus the total lettable area of the centre. An assessment has been made of the growth in expenses consistent with the forecasts applied to property income growth.

Contributions from Equity Accounted Investments

This represents equity accounted income from joint venture properties in both Australia and United States that are owned through either trusts or partnerships. Income is forecast applying the same assumptions as those adopted above for property income and expenses.

Net Interest Expense

Net interest expense represents the net borrowing costs using the market interest rates set out in section 3.6.1 plus borrowing margins and fees, on both WFT and WFA's interest bearing debt portfolio. Net interest expense takes into consideration the following factors:

- Existing interest bearing debt at 31 December 2003 and the maturity profile of that debt;
- Equity capital raised in both WFT and WFA in February 2004 through the operation of the existing DRP Plans. These funds were used to repay existing debt facilities respectively. The stand alone forecasts for the years ending 30 June 2005 and 2006 for WFT and WFA assume the continuation of the dividend reinvestment plans with the capital raised used to repay bank facilities as appropriate;
- Forecast capital expenditure for existing and expected developments of WFT and WFA shopping centres. The forecasts assume WFT and WFA fund these developments through interest bearing debt facilities, being either existing unused facilities or new facilities where appropriate;
- Consistent with WFT and WFA existing accounting policies, borrowing costs associated with the properties under construction are capitalised into the carrying value of the property on the statement of financial position; and
- The refinancing of existing debt facilities as they mature, based on existing borrowing margins and line fees. It is assumed the existing borrowing margins for both WFT and WFA on a stand alone basis remain unchanged for the forecast period.

Translation of Foreign Currency Income to Australian Dollars

For the standalone forecasts, it is assumed the existing foreign currency income hedging arrangements remain in place for the duration of the forecast period. As these income hedges mature, the residual foreign currency income (US\$ for WFA, NZ\$ for WFT) is translated to A\$ at the assumed average foreign exchange rates set out in section 3.6.1.

WFA's US\$ income is translated into A\$ income using the applicable hedge exchange rates for income which has been hedged or otherwise the average rate for the period. These rates are set out in section 3.4.3.

3.6.4 Assumptions for Pro Forma Forecast Consolidated Statements of Financial Performance of Westfield Group

The assumptions adopted in preparing the stand alone forecasts for Westfield, WFT and WFA as set out in sections 3.6.2 and 3.6.3, have also been used in preparing the pro forma forecast consolidated statements of financial performance and distribution for the Westfield Group under both AGAAP and Expected IFRS as set out in section 3.5.3 and 3.5.4 respectively. The additional assumptions relevant to the preparation of the pro forma forecast consolidated statements of financial performance and distribution are set out below.

Merger Eliminations

In preparing the pro forma consolidated forecasts for the Westfield Group for the years ending 30 June 2004, 2005 and 2006 the inter-entity transactions between Westfield, WFT and WFA have been eliminated. A summary of the eliminations is set out below:

- Elimination of property management fees charged by Westfield to both WFT and WFA. The residual property management income shown in Other income represents fees derived from external parties;
- Elimination of funds management fees charged by Westfield to both WFT and WFA;
- Elimination of project profits recognised by Westfield on properties owned by WFT and WFA. The residual design, development and construction profits shown in Other income represent income derived from external parties, including the external share of joint venture properties; and
- Elimination of equity accounted income from Westfield's investment in WFA and WEA.

Property Income

Property income represents the property income generated from the WFT and WFA shopping centres. The forecast property income for the Westfield Group is based on the standalone forecasts for WFT and WFA.

As set out in section 3.5.1 (f) and 3.5.2 (f) accounting standards will require the Merger to be treated as an in substance acquisition for AGAAP accounting purposes. Accordingly, the existing foreign currency income hedging arrangements of both WFT and WFA are assumed to be marked to market as of the date of the transaction. A \$409 million asset has been recognised in the pro forma consolidated statement of financial position of the Westfield Group as at 31 December 2003, representing the present value of all WFT and WFA's foreign exchange contracts and options. For the purposes of the forecast pro forma statement of financial performance, this asset is amortised against property income over the remaining period of the underlying foreign exchange contracts. This has the effect of changing the translation of US\$ income from WFA and NZ\$ from WFT from the historical effective hedge contract rates to current forecast rates, thus reducing the A\$ property income.

Whilst the accounting rules for the Expected IFRS are different in respect of the items referred to in the above paragraph, the forecast financial impact of Expected IFRS on distributions, given the same underlying assumptions, is not expected to be materially different over the forecast periods.

Contribution from Equity Accounted Income

Investment income represents the contribution from Westfield Group equity accounted investments in its UK property partnerships and joint venture properties in Australia and United States held through trusts or partnerships. Income is forecast applying the same assumptions as those adopted above for property income and expenses.

Other Income

Other income comprises the residual property management and design, development and construction income derived from external parties. Property management income is generated from management agreements of properties where Westfield Group is the manager of property, irrespective of whether it holds an ownership interest in that property. Westfield Group will also continue to generate profits from design, development and construction of shopping centres for external parties, based on both existing developments in progress and those expected to be undertaken during the forecast period. Profits recognised on design, development and construction activities are forecast to be recognised in a manner consistent with previous practice.

Net Revaluations – Expected IFRS

The pro forma consolidated statement of financial position at 31 December 2003 incorporates the estimated revaluation of all property assets owned by WFT or WFA based on estimated valuations at the date of this Explanatory Memorandum.

The forecast pro forma consolidated statement of financial performance for the years ending 30 June 2005 and 2006 prepared under Expected IFRS includes an estimate of the increase in the fair value of all of the Westfield Group property portfolio over those periods. Factors taken into consideration in determining the forecast value of property assets includes:

- forecast net property income by centre, including assessment of renewals and vacancy allowances;
- appropriate market based capitalization rates and discount rates applied to forecast net property income;
- impact of redevelopments on forecast net property income and the appropriate capitalization rate; and
- forecast capital expenditure on a centre by centre basis.

Property Expenses

Property expenses are forecast on a centre by centre basis and take into consideration both recoverable and non recoverable expenses. The majority of specialty tenants pay a pro rata share of recoverable outgoings based on the proportion of the tenants' shop area versus the total lettable area of the centre. An assessment has been made of the growth in expenses consistent with the forecasts applied to property income growth.

Other Expenses

Other expenses include corporate costs such as legal, investor relations, company secretariat, directors' fees, information technology, finance, treasury, office costs and other corporate related costs. Other expenses have been forecast on a departmental basis, including assessment of personnel costs, and are generally expected to increase in line with inflation.

Cost savings resulting from the Merger of approximately \$20 million per annum have been forecast.

Costs of the Merger

Costs totalling \$95 million have been forecast to be incurred in the year ending 30 June 2004. These costs relate to advisers fees and costs (time based and success based fees), establishment costs of bridge finance standby facility and various other costs relating to the write-off of existing option arrangements.

Net Interest Expense

In undertaking the Merger of the Westfield Group, the following additional assumptions have been made in relation to the Westfield Group borrowing costs:

- The dividend reinvestment plans for both WFT and WFA have been assumed to be suspended effective from 1 July 2004 and are not operational during the remainder of the forecast period;
- As part of the transaction, it is expected the Westfield Group will restructure the majority of the A\$ debt into US\$ debt to match and not exceed the Westfield Group's US\$ denominated net assets. This will be achieved through debt refinancing and/or taking out additional A\$/US\$ cross currency swaps for an amount up to US\$4.1 billion. The expected benefit of switching additional A\$ debt into US\$ debt for an amount of up to US \$4.1 billion has been assumed in the forecast period. A benefit of approximately \$140 million per annum has been assumed for the years ending 30 June 2005 and 30 June 2006;
- Westfield purchased interest rate option contracts on 30 April 2004 to lock in the benefit arising from the difference between US and Australian interest rates for the forecast period. The cost of this option has been amortised evenly over the two years ending 30 June 2006; and
- As set out in sections 3.5.1 (i) and 3.5.2 (i) accounting standards will require the Merger to be treated as an in substance acquisition for AGAAP accounting purposes. Accordingly, the existing fixed rate debt and interest rate derivatives in both WFT and WFA are assumed to be marked to market as of the date of the transaction. A \$509 million provision has been recognized by the Westfield Group in the historical pro forma consolidated statement of financial position as at 31 December 2003, representing the present value of all WFT and WFA's fixed rate debt, interest rate swap, interest rate options and medium term notes. For the purpose of the forecast pro forma statement of financial performance, this provision is released against net interest expense over the remaining life of the underlying instruments. Whilst the accounting rules for the Expected IFRS are different in respect of the items discussed above, the forecast financial impact of the Expected IFRS, given the same underlying assumptions and fact pattern, is not expected to be materially different over the forecast period.

Tax Expense and Expected IFRS Deferred Tax

- Tax expense has been forecast on the assumption of no legislative changes to the taxation laws other than certain anticipated changes already announced. The income tax expense for the Westfield Group relates to the activities of Westfield and withholding taxes payable by WFA and Westfield on distributions from WEA. Under current Australian income tax legislation, WFT and WFA are not liable for income tax provided they distribute their distributable income to unitholders. It is anticipated that WFT and WFA will fully distribute their distributable income to unitholders. As a REIT, WEA will generally not be subject to US Federal or State income taxes provided it satisfies the REIT rules and distributes 100% of its taxable income to its shareholders. It is anticipated that WEA will distribute all of its taxable income to its shareholders. In consequence of internalising management and the development of the properties owned by WFT and WFA it is assumed that distributions from them to unitholders will increase. As mentioned above, distributions are not taxed at the WFT or WFA level but at the unitholder level. As a result, tax at the Westfield Group level has been assumed to change by a decrease of A\$60 million for the two years ending 30 June 2006. Of this, A\$40 million per annum reflects the internalisation of management and development of the properties owned and A\$20 million from consequential reduced tax provisions for those years.

- The Expected IFRS deferred tax expense is recognised based on the differences between tax values and book values in the forecast period. The differences arise in each year mainly due to expected revaluation increments and tax depreciation as forecast.

3.6.5 Assumptions for Forecast Pro Forma Consolidated Statements of Cash Flows

The forecast pro forma consolidated statements of cash flows set out in section 3.5.5 are based on the forecast pro forma consolidated statements of financial performance and distribution set out in section 3.5.3.

Other key assumptions relevant to the preparation of the forecast pro forma consolidated statements of cash flows are set out below:

- no acquisition or disposal of properties from 1 July 2004 as set out in section 3.6.1. The disposal of properties in the six months to June 2004 comprises proceeds on the sale of Armdale by WFT and the sale of a 15% shareholding in Garden State Plaza by WFA;
- amounts in respect of construction and development payments are based on existing projects under development and those expected to commence during the forecast period, (as set out in section 3.6.2). The amounts included as construction and development payments in the statement of cashflow do not include amounts paid and funded by the group's equity account investments. Construction and development payments are net of the elimination of project profit recognised by Westfield;
- the Westfield Group has not forecast any capital raisings over the forecast period. The dividend re-investment plans for both WFT and WFA have been assumed to be non-operational from 1 July 2004;
- borrowings are forecast to increase by the net cash shortfalls before borrowings in the relevant period; and
- the difference between the interest expense reflected in the forecast pro forma consolidated statements of financial performance and distribution and net borrowing costs is mainly attributable to capitalised interest, interest accruals and adjustments relating to the accounting treatment for the Merger as set out in sections 3.5.1(i) and 3.5.2(i).

3.7 Sensitivity Analysis

Set out in the table below is a summary of the sensitivities of certain pro forma forecast financial information to variations in a number of key assumptions. The sensitivities have been expressed on an annualised basis. Each sensitivity reflects the estimate of the impact on forecast distribution to members of the Westfield Group for the years ending 30 June 2005 and 2006.

Care should be taken in interpreting these sensitivities. The changes in key variables set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced.

The estimated impact of changes in each of the variables has been calculated in isolation from changes in other variables over the full year. In practice, changes in variables may offset each other or may be additive, and it is possible that the Westfield Group would respond to any adverse change in one variable by taking action to minimise the net effect on the results of the Westfield Group.

The forecast pro forma consolidated statements of financial performance for the Westfield Group set out in section 3.5.3 and 3.5.4 are based on the assumed interest rates and exchange rates set out in section 3.6.1 and the fixed interest rate and currency hedging profiles set out in section 3.9. The table below shows the impact on the pro forma forecast statement of financial performance for the years ending 30 June 2005 and 2006 of changes in the assumed interest rate and exchange rates after the Merger date in each market as they affect the two years of the forecast period.

	Forecast Year Ending 30 June	
	2005 \$M	2006 \$M
Forecast distribution	1,728.1	1,849.0
Change from forecast		
1. Increase in interest rates by 0.25% p.a.	(4)	(8)
2. Decrease in interest rates by 0.25% p.a.	3	7
3. Increase exchange rates by 5% p.a. (A\$ appreciation)	(9)	(17)
4. Decrease exchange rates by 5% p.a. (A\$ devaluation)	10	19

In addition to the above, if the interest rates and exchange rates at the date of the Merger are different to those set out in section 3.6.1, the accounting impact on the pro forma forecast statement of financial performance may be different to that detailed in the above table. The incremental impact (over and above that shown in the above table) of changes in interest rates and exchange rates between 23 April 2004 and those at the Merger date in each market as they affect the two years of the forecast period are set out below:

	Forecast Year Ending 30 June	
	2005 \$M	2006 \$M
Incremental change from forecast		
1. Increase in interest rates by 0.25% p.a.	(20)	(21)
2. Decrease in interest rates by 0.25% p.a.	21	22
3. Increase forward exchange rates by 5% p.a. (A\$ appreciation)	(31)	(30)
4. Decrease forward exchange rates by 5% p.a. (A\$ devaluation)	32	31

The sensitivities described in the preceding table have no cash impact and do not affect the forecast pro forma consolidated statements of cash flows as set out in section 3.5.5.

Sensitivities relating to the operating performance of the Westfield Group as they relate to underlying property income have not been estimated. This is because that income stream is subject to existing tenancy arrangements. In practice, forecast property income reflects growth in stable centres of approximately 3% to 5% per annum based on these arrangements. It also reflects the increases generated by redevelopment activity and acquisitions and disposals. The Directors and management have determined that these factors, whilst variable and subject to change, cannot be meaningfully expressed in the context of a sensitivity analysis.

As set out in section 3.5.2, investors should also be aware that the adoption of Expected IFRS requires the value of underlying properties and the derivatives and related treasury arrangements to be marked to market. This may introduce considerable volatility into the future reported results of the Westfield Group. However, these items will be adjusted in determining the distributions payable to investors.

3.8 Distribution Policy

It is currently proposed that the Westfield Group will distribute its reported profit after tax as presented on an AGAAP basis as adjusted for an amount equivalent to the project profits that Westfield would have reflected in its statement of financial performance but for the Merger and other amounts which the Directors may determine to take into account in order to reflect capital profits or losses and other items as considered appropriate. From time to time the Directors may choose to vary this policy to reflect circumstances prevailing at that time.

Investors in the Westfield Group will receive distributions from each component of the stapled security, comprising dividends from Westfield as well as distributions from WFT and WFA. It is intended that these combined distributions will be paid to investors half yearly no later than 2 months after the end of each half year.

In determining the distribution payable to investors, the reported profit after tax will also be adjusted for the impact of the adoption of Expected IFRS as from 1 January 2005.

As a result of the adoption of Expected IFRS, the statement of financial performance will include new items that will not be taken into account for the purposes of calculating distributions payable. In preparing the statement of financial performance under Expected IFRS, the reported profit after tax may be significantly impacted by future changes in the value of underlying properties and movements in foreign exchange and interest rates that may impact on the mark to market of the Westfield Group's financial derivative instruments and related treasury arrangements. As such, investors should be aware these items may introduce considerable volatility in the reported profit after tax under Expected IFRS. In particular the following items may impact reported profit after tax but will be adjusted for the purpose of determining the distribution:

- unrealised increases in the fair value of investment properties that are required to be reported in the statement of financial performance. This unrealised revaluation change, as shown in the forecast prepared under Expected IFRS set out in section 3.5.4, will not be taken into account for calculation of the distribution;
- deferred tax charges relating to the above revaluation of investment properties; and
- financial instruments and derivatives – Expected IFRS treatment of derivative instruments will introduce considerable volatility to the statement of financial performance as a result of the required treatment of hedges as described in section 3.10(ii)(c). In order to reflect the economically hedged position of these transactions, the Expected IFRS treatment of these transactions will be adjusted for the purpose of calculating the distribution.

Project Profits Eliminated in Stapled Group

On a stand alone basis, Westfield undertakes design, development and construction activities for WFT and WFA, as well as for external parties (both where WFT and WFA are part owners of the property and where they hold no ownership interest). The profits earned from these activities are reflected as Business Income in Westfield's statement of financial performance. On consolidation of Westfield, WFT and WFA these profits (other than the amounts earned from external parties) will no longer be in the consolidated statement of financial performance. The elimination of these profits on consolidation will however result in a larger annual investment property revaluation as a result of a lower cost of development to WFA and WFT.

It is proposed that an amount equivalent to the project profits in that period be distributed to investors of the Westfield Group in accordance with the distribution policy mentioned earlier in this section 3.8.

Distribution payable for six months ending 30 June 2004

As the effective date of the proposed Merger is approximately 2 July 2004, distributions payable for the six months to 30 June 2004 to unitholders in WFA and WFT and shareholders in Westfield who hold securities at the Distribution Record Date 9 July 2004, will be paid on or about 31 August 2004. The distribution payable for this six month period will not be affected by any of the arrangements contemplated under the Merger.

Investors in Westfield, WFT and WFA will receive distributions as follows:

Westfield	13.58 cents per share
WFT	12.71 cents per unit
WFA	7.80 cents per unit.

In addition, a special distribution of 0.9 cents per unit will be paid on or about 31 August 2004 to existing WFA unitholders as at the Distribution Record Date (on or about 9 July 2004) if the Merger proceeds to reduce the expected dilutive impact on distributions to WFA unitholders for the forecast distribution for the year ending 30 June 2005.

Distribution Statement

Based on the distribution policy which will be effective from 1 July 2004, the forecast pro forma distribution payable for the year ending 30 June 2005 and 2006 is determined as follows:

Westfield Group	Forecast Year Ending 30 June	
	2005 \$M	2006 \$M
Expected IFRS profit after tax attributable to members of Westfield Group	2,646.3	2,566.7
Investment property revaluations attributable to members	(1,208.1)	(1,061.4)
Deferred tax charge	143.1	116.0
Unrealised profit/(loss) impact of marked to market of hedges under IAS 39	—	—
AGAAP profit after tax	1,581.3	1,621.3
Add: project profits eliminated in the Westfield Group	146.8	227.7
Distribution payable to members of Westfield Group	1,728.1	1,849.0

(1) The forecast pro forma profit after tax has been prepared in accordance with Expected IFRS.

(2) No amount has been forecast for the mark to market of Westfield Group financial instruments and derivatives relating to future changes in interest rates, yield curves and changes in exchange rates from that currently forecast. The forecast shown in section 3.5.4 is based on expected forward interest rates and exchange rates as at 23 April 2003 and reflects all existing financial instruments and derivatives. The actual results for these periods may include the effect of mark to market adjustments at the time based upon the forward interest and foreign exchange rates prevailing at those respective period end dates.

3.8.1 Historical and Forecast Distributions per security

The tables set out below include certain historical, forecast and pro forma forecast distributions per share/unit for Westfield, WFT and WFA. This information enables shareholders in Westfield and unitholders in WFT and WFA to compare the distributions per share/unit they have received historically, and are forecast to receive for the year ending 30 June 2004, with their entitlement to pro forma forecast earnings and distribution following the Merger. The information in the tables shown below comprises:

- Annual distributions per share/unit in the relevant entity for years ended 30 June 2002 and 2003 and the six month period ended 31 December 2003 expressed as cents per share/unit.
- Forecast distributions per share/unit in the relevant entity for the year ending 30 June 2004 expressed as cents per share/unit.
- Pro forma forecast distributions for the years ending 30 June 2005 and 2006 are expressed as cents per share/unit. These pro forma forecasts reflect the forecast distributions the holder of one share in Westfield, or one unit in WFT or WFA, will be entitled to, based on the Merger being implemented as at 2 July 2004 and those holders converting that one share or one unit into Stapled Securities. These pro forma forecast distributions are based on the pro forma forecast information included in section 3.5.3 and 3.5.4 and the underlying assumptions set out in section 3.6.

Historical, Forecast and Pro Forma Forecast Distribution from the Perspective of a Westfield Shareholder

Westfield	Pre Merger				Post Merger	
	Historical		Forecast Entitlements		Pro Forma Forecast Entitlements	
	Year Ended 30 June		6 Months Ended 31 Dec	Year Ending 30 June	Year Ending 30 June	
	2002 ¢	2003 ¢	2003 ¢	2004 ¢	2005 \$	2006 \$
Dividend per share	21.1	25.6	15.3	28.9	\$1.03	\$1.10
Franking and tax advantaged						
% franked	48%	45%	50%	50%	8%	6%
% tax advantaged ⁽¹⁾	n/a	n/a	n/a	n/a	27%	27%

(1) The Australian taxation consequences of receiving a distribution with a tax advantaged component depends in part on the cost base of investors in the underlying shares or units of the stapled securities as described in the taxation report in section 7 of the Explanatory Memorandum. Investors are strongly encouraged to read the tax report in section 7 carefully in order to understand the Australian taxation consequences of receiving a distribution with a tax advantaged component post stapling.

Historical, Forecast and Pro Forma Forecast Distribution from the Perspective of a WFT Unitholder

WFT	Pre Merger				Post Merger	
	Historical		Forecast Entitlements		Pro Forma Forecast Entitlements	
	Year Ended 30 June		6 Months Ended 31 Dec	Year Ending 30 June	Year Ending 30 June	
	2002 ¢	2003 ¢	2003 ¢	2004 ¢	2005 ¢	2006 ¢
Distribution per share	23.2	24.0	12.4	25.1	28.8 ⁽¹⁾	30.8 ⁽¹⁾
Franking and tax advantaged						
% franked	n/a	n/a	n/a	n/a	8%	6%
% tax advantaged ⁽²⁾	38%	25%	13% ⁽³⁾	25%	27%	27%

(1) Reflects distribution per Stapled Security for the year ending 30 June 2005 of \$1.03 and for the year ending 30 June 2006 of \$1.10 converted at the merger ratio of 0.28 for WFT unitholders.

(2) The Australian taxation consequences of receiving a distribution with a tax advantaged component depends in part on the cost base of investors in the underlying units forming part of the stapled securities as described in the taxation report in section 7 of the Explanatory Memorandum. Investors are strongly encouraged to read the tax report in section 7 carefully in order to understand the Australian taxation consequences of receiving a distribution with a tax advantaged component post stapling.

(3) The estimated tax advantaged amount of 13% relates to the cash distributions for the full year to 31 December 2003. The estimated taxable component of approximately 87% for the 12 months applies to unitholders that are individuals. This taxable component included capital gains (discounted by 50%) of approximately 5.56 cents per unit (22.6% of the full year cash distribution) arising from property disposals during the year.

Historical, Forecast and Pro Forma Forecast Distribution from the Perspective of a WFA Unitholder

WFA	Pre Merger				Post Merger	
	Historical		Forecast Entitlements		Pro Forma Forecast Entitlements	
	Year Ended 30 June	Year Ended 30 June	6 Months Ended 31 Dec	Year Ending 30 June	Year Ending 30 June	Year Ending 30 June
	2002	2003	2003	2004	2005	2006
	€	€	€	€	€	€
Special Merger distribution per unit	–	–	–	–	0.9	–
Distribution per unit	14.6	15.6	8.5	16.3	15.4 ⁽¹⁾	16.5 ⁽¹⁾
Total distribution per unit	14.6	15.6	8.5	16.3	16.3	16.5
Franking and tax advantaged						
% franked	n/a	n/a	n/a	n/a	8%	6%
% tax advantaged ⁽²⁾	72%	69%	73%	60%	31%	27%

(1) Reflects distribution per Stapled Security for the year ending 30 June 2005 of \$1.03 and for the year ending 30 June 2006 of \$1.10 converted at the Merger ratio of 0.15 for WFA unitholders.

(2) The Australian taxation consequences of receiving a distribution with a tax advantaged component depends in part on the cost base of investors in the underlying units forming part of the stapled securities as described in the taxation report in section 7 of the Explanatory Memorandum. Investors are strongly encouraged to read the tax report in section 7 carefully in order to understand the Australian taxation consequences of receiving a distribution with a tax advantaged component post stapling.

3.9 Gearing, Interest Rate and Foreign Exchange Management

Gearing

Based on the Westfield Group's pro forma balance sheet as at 31 December 2003 (see section 3.5.1), gearing of the Westfield Group, calculated as a percentage of net debt to total assets less cash, will be 41.6% following completion of the Merger. It is the current intention to maintain long term gearing of the Westfield Group within the range of 40% to 45%. However the Westfield Group is prepared to exceed this level for a major acquisition provided the Group can return to its desired gearing level in the short term.

The maturity profile of Westfield Group financing facilities as at 31 December 2003 (without pro forma adjustments) was as follows:

Maturity	ASM
Due within 1 year	1,048
Due 1 to 5 years	6,519
Due 6 to 10 years	4,663
Due after 10 years	82
Total	12,312

Total borrowings at 31 December 2003 (section 3.5.1)	ASM
Westfield	939
WFT	4,648
WFA	6,725
Total	12,312

Interest Rate Management

The Westfield Group currently has exposures to interest rate fluctuations from borrowings denominated in A\$, US\$, £ and NZ\$. Following implementation of the Merger it is intended that the majority of Westfield Group debt will be denominated in US\$. At the Merger date, the Westfield Group will enter into fixed rate borrowings, interest rate swap agreements and interest rate options to hedge a portion of its underlying exposure against fluctuations in floating interest rates. Detailed below is the fixed rate hedging profile of the Westfield Group after the Merger. It has an average maturity of 7.5 years.

Year Ending 30 June	% of Forecast Debt at Fixed Interest Rates
2005	80-85%
2006	70-75%
2007	65-70%

Foreign Exchange Management

The Westfield Group will derive US\$, £ and NZ\$ denominated earnings from its investment in the United States, United Kingdom and New Zealand shopping centres respectively. At the Merger date, the Westfield Group will enter into foreign exchange hedges to hedge a portion of its underlying exposure against fluctuations arising from exchange rate volatility.

The Westfield Group will also have US\$, £ and NZ\$ denominated assets from its investment in shopping centres in the United States, United Kingdom and New Zealand respectively. To protect the value of the Westfield Group's net assets (in A\$ terms) from the adverse impact of exchange rate fluctuations, as at the Merger date the Westfield Group will hedge a portion of its foreign currency assets by funding such assets in the respective foreign currency or, if funded in another currency, by entering into cross currency swap agreements.

Detailed below is the currency hedging profile of the Westfield Group after the Merger. The profile includes the effect of foreign currency contracts, currency loans and cross currency swaps, including the proposed additional US\$ loans and/or A\$/US\$ cross currency swaps set out in section 3.6.4.

Year Ending 30 June	% of Foreign Currency Income Hedged
2005	95-100%
2006	90-100%
2007	85-100%

3.10 Principal Differences Between AGAAP and Expected IFRS

(i) Introduction

The principal accounting policies followed by Westfield, WFT and WFA are set out in detail in the financial report of Westfield for the year ended 30 June 2003 and for WFT and WFA in their financial reports for the year ended 31 December 2003. These policies which are all in accordance with AGAAP have been consistently applied during the periods covered by the historical and forecast financial information included in this Explanatory Memorandum.

As explained in section 3.3, Australia is committed to move to IFRS from 1 January 2005 and accordingly, where relevant, financial information in this Explanatory Memorandum has been presented under both AGAAP and Expected IFRS as follows.

The pro forma historical consolidated statements of financial position presented in section 3.5.1 have been prepared in accordance with both AGAAP and Expected IFRS.

The pro forma historical and forecast statements of financial performance in sections 3.5.3 have been prepared in accordance with AGAAP for the years ended 30 June 2002 and 2003, the six month period ended 31 December 2003 and the year ending 30 June 2004, 2005 and 2006. The pro forma forecast statement of financial performance has also been presented in accordance with Expected IFRS for the years ending 30 June 2005 and 2006 at 3.5.4.

(ii) Differences Between AGAAP and Expected IFRS

The differences between AGAAP and Expected IFRS identified by management to date as potentially having significant effect on the financial position and financial performance of the Westfield Group and which are reflected in the pro forma historical and forecast financial information are summarised below. The summary should not be taken as an exhaustive list of all the differences between AGAAP and Expected IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Regulatory bodies that promulgate AGAAP and Expected IFRS have significant ongoing projects that could affect the differences between AGAAP and Expected IFRS described below. Westfield Group's financial statements in the future could therefore be impacted by these changes, perhaps materially.

(a) Investment Property Revaluation

Under AGAAP, changes in the fair value of Westfield Group's shopping centres are reflected through the asset revaluation reserve. Decreases are also reflected through the asset revaluation reserve to the extent they reduce previously recognised increments and otherwise are charged to the operating result in the statement of financial performance.

Under Expected IFRS, changes in the fair value of Westfield Group's shopping centres are reflected through the operating result in the statement of financial performance.

(b) Foreign Currency Translation

Under AGAAP, the statement of financial position and the statement of financial performance of Westfield Group's integrated foreign operations are translated to A\$ at historic exchange rates. On consolidation, exchange differences arising on translation of foreign monetary items of integrated foreign operations are taken directly to the statement of financial performance.

Under Expected IFRS, those foreign operations must determine their functional currency (being the currency in which the entity operates and determines pricing decisions). Exchange differences arising on translation from functional currency to Australian dollars are taken directly to the foreign currency translation reserve.

Where operations classified as self-sustaining under AGAAP have a functional currency that differs from the Australian parent, translation movements continue to be recognised in the foreign currency translation reserve under Expected IFRS.

(c) Financial Instruments and Derivatives

Foreign Currency Derivatives

Under AGAAP, gains and losses on foreign currency derivatives are deferred and brought to account with the underlying transactions being hedged:

- (i) for hedges of foreign earnings, gains and losses are reflected in the statement of financial performance as the underlying earnings are recognised; and
- (ii) for hedges of net investments in foreign operations, gains and losses are reflected in the foreign currency translation reserve.

Under Expected IFRS, hedge accounting cannot be applied to derivatives entered into to hedge the foreign exchange exposure relating to foreign earnings. Accordingly, such derivatives are measured at fair value and gains and losses are reflected in the statement of financial performance as they arise. The foreign exchange exposure on net investments in foreign operations can be hedged under Expected IFRS provided that certain strict tests are met relating to hedge designation, documentation and effectiveness. If these tests are satisfied then the hedging derivative is measured at fair value and gains and losses reflected in the foreign currency translation reserve. However, to the extent that the hedge does not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

Interest Rate Derivatives

Under AGAAP, derivatives which are used to hedge exposure to fluctuations in floating interest rates are not measured at fair value. Instead payments and receipts on swaps are recognised in the statement of financial performance as they arise and premiums paid on options are amortised over the period of the hedge.

Under Expected IFRS, derivatives taken out to reduce exposures to fluctuations in floating interest rates may be accounted for as cash flow hedges provided that the hedge designation, documentation and effectiveness tests can be met. If these tests are satisfied then the hedging derivative is measured at fair value and gains or losses are reflected directly in equity until the hedged transaction occurs, when they are released to the statement of financial performance. For fully effective hedges, this results in a profit and loss outcome similar to AGAAP. However, to the extent that the hedges do not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

(d) Taxation

The tax charge in the statement of financial performance under AGAAP is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are not assessable or deductible. Under AGAAP depreciation allowances for tax purposes and revaluation of investment properties do not have an impact on the tax expense in the statement of financial performance. A liability is only recognised once there is an intention to sell the investment property and the sale would give rise to a tax obligation. The tax effect of other items of income or expense that are recognised in the statement of financial performance but are taxable or deductible in other years are included in income tax expense and are reflected as deferred tax assets and liabilities in the statement of financial position. The Westfield Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

The introduction of IFRS will require a change to the deferred tax or balance sheet liability method of accounting for taxation. Deferred tax is the tax expected to be payable or recoverable, by the entity, on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax liability is recognised for depreciation allowances for tax purposes and revaluations of investment properties in WFA. No provision is required for investment properties in WFT as WFT is essentially a flow through vehicle for tax purposes.

On implementation of Expected IFRS, an opening adjustment to shareholders equity will be required, with annual deferred tax charges through the statement of financial performance thereafter to reflect the increase/decrease in the difference between tax values and fair values of the investment properties held by WFA. The Westfield Group's liability for deferred tax is calculated using tax rates that are expected to apply when the liability is settled or the asset realised.

3.11 Risk factors

There are a number of factors which may have an impact on the future performance of Westfield, WFT and WFA on a standalone basis and, as a Stapled group, of the Westfield Group. Investors should be aware that an investment in Westfield, WFT or WFA on a standalone basis or the Westfield Group has a variety of risks which are associated with investing in both property and stock market listed securities. The future level of income distributions, the value of the assets and the market value of securities quoted on the ASX may be influenced by any of these risk factors. While the assumptions made in the preparation of the forecasts are considered to be reasonable, there are a number of factors which may affect the achievement of these forecasts, many of which are beyond the control of Westfield, WFT and WFA.

3.11.1 Business risks

General risks relating to real property

Investments in Stapled Securities will be subject to the general and specific risks associated with investments in entities owning real estate. In particular, as the Westfield Group's property portfolio comprises shopping centres in Australia, New Zealand, the United States and the United Kingdom, an investment in Stapled Securities will be subject to the risks of the ownership management and development of that type of property in those countries.

Despite the strong performance of property investments in Australia, New Zealand, the United States and the United Kingdom in recent years relative to the performance of bonds and equities, there can be no assurance that such performance will continue.

Any future deterioration in the Australian, New Zealand, United States or United Kingdom property markets could adversely affect the value of the Westfield Group properties.

Fluctuations in the value and income of retail properties

Returns from an investment in shopping centres depend largely upon the amount of rental income generated from the property and the expenses incurred in the operations, including the management and maintenance of the property as well as changes in the market value of the property.

Rental income and the market value of properties may be adversely affected by a number of factors, including:

- the overall conditions in the national and local economy, such as growth in gross domestic product, employment trends and the level of inflation and interest rates;
- local real estate conditions, such as the level of demand for and supply of retail space;
- the perception of prospective tenants of the attractiveness, convenience and safety of the shopping centre;
- the convenience and quality of competing shopping centres and other retailing options such as the Internet, as well as trends in the retail industry;
- changes in retail tenancy laws; and
- external factors including major world events such as war and terrorist attacks.

In addition, other factors may adversely affect a shopping centre's value without necessarily affecting its current revenues and operating income, including:

- changes in laws and governmental regulations, including retail tenancy, planning, environment or tax laws;
- potential environmental or other legal liabilities;
- unforeseen capital expenditure;
- supply and demand for retail properties;
- availability of financing;
- supply of new retail facilities and other investment assets; and
- demand for shopping centres from investors.

Leasing terms and tenant default

The performance of the Westfield Group depends on its ability to continue to lease space in its shopping centres on economically favourable terms. In addition, as substantially all of the Westfield Group's earnings are derived from rentals of real property, the incoming cash available for distribution to Securityholders may be adversely affected if a significant number of tenants were unable to meet their obligations to the Westfield Group or if new retail space in redeveloped centres was unable to be let. If the sales of stores operating in the Westfield Group's shopping centres decline sufficiently, tenants might be unable to pay their existing minimum rents or expense recovery charges, since these rents and charges would represent a high percentage of their sales. Further, if tenants' sales decline, new tenants would be less likely to be willing to pay minimum rent as high as they would otherwise pay. During times of economic recession, these risks will increase.

Bankruptcy or store closures of major tenants

The bankruptcy or closure of a major tenant, particularly an anchor tenant, may have a material adverse effect on a shopping centre's income and may make it substantially more difficult to lease the remainder of the affected shopping centre. As a result, the bankruptcy or closure of a major tenant could result in a lower level of cash available for distribution to Securityholders and/or a lower valuation of the affected property.

Liquidity of property investments

Investments in property are relatively illiquid and more difficult to realise than equities or bonds. This characteristic tends to limit the ability to vary the investment portfolio promptly in response to changes in economic or other conditions.

Fixed nature of significant costs

Significant expenditures associated with each investment, such as mortgage payments, maintenance costs and taxes, are generally not reduced when circumstances cause a reduction in income from the investment. The income and cash available for distribution to Securityholders and the value of the relevant property would be adversely affected if the income from a property declined and other related expenses remained unchanged.

Acquisition of properties

The Westfield Group intends to continue to pursue acquisitions of property assets, either directly or indirectly as opportunities arise. Such acquisitions involve a number of risks inherent in assessing the values, strengths, weaknesses and profitability of properties. Whilst the Westfield Group's policy is to undertake appropriate due diligence in order to assess these risks, unexpected problems and latent liabilities or contingencies such as existence of hazardous substances, for example asbestos or other environmental liabilities, may still emerge.

Additionally, the indirect acquisition of properties, through for example, the takeover of another listed property owning entity, may not allow for the usual standard of due diligence for a specific property acquisition to be undertaken.

Acquisition activities will also involve the following risks:

- that the acquired properties will not achieve anticipated rental rates or occupancy levels;
- that judgements with respect to improvements to the financial returns (including the occupancy rates and rents of a completed project) of acquired properties may prove inaccurate;
- that the Westfield Group abandons acquisition opportunities that it explores;
- the need for anchor tenants, financier and co-owner or joint venture approvals, if applicable, for expansion activities; and
- the need to obtain necessary regulatory licences and approvals for expansion activities.

By growing through acquisition, the Westfield Group will face the operational and financial risks commonly encountered with such a strategy, including continuity or assimilation of operations of employees, dissipation of the Westfield Group's management resources and impairment of relationships with employees and tenants of the acquired property as a result of changes in ownership and management. In addition, depending on the type of

transaction, it can take a period of time to completely realise its full benefits. Moreover, during a period following such a transaction, the operating results of the Westfield Group may decrease compared to results prior to the transaction.

Westfield Group may also face financial risks associated with incurring additional indebtedness to make acquisitions, such as reducing its liquidity, access to capital markets and financial stability.

Developments

The Westfield Group's future growth prospects and performance depends in part upon the continued development and improvement of existing properties. The Westfield Group will be subject to the risks associated with expansion and redevelopment activities, including risks occasioned by:

- construction not being completed on budget and on schedule;
- the development risk that properties may not be leased on the terms anticipated by the feasibility study prepared for the particular project; or
- the inability to obtain funding for the Westfield Group's proposed development pipeline.

Development and expansion activities may also involve the following risks:

- failure to obtain, or delay in obtaining, required permits, licences or approvals;
- industrial disputes may delay projects and/or add to cost of developments;
- construction costs of a project may exceed original estimates or available financing, possibly making the project unprofitable;
- temporary disruption of income from a property;
- failure to maintain occupancy rates for existing retail space and the inability to lease new retail space;
- loss of customers due to inconvenience caused by construction; and
- income derived from redeveloped centres being lower than expected.

If a development project is unsuccessful, the investment cost to the Westfield Group may exceed the value of the project on completion. The income available for distribution to Securityholders may be adversely affected in these circumstances.

Geographic concentration of properties

All of the Westfield Group properties are currently located in Australia, New Zealand, the United States and the United Kingdom. Consequently, any downturn in these property markets, or their economies, or any regulatory changes in these property markets could affect the Westfield Group's business results.

As a result of acquisitions, the Westfield Group may expand its activities into other geographic property markets. If this were to happen, the Westfield Group would become exposed to these economies.

Funding

The property investment and development sector tends to be highly capital intensive.

The ability of the Westfield Group to raise funds on favourable terms for future acquisitions, development activity and refinancing depends on a number of factors including general economic, political and capital market conditions and credit availability. These factors could increase the cost of funding or reduce the availability of funding for new projects or increase the refinancing risk for maturing debt facilities for the Westfield Group.

The Westfield Group seeks to effectively manage its funding and refinancing risk by maintaining a liquidity buffer of unused financing facilities and spreading its existing financing facilities over a range of maturities and counterparties.

Interest Rates

The Westfield Group will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. To protect itself from such fluctuations in respect of an underlying exposure to floating interest rates, the Westfield Group will enter into fixed rate borrowings, interest rate swap agreements and interest rate options (see section 3.9).

Adverse fluctuations in interest rates, to the extent they are not hedged, will impact the income available for distribution to Securityholders.

Exchange Rates

The Westfield Group will derive US\$, £ and NZ\$ denominated earnings from its investment in United States, United Kingdom and New Zealand shopping centres respectively. The Westfield Group manages the impact of exchange rate movements on its earnings by entering into hedging transactions (see section 3.9).

To the extent that exchange rate movements affecting these currencies are not hedged, they will affect the financial performance of the Westfield Group. The effect may be positive or negative depending on the nature of the actual exchange rate movement and the extent to which the risk to exchange rate movements has been hedged.

Regulatory issues and changes in laws

The Westfield Group is subject to the usual business risk that there may be changes in laws that reduce income or increase costs. For example, there could be changes in retail tenancy laws which limit the recovery of property outgoings and changes or increases in real estate taxes which cannot be recovered as outgoings from tenants or changes in environmental laws that require significant capital expenditure.

The Westfield Group's ability to take advantage of acquisition opportunities in Australia and New Zealand may be limited by regulatory issues or regulatory intervention based on competition grounds.

Disputes

In the course of its operations the Westfield Group may be involved in disputes and litigation. The extent of such disputes and litigation cannot be ascertained at this time, but a risk exists that material or costly disputes or litigation could affect the value of the assets or income of the Westfield Group.

Competition

The Westfield Group faces competition from other Australian, New Zealand, United States and United Kingdom property groups and other commercial organisations active in the Australian, New Zealand, United States and United Kingdom property markets, as well as the threat of new competitors emerging both generally and in particular trade areas. Competition in the property market may lead either to an over-supply of retail premises through over-development or to prices for existing properties or land for development being inflated through competing bids by potential purchasers. Accordingly, the existence of such competition may have a material adverse impact on the Westfield Group's ability to secure tenants for its properties at satisfactory rental rates and on a timely basis and to acquire properties or develop land at satisfactory cost.

In addition, retailers at the Westfield Group's shopping centres face continued competition from discount shopping centres, direct mail, telemarketing and, most recently, shopping via the Internet. Competition of this type could adversely affect the Westfield Group's income available for distribution to Securityholders.

Insurance

The Westfield Group carries material damage, business interruption and liability insurance covering its portfolio with policy specifications and insured limits customarily carried for similar properties. There are, however, types of losses (such as from floods and earthquakes) that are generally not insured at full replacement cost or that are insured subject to larger deductibles.

The Westfield Group currently carries insurance with respect to terrorism and will continue to seek appropriate coverage (subject to standard exclusions for nuclear, chemical or biological incidents) having regard to the nature of the Westfield Group's portfolio and operations. The scope of renewal of insurance, including in respect of acts or terrorism, will be dependent on a number of factors such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved.

Conflicts of interest with partners

There are 37 shopping centres in the Westfield Group portfolio which are co-owned by the Westfield Group with other owners. Commonly the Westfield Group will have a 50% interest in these co-owned shopping centres although, in a number of cases, the Westfield Group's interest is greater than or less than 50% (see the property tables in section 2). Most, but not all, of the shopping centres are managed by the Westfield Group.

From time to time major decisions are required to be made in respect of co-owned properties, eg redevelopment and refurbishment, refinancing, the sale of shopping centres or surplus land and the purchase of additional land. The interests of the Westfield Group may not be the same as those of other co-owners in relation to these matters.

In addition, pre-emptive provisions or first rights of refusal apply to sales or transfers of interests in these co-owned properties. These provisions may work to the disadvantage of the Westfield Group because, among other things, the Westfield Group might be required to make decisions about buying or selling interests in these properties at a time that is disadvantageous to it.

While the majority of Westfield Group's co-owners for these properties are institutional investors, there is also the risk that co-owners may default on their obligations or otherwise act in a manner which adversely affects the Westfield Group.

Taxation

Changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which the Westfield Group operates may impact the expected forecast tax liabilities of the Westfield Group.

Under current income tax legislation WFT and WFA are generally not liable to Australian income tax, including capital gains tax, provided each trust distributes all of the income of the relevant trust. Securityholders should be aware that should the actions or activities of either WFT or WFA cause that particular trust to fall within the operative provisions of Division 6B or 6C of the Income Tax Assessment Act 1936, that trust may be taxed on its net income at a rate which is currently equivalent to the corporate income tax rate of 30%.

Securityholders should be aware that adverse consequences could arise in the event WEA fails to qualify as a REIT under US income tax laws. Qualification as a REIT involves the application of highly technical and complex provisions. Although WEA believes that it operates in a manner so as to qualify as a REIT, no assurance can be given that WEA is, or will remain so qualified. Although WEA is not aware of pending legislation that would adversely affect its ability to operate as a REIT, no assurance can be given that new legislation, regulations, administrative interpretations or court decisions will not change the laws with respect to qualification as a REIT.

As a result of changes in the US – Australia Double Tax Agreement effective 1 July 2003, US withholding tax should generally continue to apply to dividends paid by WEA at a rate of 15%, except in the case of an investor that hold directly or indirectly a greater than 10% interest in WEA. Such investors maybe subject to US withholding tax at a rate of 30% rather than 15% on their share of dividends from WEA.

Other external factors

Other external factors which may impact on the Westfield Group's performance include: changes or disruption to political, regulatory, legal or economic conditions or to the national or international financial markets including as a result of terrorist attacks or war or insurrection.

3.11.2 Risk factors that affect the general economy and stock market

The price that Stapled Securities trade on the ASX may be determined by a range of factors including:

- movements in international and local stock markets;
- inflation;
- fluctuations in interest rates;
- general economic conditions;
- changes to the compilation of indices;

- changes in government, fiscal, monetary and regulatory policies; and
- changes in the supply of listed property trust securities.

In the future, one or more of these factors may cause Stapled Securities to trade at below current prices and may affect the income and expenses of the Westfield Group. In addition, the stockmarket can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of the Westfield Group.

3.12 Valuation Policy

Westfield Group's property investments are carried in its accounts at fair value. The Westfield Group currently commissions independent revaluations of its property investments at intervals of not more than 3 years.

Following implementation of the Merger, the current intention of the Westfield Group Directors is to have its properties revalued annually.

3.13 Finance Facilities

The Westfield Entities and their controlled entities have sufficient finance facilities available to implement the Merger and meet their financial obligations as they fall due. From the perspective of a financier to the Westfield Group, the fundamentals of the business operations and strategy of the Westfield Group will remain unchanged.

There will be no change in the assets of the Westfield Group taken as a whole as part of the implementation of the Merger.

As part of the Merger, the Westfield Group will adopt a new financing structure to fund substantially all of its unsecured borrowings through discrete statutory entities which will be designated as Treasury Subsidiaries and supported by a Master Guarantee Deed Poll (see section 8.2.6 and section 11.16) and a Master Negative Pledge Deed Poll (see section 11.15).

A US\$2.25 billion 364 day bridge facility for the Westfield Group is being established with Citigroup and ABN AMRO as mandated Joint Lead Arrangers and Bookrunners and UBS and Deutsche Bank as Lead Arrangers. The bridge facility will be used in the event that a Westfield Entity (or one of their controlled entities) is required to refinance all or some of its debt. The amounts available under the bridge facility are sufficient to meet any such refinancing obligations based on an assessment of the impact of the Merger on the financing facilities of the Westfield Group.

The bridge facility is subject to a number of conditions precedent, which are considered to be standard for bridge facilities of this nature. The Westfield Entities fully expect to be in a position to satisfy those conditions precedent and to be able to refinance the bridge facility with new financing facilities prior to its maturity.

3.14 Ratings

WFT currently holds "A/A-1" credit ratings from Standard & Poor's. The debt of Westfield and WFA are not rated by any credit rating agency.

On 29 April 2004, Standard & Poor's affirmed the "A/A-1" credit rating of WFT following the announcement of the Merger.

Standard & Poor's also announced that it believed if the Merger proceeds as announced, the Westfield Group would be assigned "A/A-1" credit ratings in respect of the stapled structure and its senior unsecured debt. This is subject to:

- examination by Standard & Poor's of the guarantee provided by each Westfield Entity (see further sections 3.13 and 8.2.6);
- approval of the Merger by shareholders, debtholders and regulatory bodies; and
- Standard and Poor's final due diligence in relation to the Merger.

3.15 Financial Year End

Following the Merger, application will be made by Westfield to change its financial year end from 30 June to 31 December resulting in the first financial period for Westfield Group being a six month period ending 31 December 2004. All historic and forecast financial information in this Explanatory Memorandum has been aligned to Westfield's current year end which is 30 June.

Summary Financial Tables

The summary financial tables presented below have been extracted for ease of reference from the detailed financial information presented in section 3. These tables should not be considered without reference to the detailed notes, descriptions, assumptions and bases of preparation as described in section 3.

Standalone and Pro Forma Consolidated Statements of Financial Position

(Extract from detailed section 3.5.1)

31 December 2003	Standalone Entities As Reported AGAAP			Westfield Group Pro Forma	
	Westfield	WFT	WFA	AGAAP	Expected IFRS
	\$M	\$M	\$M	\$M	\$M
Assets					
Cash assets	41	40	174	258	258
Other current assets	293	151	253	495	495
Equity accounted investments	2,205	798	772	2,622	2,622
Shopping centre investments	29	11,499	12,631	25,140	25,140
Other	652	115	771	1,167	1,167
Total assets	3,220	12,603	14,601	29,682	29,682
Liabilities					
Borrowings	939	4,648	6,725	12,498	12,498
Deferred tax	189	–	–	189	864
Creditors and accruals	282	366	460	1,160	1,160
Other	116	299	984	1,274	1,274
Total liabilities	1,526	5,313	8,169	15,121	15,796
Net assets	1,694	7,290	6,432	14,561	13,886
Equity					
Shareholders equity attributable to:					
Stapled securityholders	1,694	7,198	4,968	13,916	13,241
Outside equity interests	–	92	1,464	645	645
Total equity	1,694	7,290	6,432	14,561	13,886
Net asset backing (\$)					
Per standalone security	\$3.00	\$3.27	\$1.35		
Per stapled security				\$8.28	\$7.88
Gearing					
Borrowings (less cash)/ total assets (less cash)	28.2%	36.7%	45.4%	41.6%	41.6%

Westfield Statements of Financial Performance and Distribution

(Extract from detailed section 3.4.1)

	Historical			Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Trading revenue	930.1	1,101.9	667.0	1,318.3	1,578.4	2,212.1
Project income	119.1	114.6	69.3	140.5	177.3	249.1
Property and funds management	60.9	100.6	62.7	117.9	136.1	156.9
Other expenses	(14.9)	(12.0)	(6.2)	(13.3)	(13.8)	(14.1)
Business income	165.1	203.2	125.8	245.1	299.6	391.9
Investment income	188.0	197.9	98.4	175.2	179.5	183.5
Net interest (expense)/ income	(64.5)	(40.7)	(8.3)	(9.2)	1.4	6.1
Net investment income	123.5	157.2	90.1	166.0	180.9	189.6
Profit before tax	288.6	360.4	215.9	411.1	480.5	581.5
Tax expense	(54.4)	(72.0)	(42.5)	(82.7)	(106.0)	(139.6)
Profit after tax	234.2	288.4	173.4	328.4	374.5	441.9
Dividend	118.6	144.4	86.7	163.5	187.8	221.2
Earnings per share – Cents (basic)	42.1	51.1	30.7	58.1	65.9	77.4
Dividends per share – Cents	21.1	25.6	15.3	28.9	32.9	38.7

WFT Statements of Financial Performance and Distribution

(Extract from detailed section 3.4.2)

	Historical			Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Net property income	646.9	723.0	413.6	839.9	935.7	987.4
Net profit from asset sales	7.3	4.0	15.4	19.3	–	–
Other expenses	(29.8)	(37.4)	(20.6)	(44.6)	(53.7)	(61.2)
EBIT	624.4	689.6	408.4	814.6	882.0	926.2
Net interest expense	(157.4)	(181.4)	(118.3)	(233.3)	(279.9)	(287.8)
Profit before tax	467.0	508.2	290.1	581.3	602.1	638.4
Tax expense	–	(0.5)	(0.2)	(0.6)	(1.0)	(1.2)
Profit after tax before outside equity interest	467.0	507.7	289.9	580.7	601.1	637.2
Outside equity interest	(5.7)	(8.4)	(3.3)	(6.5)	(6.9)	(7.2)
Profit after tax attributable to members	461.3	499.3	286.6	574.2	594.2	630.0
Distribution	454.0	495.3	271.2	554.9	594.2	630.0
Earnings per unit – cents (basic)	23.6	24.1	13.1	26.0	26.1	27.1
Distribution per unit – cents	23.2	24.0	12.4	25.1	26.1	27.1

WFT Statements of Financial Performance and Distribution

(Extract from detailed section 3.4.3)

	Historical			Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Net property income	898.6	1,370.7	698.8	1,297.7	1,344.9	1,457.0
Net profit/(loss) from asset sales	(14.8)	22.2	22.5	22.5	–	–
Other expenses	(25.8)	(38.4)	(28.7)	(47.3)	(49.6)	(51.7)
EBIT	858.0	1,354.5	692.6	1,272.9	1,295.3	1,405.3
Net interest expense	(466.0)	(622.8)	(265.5)	(469.8)	(433.0)	(486.9)
Profit before tax	392.0	731.7	427.1	803.1	862.3	918.4
Tax expense	(25.3)	(35.4)	(17.6)	(38.5)	(52.2)	(61.3)
Profit after tax before outside equity interest	366.7	696.3	409.5	764.6	810.1	857.1
Outside equity interest	(83.4)	(157.0)	(82.3)	(145.5)	(147.4)	(157.0)
Profit after tax attributable to members	283.3	539.3	327.2	619.1	662.7	700.1
Distribution	343.6	522.1	310.1	602.0	662.7	700.1
Earnings per unit – cents (basic)	12.6	16.2	9.0	16.8	17.3	17.9
Distribution at average exchange rate – cents	16.3	14.7	7.0	12.7	13.6	14.3
Effect of exchange rate hedging – cents	(1.7)	0.9	1.5	3.6	3.7	3.6
Distribution – cents	14.6	15.6	8.5	16.3	17.3	17.9

Historical and Forecast Pro Forma Consolidated Statements of Financial Performance and Distribution – AGAAP

(Extract from detailed section 3.5.3)

Westfield Group – AGAAP	Historical Pro Forma			Pro Forma Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Property income	2,054.3	2,900.1	1,507.6	2,887.8	2,925.4	3,158.0
Contribution from equity accounted investments	273.3	174.7	89.4	183.8	181.2	184.8
Other income	42.0	43.6	20.1	40.2	62.4	76.9
Net profit/(loss) from asset sales	(5.7)	19.6	39.0	39.0	–	–
Total income	2,363.9	3,138.0	1,656.1	3,150.8	3,169.0	3,419.7
Property expenses	(640.3)	(870.8)	(432.2)	(826.5)	(830.6)	(896.6)
Other expenses	(148.4)	(163.7)	(79.5)	(151.5)	(98.1)	(106.7)
Transaction costs	–	–	–	(95.0)	–	–
Total expenses	(788.7)	(1,034.5)	(511.7)	(1,073.0)	(928.7)	(1,003.3)
EBIT	1,575.2	2,103.5	1,144.4	2,077.8	2,240.3	2,416.4
Net interest expense	(679.1)	(836.5)	(388.6)	(710.4)	(495.7)	(607.8)
Profit before tax	896.1	1,267.0	755.8	1,367.4	1,744.6	1,808.6
Tax expense	(76.5)	(104.2)	(58.4)	(117.3)	(100.9)	(116.6)
Profit after tax before outside equity interests	819.6	1,162.8	697.4	1,250.1	1,643.7	1,692.0
Outside equity interests	(34.2)	(68.1)	(37.8)	(68.8)	(62.4)	(70.7)
Profit after tax attributable to members	785.4	1,094.7	659.6	1,181.3	1,581.3	1,621.3
Project profits eliminated in stapled group					146.8	227.7
Distribution					1,728.1	1,849.0
Number of stapled securities - million					1,680.8	1,680.8
Distribution per stapled security					\$1.03	\$1.10

Forecast pro forma consolidated statement of financial performance and distribution for the year ending 30 June 2004 has been provided so that investors have information for the period covered by the forecast financial information. However, investors should note that the pro forma consolidated statement of financial performance and distribution for the years ending 30 June 2002, 2003 and 2004 relates to a period prior to the date on which, if approved, the Merger will be effective and no savings or benefits arising from the Merger have been assumed in these periods.

Forecast Pro Forma Consolidated Statements of Financial Performance and Distribution – Expected IFRS

(Extract from detailed section 3.5.4)

Westfield Group – Expected IFRS	Forecast Pro Forma Year Ending	
	30 June 2005 \$M	30 June 2006 \$M
Property income	2,925.4	3,158.0
Contribution from equity accounted investments	181.2	184.8
Other income	62.4	76.9
Net revaluations	1,275.0	1,110.0
Total income	4,444.0	4,529.7
Property expenses	(830.6)	(896.6)
Other expenses	(98.1)	(106.7)
Total expenses	(928.7)	(1,003.3)
EBIT	3,515.3	3,526.4
Net interest expense	(495.7)	(607.8)
Profit before tax	3,019.6	2,918.6
Tax expense	(100.9)	(116.6)
Expected IFRS deferred tax	(143.1)	(116.0)
Total tax expense	(244.0)	(232.6)
Profit after tax before outside equity interests	2,775.6	2,686.0
Outside equity interest	(129.3)	(119.3)
Profit after tax attributable to members	2,646.3	2,566.7
Distribution \$ million	1,728.1	1,849.0
Number of stapled securities million	1,680.8	1,680.8
Distribution per stapled security	\$1.03	\$1.10

Distribution Statement

(Extract from detailed section 3.8)

Westfield Group	Forecast Year Ending 30 June	
	2005 \$M	2006 \$M
Expected IFRS profit after tax attributable to members of Westfield Group	2,646.3	2,566.7
Investment property revaluations attributable to members	(1,208.1)	(1,061.4)
Deferred tax charge	143.1	116.0
Unrealised profit/(loss) impact of marked to market of hedges under IAS 39	-	-
AGAAP profit after tax	1,581.3	1,621.3
Add: project profits eliminated in the Westfield Group	146.8	227.7
Distribution payable to members of Westfield Group	1,728.1	1,849.0

Historical and Forecast Pro Forma Consolidated Statement of Cash Flows

(Extract from detailed section 3.5.5)

Westfield Group	Historical Pro Forma			Pro Forma Forecast		
	Year Ended 30 June		Six Months Ended 31 Dec		Year Ending 30 June	
	2002 \$M	2003 \$M	2003 \$M	2004 \$M	2005 \$M	2006 \$M
Net cash flows from operating activities	1,604.2	2,113.6	997.9	1,899.6	2,181.6	2,442.6
Cash flows from investing activities						
Acquisition of property investments	(2,330.9)	(1,723.3)	(805.1)	(805.1)	–	–
Construction and development	(859.8)	(726.2)	(516.9)	(1,004.0)	(1,008.4)	(986.0)
Disposal of properties	–	373.3	1,025.3	1,197.5	–	–
Equity accounted investments	(315.6)	(93.6)	(133.8)	(223.2)	(173.6)	(107.5)
Other	(67.6)	(25.9)	(39.3)	(52.6)	24.2	(5.7)
Net cash outflows used in investing activities	(3,573.9)	(2,195.7)	(469.8)	(887.4)	(1,157.8)	(1,099.2)
Cash flows from financing activities						
Capital raisings	2,996.7	1,209.0	307.3	664.2	–	–
Purchase of outside equity interests	(134.2)	(6.9)	–	–	–	–
Borrowings	620.9	947.3	149.2	493.0	1,289.6	1,258.5
Dividends/distributions	(718.7)	(1,060.1)	(595.8)	(1,345.4)	(1,620.9)	(1,813.3)
Net borrowing costs	(759.3)	(928.7)	(459.2)	(809.8)	(685.3)	(788.7)
Other	22.4	(73.5)	1.3	(22.0)	0.7	(1.3)
Net cash in/(out) flows from financing activities	2,027.8	87.1	(597.2)	(1,020.0)	(1,015.9)	(1,344.8)
Increase/(decrease) in cash	58.1	5.0	(69.1)	(7.8)	7.9	(1.4)

4. INDEPENDENT ACCOUNTANT'S REPORT ON HISTORICAL AND PRO FORMA FINANCIAL INFORMATION

24 May 2004

The Directors
Westfield Holdings Limited
Westfield Management Limited as Responsible Entity for Westfield Trust
Westfield America Management Limited as Responsible Entity for Westfield America Trust
100 William Street
SYDNEY NSW 2010

Dear Directors

Independent Accountant's Report on Historical Financial Information

We have prepared this Independent Accountant's Report ("Report") on historical financial information for inclusion in an Explanatory Memorandum to be dated on or about 24 May 2004 (the "Explanatory Memorandum") relating to the Stapling of Westfield Holdings Limited ("Westfield"), Westfield Trust ("WFT") and Westfield America Trust ("WFA") (together the "Westfield Group"). Following the Stapling, each entity will remain listed on the Australian Stock Exchange. However, the stapled securities will trade jointly as one security on the Australian Stock Exchange.

Expressions defined in the Explanatory Memorandum have the same meaning in this Report.

Scope

We have been requested to report on the historical stand alone financial information of Westfield, WFT and WFA and the historical pro forma consolidated financial information of Westfield Group included within Sections 3.4 and 3.5 of the Explanatory Memorandum. The Historical Financial Information is presented in accordance with applicable Accounting Standards in Australia ("AGAAP") and the historical pro forma consolidated statement of financial position is also presented in accordance with Expected IFRS (as defined in Section 3.3). Our Report relates only to the historical financial information included within Sections 3.4 and 3.5 and does not extend to any other financial information included in the Explanatory Memorandum.

The historical pro forma financial information has been presented to illustrate the potential impact of the proposed new structure of the Westfield Group. However, it does not purport to present the results that would have occurred had the Westfield Group operated on a stapled basis during the periods under review. For example, no adjustments have been made to include any expense savings that potentially may arise under the proposed new structure, nor have any adjustments been made to reflect the effect of treasury transactions that will occur in connection with the Stapling transaction.

The historical pro forma consolidated financial information has, however, been adjusted to reflect the impact of certain other effects of the proposed Stapling (the "Pro Forma Adjustments") including:

- the exclusion of inter-entity revenues, charges and dividends/distributions;
- adjustments to the results for the effects of one-off changes in accounting policy;
- the elimination of inter-entity assets, liabilities and equity balances; and

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- the inclusion of estimated fair value adjustments and anticipated liabilities for transaction costs incurred in relation to the Stapling.

The Pro Forma Adjustments including those referred to above are set out more fully in Sections 3.5.1, 3.5.2 and in section 3.5.5 relating to the pro forma financial information contained in the Explanatory Memorandum.

Responsibility

The Directors of Westfield and the Directors of the responsible entity for each of WFT and WFA are responsible for the preparation and content of the historical financial information including determination of the Pro Forma Adjustments.

It is our responsibility to review the historical financial information and report on it. We disclaim any responsibility for any reliance on this Report or the financial information to which it relates for any purpose other than that for which it was prepared. This Report should be read in conjunction with the full Explanatory Memorandum.

Review of Historical Financial Information

We have performed a review of the historical financial information in order to state whether on the basis of the procedures described, anything has come to our attention that would indicate that the historical financial information as set out in Sections 3.4 and 3.5 is not presented fairly in accordance with the recognition and measurement requirements (but not all of the disclosure requirements) of applicable Accounting Standards in Australia and Expected IFRS, as applicable.

Our review was conducted in accordance with the Australian Auditing and Assurance Standard AUS902 "Review of Financial Reports" and included such inquiries and procedures as we, in our professional judgement, considered reasonable in the circumstances including:

- analytical procedures on the historical stand alone financial information of Westfield, WFT and WFA;
- a review of the relevant work papers, accounting records and other documents;
- a review of the reasonableness of the Pro Forma Adjustments as a basis for compiling the historical pro forma financial information;
- consideration of the consistency of application of accounting policies throughout the relevant historical periods;
- inquiry of Directors, management and others; and
- a review of the Expected IFRS adjustments used to compile the historical pro forma consolidated statement of financial position of the Westfield Group.

As these procedures do not provide all the evidence that would be required in an audit, the level of assurance provided is less and, accordingly, we do not express an audit opinion.

Review Statement on Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the historical financial information set out in Sections 3.4 and 3.5 does not present fairly:

- a) (i) the financial position of each of Westfield, WFA and WFT as at 31 December 2003 and their financial performance for the years ended 30 June 2002 and 2003 and the six months ended 31 December 2003; and
- (ii) the pro forma consolidated financial position of the Westfield Group as at 31 December 2003 and its pro forma consolidated financial performance and cash flows for the years ended 30 June 2002 and 2003 and the six months ended 31 December 2003;

in accordance with the Pro Forma Adjustments and the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

- b) the pro forma consolidated financial position of the Westfield Group as at 31 December 2003 in accordance with the Pro Forma Adjustments and the measurement and recognition requirements (but not all of the disclosure requirements) of the Expected IFRS.

Subsequent Events

Apart from the matters dealt with in this Report and elsewhere in the Explanatory Memorandum, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Westfield Group have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence and Disclosure of Interest

Ernst & Young does not have any interest in the outcome of the proposed Stapling transaction other than in the preparation of this Report and participation in due diligence procedures for which normal professional fees will be received. Ernst & Young Transaction Advisory Services has prepared an Independent Accountant's Report on Forecast Financial Information. Ernst & Young also acts as the statutory auditor of Westfield Holdings Limited, Westfield Trust and Westfield America Trust.

Yours faithfully

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive, stylized script.

Ernst & Young

TRANSACTION SUPPORT

5. FINANCIAL SERVICES GUIDE AND INDEPENDENT ACCOUNTANT'S REPORT ON FORECAST PRO FORMA FINANCIAL INFORMATION IN RELATION TO THE PROPOSED MERGER OF WESTFIELD HOLDINGS LIMITED, WESTFIELD TRUST AND WESTFIELD AMERICA TRUST

Part 1 – Financial Services Guide

24 May 2004

1. Ernst & Young Transaction Advisory Services

Ernst & Young Transaction Advisory Services Limited ("Ernst & Young Transaction Advisory Services" or "we," or "us" or "our") has been engaged by Westfield Holdings Limited, Westfield Management Limited as responsible entity of the Westfield Trust and Westfield America Management Limited as responsible entity of the Westfield America Trust (together "the Westfield Group") to provide general financial product advice in the form of an Independent Accountant's Report in relation to the pro forma forecast financial information for inclusion in the Explanatory Memorandum as set out in Part 2 (the "Report").

2. Financial Services Guide

This Financial Services Guide ("FSG") provides important information to help retail clients make a decision as to their use of the general financial product advice in the Report, information about us, the financial services we offer, our dispute resolution process and how we are remunerated.

3. Financial services we offer

We hold an Australian Financial Services Licence which authorises us to provide the following services:

- financial product advice in relation to securities, derivatives, general insurance, life insurance, managed investments, superannuation, and government debentures, stocks and bonds; and
- arranging to deal in securities.

4. General financial product advice

In our Report we provide general financial product advice. The advice in the Report does not take into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the Report having regard to your own objectives, financial situation and needs before you act on the advice in the Report. As the advice relates to the issue of Stapled Securities pursuant to the Merger, you should read the other information in the Explanatory Memorandum.

We have been engaged by the Westfield Group to provide the Report. You have not engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters on which we have been engaged to report.

5. Remuneration for our services

We charge fees for providing reports. These fees are agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis. Our directors and employees providing financial services receive an annual salary, a performance bonus or profit share depending on their level of seniority.

Ernst & Young Transaction Advisory Services is ultimately owned by Ernst & Young, which is a professional advisory and accounting practice. Ernst & Young is the auditor of the Westfield Group and receives fees in respect of the audit services it provides to the group.

Except for the fees and benefits referred to above, neither Ernst & Young Transaction Advisory Services, nor any of its directors, employees or associated entities receive any fees or other benefits, directly or indirectly, for or in connection with the provision of the Report.

6. Associations with product issuers

Ernst & Young Transaction Advisory Services and any of its associated entities may at any time provide professional services to financial product issuers in the ordinary course of business.

7. Complaints process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial services. All complaints must be in writing and addressed to the Compliance and Legal Manager and sent to the address below. We will make every effort to resolve a complaint within 30 days of receiving the complaint. If the complaint has not been satisfactorily dealt with, the complaint can be referred to the Financial Industry Complaints Service, of which we are a member or the Insurance Brokers Disputes Limited for general insurance product advice.

Contacting Ernst & Young Transaction Advisory Services

Compliance and Legal Manager
Ernst & Young
Level 21, 321 Kent Street
Sydney NSW 2000
Telephone: (02) 9248 5555

Contacting the Independent Dispute Resolution Schemes:

Financial Industry Complaints Service Limited
PO Box 579 – Collins Street West
Melbourne VIC 8007
Telephone: 1800 335 405

Insurance Brokers Disputes Limited
Level 10
99 William Street
Melbourne VIC 3000
Telephone 1800 064 169

TRANSACTION SUPPORT

Part 2 – Independent Accountant's Report On Forecast Pro Forma Financial Information

24 May 2004

The Directors
Westfield Holdings Limited
Westfield Management Limited as Responsible Entity for Westfield Trust
Westfield America Management Limited as Responsible Entity for Westfield America Trust
100 William Street
SYDNEY NSW 2010

Dear Directors

Independent Accountant's Report on Forecast Pro Forma Financial Information

Ernst & Young Transaction Advisory Services Limited has been appointed as the Independent Accountant in relation to certain forecast financial information by Westfield Holdings Limited ("Westfield"), Westfield Management Limited as responsible entity of the Westfield Trust ("WFT") and Westfield America Management Limited as responsible entity of Westfield America Trust ("WFA") for inclusion in an Explanatory Memorandum to be dated on or about 24 May 2004 (the "Explanatory Memorandum").

We have prepared this Independent Accountant's Report (the "Report") on the pro forma forecast financial information for inclusion in the Explanatory Memorandum relating to the Stapling of Westfield, WFT and WFA (together the "Westfield Group"). Following the Stapling, each entity will remain listed on the Australian Stock Exchange, however, the stapled securities will trade jointly as one security on the Australian Stock Exchange.

Expressions defined in the Explanatory Memorandum have the same meaning in this Report.

Scope

You have requested Ernst & Young Transaction Advisory Services Limited to prepare a report on the forecast pro forma consolidated statements of financial performance and distribution and forecast pro forma consolidated statements of cash flow of the Westfield Group for the three years ending 30 June 2006 (the "Forecast") as set out in Sections 3.5.3, 3.5.4 and 3.5.5 of the Explanatory Memorandum.

The forecast pro forma consolidated statement of financial performance and distribution for the year ending 30 June 2004 is presented in accordance with AGAAP and the forecast pro forma consolidated statements of financial performance and distribution for the two years ending 30 June 2006 are presented in accordance with both AGAAP and Expected IFRS. The basis of Expected IFRS is set out in Section 3.10 of the Explanatory Memorandum. The forecast pro forma consolidated statements of cash flow for the three years ending 30 June 2006 are presented in accordance with AGAAP.

Our report relates only to the forecast pro forma financial information referred to above and does not extend to any other forecast financial information included in the Explanatory Memorandum including the forecast statements of financial performance of Westfield, WFT and WFA set out in Sections 3.4.1, 3.4.2 and 3.4.3 respectively.

The forecast pro forma consolidated statement of financial performance and distribution for the year ending 30 June 2004 has been presented to illustrate the potential impact of the proposed new structure for the Westfield Group. However, it does not purport to present the results that would have occurred had the Westfield Group operated on a Stapled basis during that period. For example, no adjustments have been made to include any expense (including income tax) savings that potentially may arise under the proposed new structure, nor have any adjustments been made to reflect the effect of treasury

transactions that are expected to occur in connection with the Stapling transaction, nor have any adjustments been made to reflect the financial implications of the fair value adjustments to assets and liabilities as part of the application of purchase accounting.

The forecast pro forma consolidated statements of financial performance and distribution for the two years ending 30 June 2006 have been prepared on the basis that the proposed new structure is effective from 1 July 2004. Therefore expense (including income tax) savings that are forecast may potentially arise under the proposed new structure, the effect of treasury transactions that are expected to occur in connection with the Stapling transaction and the financial implications of the fair value adjustments to assets and liabilities as part of the application of purchase accounting are reflected in the pro forma forecasts for these periods. The basis on which the forecast pro forma consolidated statements of financial performance and distribution for the year ending 30 June 2004 and the two years ending 30 June 2006 have been prepared are set out in Section 3.5.2 of the Explanatory Memorandum.

Responsibility

The Directors of Westfield and the Directors of the responsible entity for each of WFT and WFA are responsible for the preparation and presentation of the Forecast, including the best-estimate assumptions, which include the pro forma transactions, on which they are based. The Forecast has been prepared for inclusion in the Explanatory Memorandum. We disclaim any assumption of responsibility for any reliance on this Report or on the Forecast to which it relates for any purposes other than for which it was prepared. This report should be read in conjunction with the full Explanatory Memorandum.

Ernst & Young Transaction Advisory Services Limited is liable for the content of the Financial Services Guide and this report. The Westfield Group is liable for the remainder of the Explanatory Memorandum, other than any other Expert Reports including the Australian Taxation Report and the Independent Accountant's Report on Historical Financial Information.

Review of Directors' Best-Estimate Assumptions

Our review of the best-estimate assumptions underlying the Forecast was conducted in accordance with the Australian Auditing and Assurance Standard AUS 902 "Review of Financial Reports". Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary. These procedures included discussion with the Directors and management of the Westfield Group and have been undertaken to form an opinion whether anything has come to our attention which causes us to believe that:

- (a) the best-estimate assumptions do not provide a reasonable basis for the preparation of the Forecast;
- (b) in all material respects, the Forecast is not properly prepared on the basis of the best-estimate assumptions; and
- (c) the Forecast is not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, Expected IFRS and the accounting policies of the Westfield Group referred to in Section 3.10(i) of the Explanatory Memorandum.

The Forecast has been prepared by the Directors to provide investors with a guide to the Westfield Group's potential future financial performance based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur. There is a considerable degree of subjective judgement involved in the preparation of the Forecast. Actual results may vary materially from those Forecast and the variation may be materially positive or negative. Accordingly, investors should have regard to the Risk Factors set out in Section 3.11 of the Explanatory Memorandum and Sensitivity Analysis set out in Section 3.7 of the Explanatory Memorandum.

The forecast pro forma consolidated statement of financial performance and distribution set out in Section 3.5.4 of the Explanatory Memorandum has been prepared using Expected IFRS. The principal differences between AGAAP and Expected IFRS are set out in Section 3.10 of the Explanatory Memorandum. However, notwithstanding Australia's stated commitment to move to IFRS from 1 January 2005, it is

possible that the Expected IFRS referred to in the Explanatory Memorandum may change between now and the IFRS start date and it is possible that those changes could have a material effect on the forecast pro forma consolidated statement of financial performance and distribution for the Westfield Group prepared under Expected IFRS and set out in Section 3.5.4 of the Explanatory Memorandum.

Our review of the Forecast, that is based on best-estimate assumptions, is substantially less in scope than an audit examination conducted in accordance with Australian Auditing and Assurance Standards. A review of this nature provides less assurance than an audit. We have not performed an audit and we do not express an audit opinion on the Forecast included in the Explanatory Memorandum.

Statement

Based on our review of the Forecast as set out in Sections 3.5.3, 3.5.4 and 3.5.5 of the Explanatory Memorandum, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the forecast financial information, nothing has come to our attention which causes us to believe that:

- (a) the Directors' best-estimate assumptions set out in Section 3.6 of the Explanatory Memorandum do not provide a reasonable basis for the preparation of the Forecast; and
- (b) the Forecast is not properly compiled on the basis of the Directors' best-estimate assumptions and is not presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements in Australia, Expected IFRS and the accounting policies adopted by the Westfield Group referred to in Section 3.10(i) of the Explanatory Memorandum as applied in Australia for presenting pro forma forecasts in Explanatory Memorandums.

The underlying assumptions are subject to significant uncertainties and contingencies often outside the control of the Westfield Group and the Directors. If events do not occur as assumed, actual results achieved and distributions provided by the Westfield Group may vary significantly from the Forecast. Accordingly, we do not confirm or guarantee the achievement of the Forecast, as future events, by their very nature, are not capable of independent substantiation.

Subsequent Events

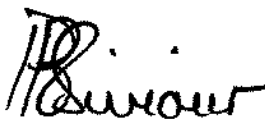
Apart from the matters dealt with in this Report, and having regard to the scope of our Report, to the best of our knowledge and belief no material transactions or events outside of the ordinary business of the Westfield Group have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

Independence or Disclosure of Interest

Ernst & Young Transaction Advisory Services Limited does not have any interest in the outcome of the proposed Stapling transaction of the Westfield Group other than in connection with the preparation of this Report. Ernst & Young has prepared an Independent Accountant's Report on Historical Financial Information and participated in due diligence procedures. Ernst & Young Transaction Advisory Services Limited will receive a professional fee for the preparation of this Report. Ernst & Young also acts as the statutory auditor of Westfield Holdings Limited, Westfield Trust and Westfield America Trust.

Yours faithfully

Ernst & Young Transaction Advisory Services Limited



Paul Siviour
Director and Representative

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GRANT SAMUEL & ASSOCIATES

24 May 2004

The Directors
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Dear Directors

Proposed Merger of Westfield Holdings Limited, Westfield Trust and Westfield America Trust

I Introduction

On 22 April 2004, Westfield Holdings Limited ("Westfield Holdings"), Westfield Trust and Westfield America Trust announced a proposal to staple their securities to form the Westfield Group (the "Proposed Merger").

Westfield Holdings is a publicly listed company whose principal activities are development and construction and property and funds management for Westfield Trust and Westfield America Trust. Westfield Holdings is also involved in property investment. Westfield Trust and Westfield America Trust are listed property trusts which invest in retail properties. The responsible entity of Westfield Trust is Westfield Management Limited ("Westfield Management"). The responsible entity of Westfield America Trust is Westfield America Management Limited ("Westfield America Management"). Both responsible entities are wholly owned subsidiaries of Westfield Holdings.

The merger is to be achieved by the stapling of Westfield Holdings shares, Westfield Trust units and Westfield America Trust units to create stapled securities in the Westfield Group. Existing securities in each trust will be consolidated and new securities will be issued by each entity so that on implementation of the Proposed Merger, each securityholder will hold an identical number of issued securities in each of Westfield Holdings, Westfield Trust and Westfield America Trust. The three securities will be "stapled" to each other and will trade jointly on the Australian Stock Exchange ("ASX") as a single security under the name Westfield Group.

Under the terms of the Proposed Merger, Westfield Holdings shareholders will hold one stapled security in Westfield Group for each share they hold on the stapling Record Date. Westfield Trust unitholders will hold 0.28 stapled securities for each unit they hold on the stapling Record Date and Westfield America Trust unitholders will hold 0.15 stapled securities for each unit they hold on the stapling Record Date. These terms result in Westfield Holdings shareholders having a 33.8% interest in the merged group, Westfield Trust unitholders having a 37.5% interest and Westfield America Trust unitholders (excluding Westfield Holdings) having a 28.7% interest (before allowing for options). Interests associated with the Lowy family, which own 27.9% of Westfield Holdings and 1.8% of Westfield America Trust, will own 10.0% of the merged group.

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Other features of the Proposed Merger include:

- unitholders in Westfield America Trust will receive a special cash distribution of 0.9 cents per unit;
- shareholders in Westfield Holdings and unitholders in each of Westfield Trust and Westfield America Trust will retain their entitlement to final or interim distributions for the six months ending 30 June 2004;
- Carindale Property Trust is not a party to the Proposed Merger. The Westfield Group will remain as the responsible entity of Carindale Property Trust. The trust will remain as a separately listed entity on the ASX and will continue to be consolidated in the Westfield Group's accounts;
- the 553.9 million issued units in Westfield America Trust that are held by controlled entities of Westfield Holdings will participate in the consolidation but otherwise will not participate in the merger. The units will continue to be entitled to vote at Westfield America Trust meetings and to receive distributions paid on Westfield America Trust units but will not be able to be transferred outside the Westfield Group;
- holders of Westfield Holdings executive options will be able to either exercise their executive options or have the terms of the options amended so that the number of Westfield Group stapled securities that will be issued on exercise will be the same number of stapled securities that would have been received by the optionholders if the options had been exercised and participated in the Proposed Merger. The terms of the 7.95 million options in Westfield Holdings issued to the custodian of the Post Office Superannuation Scheme, the 0.85 million options in Westfield Trust (exercisable into 226.7 million units in Westfield Trust) and the 28.4 million Westfield America Trust options (exercisable into 845.2 million Westfield America Trust units) have been or will be amended so that upon exercise they will receive the number of stapled securities that they would have received had the options been exercised prior to and participated in the Proposed Merger; and
- securityholders will be able to elect to sell some or all of their existing shares and units into a Sale Facility in return for either cash ("the cash alternative") or new stapled securities ("the exchange by sale alternative"). The price at which stapled securities are sold under the Sale Facility is not guaranteed and may not be the highest price at which all stapled securities available for sale under the Sale Facility could be sold.

Each of the resolutions to be voted on by Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members in order to approve the Proposed Merger are interdependent. Failure to approve any of these resolutions will result in the Proposed Merger not proceeding unless the interdependency is waived.

The Proposed Merger is to be implemented by:

- a members' scheme of arrangement under Section 411 of the Corporations Act between Westfield Holdings and its shareholders (the "Scheme of Arrangement"). Under Section 411, the Scheme of Arrangement must be approved by a majority in number (ie. at least 50%) of shareholders present and voting at the meeting, representing at least 75% of the votes cast on the resolution (either in person or by proxy). The Scheme of Arrangement will then be subject to approval by the Supreme Court; and
- amendment to the constitutions of Westfield Holdings, Westfield Trust and Westfield America Trust to provide for the Proposed Merger which must be approved by a special resolution of members representing at least 75% of the votes cast on the resolution.

The directors of Westfield Holdings, Westfield Management and Westfield America Management have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in Grant Samuel's opinion:

- the Proposed Merger is in the best interests of Westfield Holdings shareholders as a whole;

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- the Proposed Merger is in the best interests of Westfield Trust members (ie. unitholders and optionholders) as a whole; and
- the Proposed Merger is in the best interests of Westfield America Trust members (ie. unitholders and optionholders) as a whole other than Westfield Holdings and its controlled entities,

and to state reasons for those opinions.

A copy of the report is to be despatched with the Explanatory Memorandum to Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members. This letter contains a summary of Grant Samuel's opinion and the main conclusions.

2 Summary of Opinion

In Grant Samuel's opinion, the Proposed Merger is in the best interests of the shareholders in Westfield Holdings and the members of Westfield Trust and Westfield America Trust.

The primary rationale for the Proposed Merger is the enhanced capacity to pursue growth opportunities on a global scale. Growth through both redevelopment and acquisition has been crucial to the superior returns delivered by each of Westfield Holdings, Westfield Trust and Westfield America Trust. The current structure of the Westfield group of entities, with its separation of ownership and management, has underpinned the group's success over the past 25 years. However, it is emerging as a constraint on future growth, particularly as operations become increasingly global in an environment where shopping centre ownership is fragmented but likely to consolidate rapidly. The Proposed Merger removes impediments to growth. Westfield Group will be the world's largest retail property group with an asset base of approximately \$30 billion and a market capitalisation of approximately \$25 billion. Integrating the balance sheets of the three entities provides substantial financial capacity and a platform that will enable Westfield Group to aggressively seek growth opportunities. The group as a whole should be able to grow at a higher rate than it could otherwise achieve.

A fundamental question is whether the proportions of the merged group received by each group of securityholders (ie. the exchange ratios) are fair relative to contributions of market value and underlying value. This is always the key point of tension in a merger. Based on the closing prices on the ASX immediately prior to the announcement, there is a slight premium in favour of Westfield Trust and Westfield America Trust unitholders but over a longer time frame (up to three months), the relationships are more consistent with the exchange ratios. The position as regards underlying value is, on some bases, inconsistent but is less certain as the value of Westfield Holdings is heavily dependent upon assumptions as to future growth in assets (eg. acquisitions) and other factors which are very much matters of judgement. There will inevitably be conflicting perspectives depending on the entity in which an investor holds securities but, in Grant Samuel's opinion, the proposed exchange ratios represent a fair balance of competing interests.

As in any merger there are both advantages and disadvantages. Trade offs are inevitable. Moreover, the advantages and disadvantages and their relative impacts vary both between securityholders in the three entities and between securityholders in each entity depending on their personal situation. There are some anticipated benefits that apply across all three entities:

- reduced risk through diversification of geographic exposure and of other exposures;
- increased investor interest both through higher weighting in key indices and more generally;
- improved stockmarket liquidity through consolidation into a single pool;
- operating cost savings and corporate tax savings;
- increased flexibility in debt funding and resultant interest savings (net of some incremental costs);

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- complete alignment of interests; and
- less concentrated ownership.

Westfield Trust unitholders will gain exposure to higher growth markets in the United States and Europe (including the United Kingdom) and receive higher distributions relative to the status quo. Westfield America Trust unitholders will also gain exposure to the growth potential of the European markets and the higher growth stream of operating earnings of Westfield Holdings but distributions may be temporarily slightly lower than they would be in the absence of the merger. Westfield Holdings shareholders will enjoy a more secure earnings stream (albeit with lower growth) and substantially higher distributions.

There are a number of costs, disadvantages and risks which are not inconsequential. The most significant is that the characteristics of the investment for each group of securityholders will change materially and this may not fit the objectives or risk/return profile of individual investors. Investors will also lose their current flexibility to choose the type and mix of investment that best suits their own preferences.

Westfield Holdings investors will experience the greatest change, moving from a high growth, low capital intensity business to one that is essentially an asset owner with earnings based predominantly on rental income. Growth prospects will be materially lower than with their current investment in Westfield Holdings. While shareholders in Westfield Holdings may exchange the interests on fair terms (that captures much of today's growth expectations) and enjoy higher and more secure income, the future growth profile of the merged group may not be attractive to all shareholders. This is arguably a question of personal preference rather than one of the rights and wrongs of the merger itself.

Investors in the two trusts will have a new exposure to risks arising from the geographic spread of the merged group's asset base and a diluted interest in the region in which they originally invested. They will also share greater exposure to the risks associated with redevelopments and expansion into new markets.

Other disadvantages include:

- a reduction in net tangible asset backing for investors in the trusts;
- increased gearing for Westfield Holdings shareholders and Westfield Trust unitholders;
- potentially adverse tax consequences, particularly for those investors in Westfield Holdings and Westfield Trust who have "pre CGT" securities; and
- transaction costs.

The essential question for investors is whether the improved growth prospects for the group, the enhanced income and other potential benefits outweigh the disadvantages in which case the market value of their investment should increase relative to the status quo. In Grant Samuel's opinion they do but it is important to recognise the primary rationale is based on assertions about future opportunities rather than demonstrable tangible benefits. It is not a "must do" transaction. The group could continue with the existing structure but the medium to longer term returns are likely to be inferior. The Proposed Merger provides a better platform for the next stage in the group's evolution.

In summary, investors in each of the entities should be better off if the Proposed Merger is implemented than if it is not. There should be a re-rating of the equity in Westfield Group and the value of interests held by investors in each of Westfield Holdings, Westfield Trust and Westfield America Trust should be greater than it would be in the absence of the merger. This is evidenced by the uplift in the stockmarket trading prices for all three entities following the announcement of the Proposed Merger.

3 Key Conclusions

- **The assessment of the Proposed Merger is based on the equity of the proportions in which Westfield Group will be held by each group of securityholders and on an evaluation of the Proposed Merger's advantages and disadvantages.**

The proposed transaction is properly regarded as a merger of the three entities:

- the transaction is based solely on an exchange of equity interests;
- each entity is of broadly similar size in terms of market capitalisation; and
- there is no change in control.

The first element of the assessment is whether the proportion of the merged group that will be held by each group of securityholders is equitable in comparison with their contributions to the value of Westfield Group. The value contributed by each group of securityholders to Westfield Group has been assessed in terms of both market value and underlying value.

The second element of the assessment is the financial impact of the merger on each group of securityholders in terms of earnings, distributions and dividends and net asset backing.

The third element of the assessment involves an analysis of the advantages and disadvantages of the merger including the impact on trading in, and the market rating of, the securities in the group held by investors in each of the entities. In a transaction of this nature there will be advantages and disadvantages. It is necessary to form an overall view of the trade offs for each group of securityholders.

Finally, it is appropriate to consider whether the merger is likely to preclude alternative transactions that would be more advantageous for each group of securityholders.

The overall impact of the merger on each group of securityholders should be reflected in the market value of the equity they hold. The market value of that equity would be expected to be higher if the merger is in the best interests of each group of securityholders.

- **Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders each receive an equitable share of the merged group in terms of market value.**

The value contributed by each group of securityholders to Westfield Group has been assessed in terms of both market value and underlying value. Grant Samuel believes that more emphasis should be given to market value than underlying value principally because:

- market value is an objective measure;
- securities in each of the entities are extensively traded on the ASX and closely followed by analysts. Their prices should represent assessments by a well informed market; and
- a securityholder in one entity can gain an exposure to either or both of the other two entities by buying securities in the relevant entities through the sharemarket at market prices.

Based on closing prices on the ASX immediately prior to the announcement of the Proposed Merger, there is a slight premium in favour of Westfield Trust unitholders and Westfield America Trust unitholders:

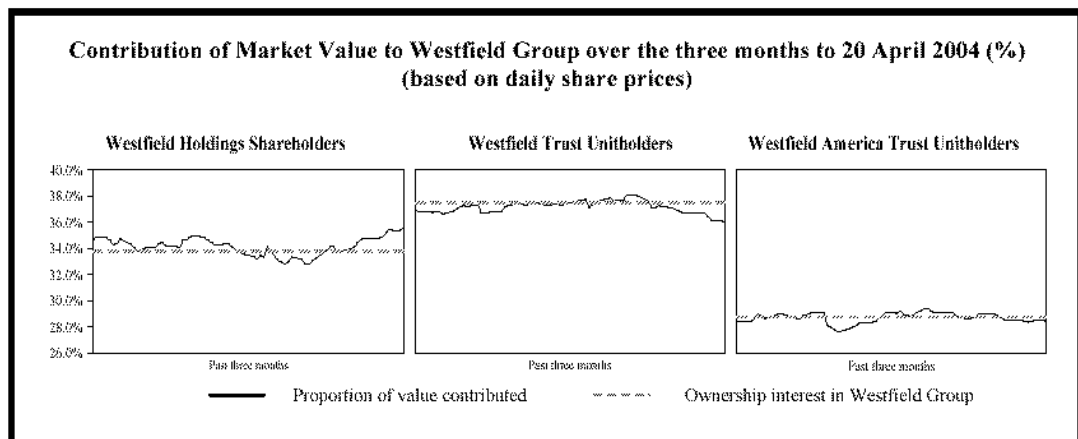
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Westfield Group – Implied Market Values				
Entity	Closing Price on 20 April 2004 (\$)	Exchange Ratio	Implied Market Value based on Exchange Ratio (\$)	Implied Premium (%)
Westfield Holdings	13.96	1.00	13.96	-
Westfield Trust	3.55	0.28	3.91	+10.1
Westfield America Trust	1.96	0.15	2.09	+6.6

Note: Does not take into account dividends/distributions to be paid in respect of the period to 30 June 2004.

However, if prices over a longer period of, say, up to three months, are considered the exchange ratios are more in line with market prices. This can be seen in the following graphs:



In Grant Samuel's opinion, the exchange ratio is consistent with the relative contributions of market value.

- **The exchange ratios differ slightly from the relative contributions of underlying value but still represent a fair balance of competing interests.**

Grant Samuel has estimated the underlying value contributed by each entity to the merged group. The estimates for Westfield Holdings are necessarily imprecise and judgemental. The analysis for Westfield Trust and Westfield America Trust is more straightforward. A net asset value has been calculated based on the independent valuations of the individual properties (as included in the 31 December 2003 accounts and allowing for uplifts since the valuations were completed) together with adjustments for net borrowings, post balance date capital raisings and the value of swaps and other financial instruments. Net asset value has limitations as a measure of full value but still represents a useful benchmark.

The appropriate value for Westfield Holdings is subject to much greater uncertainty. While its asset holdings (United Kingdom properties and interests in Westfield America Trust and Westfield America Inc) can be assessed on a similar basis to those of the trusts, the other activities (property and funds management and property development and construction) are high growth operating businesses. Primary drivers of growth are:

- increases in the value of the current portfolio through rental growth which, in turn leads to growth in funds management earnings and property management earnings;
- redevelopment of the existing portfolio which leads to development and construction activity and profits as well as increased property and funds management revenues; and
- the acquisitions by all of the entities, which generally boost all income streams.

There is a track record to guide assessment of the first two factors but the third is speculative (though the group has a long history of growth by acquisition of new shopping centres).

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Grant Samuel has estimated values of Westfield Holdings' operating businesses using a discounted cash flow analysis. The key assumptions underlying the model include:

- a discount rate of 9.0-9.5%;
- revaluations of properties of 3% per annum;
- redevelopment EBIT margins (before indirect overheads) of 14%; and
- aggregate acquisitions of US\$400-500 million per annum by all three entities. This level of acquisitions is based on the track record of acquisitions, the current structure of the group and having regard to what is realistically likely given some of the present constraints. It is well below the levels achieved in recent years.

Discounted cash flow analysis is a powerful analytical tool but it needs to be recognised that the reliability of the output is fundamentally dependent on the accuracy of the assumptions. In real world situations, it is difficult to make accurate forecasts over the longer term and the net present values are generally highly sensitive to small movements in key assumptions.

The results of Grant Samuel's analysis are summarised in the following tables:

Westfield Group – Underlying Value Contributions			
	Estimated Value Contribution (\$ millions)	Contribution to Merged Group (%)	Ownership of Merged Group (%)
Westfield Holdings	6,890-8,510	34.5-39.8	33.8
Westfield Trust	7,851-7,973	36.5-40.1	37.5
Westfield America Trust	5,009-5,121	23.3-25.8	28.7
Merged group			100.0

The analysis suggests that Westfield America Trust unitholders are advantaged and Westfield Holdings shareholders disadvantaged but there are a number of important mitigating factors. The mismatch is largely caused by the fact that the net asset value of Westfield America Trust (the basis for the analysis) is substantially less than its market value on the ASX. The reasons for this are unclear but net assets may not fully capture the potential value of redevelopments and acquisitions. In addition, the value attributed to Westfield Holdings depends on achieving the level of acquisitions. This is not certain. In any event, Westfield America Trust unitholders suffer a temporary reduction in distributions (relative to their position without the merger) while Westfield Holdings shareholders receive a very substantial uplift.

In summary, Grant Samuel's view is that having regard to the issues outlined above and the imprecise nature of the valuations, the relative contributions of underlying value are not unreasonable compared to the relative share in the merged entity received by investors in each entity. When taken together with the relative contributions of market value, the exchange ratios represent a fair balance of competing interests.

- **The primary rationale for the Proposed Merger is the enhanced capacity to pursue growth opportunities on a global scale.**

Growth through both redevelopment and acquisition has been crucial to the superior returns delivered by Westfield Holdings, Westfield Trust and Westfield America Trust over many years. Even for Westfield Trust, acquisitions and the ensuing redevelopments have added materially to distributions to unitholders.

The current structure of the Westfield Group is based on a separation of management and ownership. The model has:

- allowed Westfield Holdings to grow aggressively while essentially using third party capital to fund assets (but with Westfield Holdings keeping control); and

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- concentrated Westfield Holdings earnings in higher growth, low capital intensity activities, while at the same time providing investors in the trusts with stable, lower risk returns from passive asset ownership in geographically focussed vehicles (with investor flexibility as to what exposure to have to each one).

This structure has underpinned the group's success for the past 25 years but is now emerging as a constraint on future growth. The reasons include:

- the size of some of the potential acquisition targets in the United States and Europe and the limitations on the capacity of individual entities to fund them;
- the limitations on the ability to fully exploit the scale and extent of opportunities available in a timely fashion. The industry is moving on to a global footing. Ownership of shopping centres in most countries is fragmented but is expected to consolidate rapidly in the next few years. However, the current structure virtually forces the group to adopt a sequential rather than parallel approach to developing new markets or pursuing acquisitions;
- Westfield America Trust suffers from a relatively high cost of capital (measured by current distribution yield) compared to its peers in the United States (although this has not always been the case). This position adversely affects its competitiveness in acquisitions in that market particularly given the recent reduction in yields evident in transactions;
- Westfield Trust's position as by far the largest shopping centre owner in Australia and New Zealand limits its potential to acquire further assets in those markets. There is also a limited number of greenfield opportunities;
- Westfield Trust and Westfield America Trust have effective restrictions on their investment mandates;
- the timing of establishing a separate vehicle for United Kingdom or European assets (wholesale or retail) with real capacity to grow is uncertain; and
- the "external management model" appears to be becoming increasingly unpopular with investors. It was a point of contention in Westfield America Trust's initial bid for Rodamco North America. Even in Australia, there has been a significant movement towards the "internal management model".

The Proposed Merger removes these impediments to growth:

- Westfield Group will be the world's largest listed retail property company with total assets of approximately \$30 billion, equity market capitalisation of approximately \$25 billion and after tax earnings of \$1.6 billion. It will have the financial capacity and freedom to aggressively pursue acquisitions across the globe;
- growth plans should be able to be accelerated;
- all investors share in the global growth opportunities;
- Westfield Group will enjoy a lower cost of capital than Westfield America Trust although probably still above that of the major United States retail REITs (in terms of current yield). In any event, a lower cost of capital may not change management's views as to the fair price of acquisition targets; and
- management is internalised.

Westfield Group securities will be a more attractive "currency" for acquisitions. Management believes that the merged group will provide a superior platform which will enable it to achieve higher levels of growth than are likely to be achieved without the Proposed Merger.

- **There should be a positive impact on sharemarket trading in securities in the merged group.**

Each of the three entities is substantial in its own right with a market capitalisation of more than \$7 billion. Trading in their securities on the ASX is reasonably deep with all three having annual turnover between 66% and 80% of the free float. However, combining all that trading into a single pool with a total market capitalisation of almost \$25 billion and with no one holder with more than 10% should increase liquidity and lead to lower buy/sell spreads and greater trading depth.

More importantly, there should be an increase in investor demand manifested in higher market values:

- inclusion in various key indices at the anticipated higher levels should lead to increased buying by index investors and those who closely benchmark themselves against various indices. In particular, Westfield Group is expected to be:
 - approximately 35% of the S&P/ASX 200 Listed Property Trust Index compared to approximately 27.1% at present (on a combined basis); and
 - approximately 1.3% of the MSCI Australia index compared to 0.9% at present;
- as the eighth largest entity on the ASX (by market capitalisation), Westfield Group should attract much greater attention from general equity investors. However, it should be noted this may lead to greater price volatility, at least for investors in the trusts, as Westfield Group will be judged relative to other large capitalisation stocks (and therefore influenced by many other factors) rather than just listed property trusts;
- as the world's largest listed retail property group (by equity market capitalisation), Westfield Group should attract interest from offshore investors, particularly those that either focus on the property sector or invest on a global basis in sector leaders. The internalisation of management will assist in attracting United States investors who resisted the previous structure but, on the other hand, the reduced United States asset exposure (46% of assets by book value) and effective A\$ risk of the investment (through hedging) may inhibit the level of interest.

- **The Proposed Merger is expected to lead to savings of approximately \$220 million per annum.**

The Directors have forecast total savings of \$220 million per annum arising as follows:

- \$20 million in operating costs, primarily savings in listed company costs and compliance costs;
- \$140 million in interest savings. The merged group will have much greater flexibility in managing the currency exposure of its debt to minimise interest expense while still maintaining an appropriate currency hedging strategy for asset exposures. The initial strategy is to shift all of the group's existing debt into US\$ (up to a maximum of the value of assets in the United States) taking advantage of the materially lower long term interest rates in the United States (over 200 basis points for five year maturities). This saving has now been largely locked in through option contracts; and
- \$60 million in tax. Westfield Group will be able to reduce the total tax charge incurred by the group. Primarily this will be because Westfield Holdings will reduce certain property management, fund management and development and construction fees to the trusts (for wholly owned assets) thereby allowing the income to pass through the trusts to investors on a pre tax basis. At the same time, this will reduce the level of franking on Australian earnings that would have been attached to Westfield Holdings' dividends. This tax saving is expected to increase over time. However, the benefit to investors is limited to the extent that additional tax that would have been paid creating franking credits that would have been distributed and the investor could have fully utilised those franking credits.

■ **Westfield Trust unitholders should enjoy higher growth prospects.**

In the absence of the Proposed Merger, Westfield Trust unitholders face the prospect of constrained growth. Westfield Trust is by far the largest shopping centre owner in Australia and New Zealand. Although there are some significant opportunities (eg. CBD centres), there are limited opportunities to grow substantially by acquisition. Ownership in the sector is relatively concentrated and it would be realistic to expect that future acquisitions would be more limited. Similarly, there are few greenfields opportunities. The development pipeline is presently the largest in Westfield Trust's history and this will underpin growth for some years but opportunities for growth will slow.

The primary benefit of the Proposed Merger for Westfield Trust unitholders is that they will gain exposure to:

- asset ownership in higher growth markets, particularly the United States but also Europe where there is substantial scope for acquisitions; and
- the higher growth income streams of Westfield Holdings such as property management and development and construction.

This should lead to higher growth. The Directors have forecast growth in aggregate distributions in 2005/06 for Westfield Group of approximately 7%. This is also the medium term target growth rate for distributions (assuming a reasonable level of acquisitions). Westfield Trust's expected distribution growth rate would be in the order of 3-5% on a stand alone basis.

Other benefits include:

- higher earnings and distributions than on a stand alone basis. Pro forma forecast earnings for the merged group increase only marginally in 2004/05 relative to the status quo but forecast distributions are 10.3% higher than the stand alone forecast for Westfield Trust (and 13.7% higher in 2005/06). Part of the distribution will be franked. The increase in distributions is, however, largely due to the increased payout of earnings from Westfield Holdings and the tax savings;
- diversification of exposures to different markets and economies;
- alignment of interests through internalisation of management; and
- there will be no controlling shareholder. No investor will have more than 10% of the merged group.

The advantages need to be weighed against factors such as:

- the higher risk profile from investing in other markets:
 - “start up” risks in new geographic markets; and
 - exposure to risks in different countries including economic, tax, regulatory and currency risks although there are diversification benefits and currency risks will be substantially hedged.

There is also greater risk in the new exposure to development and construction activities. Profits from these activities are more volatile although Westfield Holdings has a strong track record of consistent performance;

- loss of pure Australian/New Zealand exposure;
- loss of flexibility in choosing relative levels of exposure to different markets;
- dilution of net tangible asset (“NTA”) backing. Pro forma NTA per security falls by 29.1% for Westfield Trust unitholders. However, Westfield Group is likely to be primarily valued based on its yield rather than asset backing;

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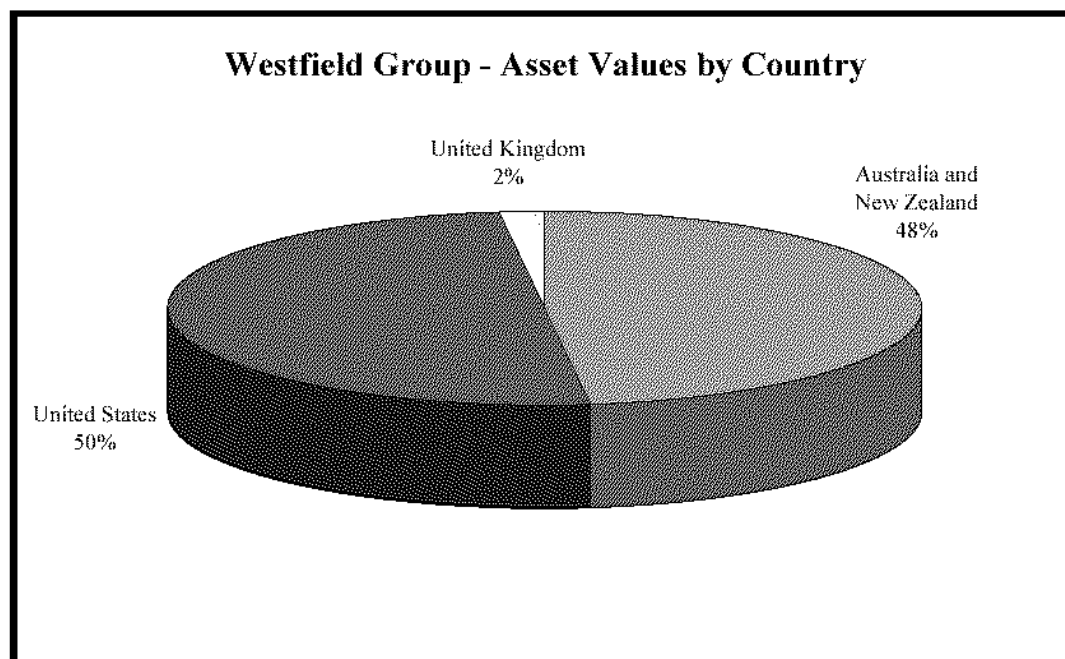


- higher gearing. The merged group's pro forma gearing¹ is 41.6% compared to Westfield Trust's gearing¹ at 31 December 2003 of 36.7%; and
 - adverse tax consequences for some investors. Those holding "pre-CGT" units will lose that status in respect of the units in Westfield Trust and the shares in Westfield Holdings that are acquired to form the stapled security (and which will have a low cost base). These consequences can be mitigated by participating in the exchange by sale alternative under the Sale Facility (which will establish an appropriate cost base) but investors will then become subject to capital gains tax on some or all of their gains after the date of the Proposed Merger. There may also be some disadvantages for unitholders who sell their stapled securities within 12 months of the merger being implemented (no 50% discount on gains). In addition, the cost base for Westfield America Trust units will be \$1.00 and when cumulative tax advantaged distributions exceed this amount (which may take several years), those distributions will become subject to capital gains tax (albeit at discounted rates).
- **Westfield America Trust unitholders will gain exposure to new markets.**

Westfield America Trust unitholders will experience a change in their investment from a purely United States exposure to a geographically diversified portfolio that also encompasses both:

- the high growth potential of the United Kingdom and Europe where Westfield Holdings has established a foothold and plans to expand rapidly; and
- the Australian and New Zealand market where the group will have a pre-eminent position.

The pro forma composition of the Westfield Group assets by book value is as follows:



Source: Westfield Group Pro Forma Statement of Financial Position as at 31 December 2003

The United States is a market with high growth potential. The Proposed Merger dilutes Westfield America Trust unitholders' exposure to this market (and adds lower growth Australian exposure). However:

- Westfield America Trust's potential to grow by acquisition is currently limited by its high gearing and distribution yield;
- the Proposed Merger brings exposure to other high growth markets;

¹ Net borrowings/Total assets less cash.

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- the greater financial capacity of the merged group increases the likely level of acquisitions in the United States; and
- unitholders also gain exposure to property management and development and construction activities.

Other benefits for Westfield America Trust unitholders include:

- lower gearing. The merged group's pro forma gearing¹ is 41.6% compared to Westfield America Trust's gearing¹ at 31 December 2003 of 45.4%;
- diversification of exposures to different markets and economies;
- alignment of interests through internalisation of management; and
- reduction in control.

The impact of the Proposed Merger on distributions to Westfield America Trust unitholders is both positive and negative. The absolute level of distributions forecast for the merged group in the year ending 30 June 2005 shows a modest increase over Westfield America Trust's distribution in 2003 (16.1 cents). However, the forecast distribution in 2004/05 includes a special distribution of 0.9 cents to be paid to Westfield America Trust unitholders if the Proposed Merger proceeds. Without this special payment, the distribution in 2004/05 from the merged group would be lower than Westfield America Trust unitholders received in 2003. In any event, the distribution for the merged group in 2004/05 is forecast to be lower than it would be for Westfield America Trust unitholders in the absence of the Proposed Merger by 1.0 cents per unit even with the 0.9 cent special payment.

On the other hand, Westfield America Trust's current level of distributions is underpinned by the currency hedging program. As these hedges roll off (after 2006), distributions would probably decline in A\$ terms if the A\$/US\$ rate remains where it is today, notwithstanding growth in the underlying US\$ earnings. As an indication, the 2003 distribution of 16.1 cents would have been 12.7 cents in the absence of the hedges. Accordingly, in future years Westfield America Trust unitholders are likely to be better off in terms of distributions under the Proposed Merger.

The disadvantages of the Proposed Merger for Westfield America Trust unitholders include:

- a significant reduction in the proportion of distributions that are tax advantaged;
- loss of pure United States exposure. In addition, the US\$ currency exposure on asset values will be virtually eliminated with the switch in the debt mix;
- loss of flexibility in the choice of relative levels of exposure to different markets;
- dilution of NTA backing by approximately 8%; and
- there may be adverse tax consequences for unitholders that sell their stapled securities within 12 months of the merger being implemented. In addition, the cost base for Westfield Trust units will be \$1.00 and when cumulative tax advantaged distributions exceed this amount (which may take several years), those distributions will become subject to capital gains tax (albeit at discounted rates).

■ **Westfield Holdings shareholders will face a substantial change in the nature of the investment they hold.**

The main issue for Westfield Holdings shareholders is the dramatic change in the investment characteristics and risk/return profile of their investment. Westfield Holdings is a high growth, low capital intensity business. Westfield Holdings has shown earnings per share growth of almost 20% over the last five years and analyst projections generally indicate expectations in the range of 13-15% over the next five years. Despite the substantial capital investments in the United Kingdom and United States, the bulk of the value is in the fee based businesses leveraged to growth in assets under management.

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As a result of the merger, the nature of the investment changes to one that is predominantly an asset owner with a growth element from expansion into new markets and redevelopment. Property income will represent more than 90% of Westfield's Group income.

This change will mean that shareholders will have an investment that offers substantially lower earnings growth prospects in the medium term (around 7% compared to 13-15%). This reduction in the growth profile may not be attractive to some shareholders, particularly those who have invested primarily for the capital growth potential. There is also a greater likelihood of future equity raisings by the merged entity to fund the growth program. These disadvantages must be weighed against:

- the positive effects on long term growth of the enhanced ability to pursue acquisitions on a global scale;
- greater security and stability of income;
- the uplift in attributable earnings. Pro forma earnings are 43% higher than the stand alone case in 2004/05 and 25% higher in 2005/06;
- the change to a yield based investment will see a substantial uplift in distribution/dividend income. Forecast distributions per stapled security for the merged group in 2004/05 and 2005/06 are approximately three times the level that would have been paid by Westfield Holdings on a stand alone basis. However, the distributions will largely be subject to tax whereas Westfield Holdings dividends were partly franked; and
- the approximate 180% increase in net tangible asset backing.

The overall effect is a higher yield/lower growth investment. From an investor's perspective, the total return over the long term may not be substantially different but the mix will be. The issue is effectively one of personal preference.

Other factors which Westfield Holdings shareholders will need to take into account include:

- the increase in pro forma gearing¹ from 28.0% to 41.6%;
 - loss of flexibility in choosing relative levels of exposure to each of the Westfield entities; and
 - a number of potentially adverse tax impacts. These are:
 - “pre CGT” shareholders will effectively lose that status in respect of the units in the two trusts that are acquired to form the stapled security and, even if they participate in the exchange by sale alternative under the Sale Facility (to establish a proper cost base), they will become subject to capital gains tax on the gains from the date of the Proposed Merger;
 - all shareholders will have a very low cost base for their units in the two trusts which form part of their stapled securities (0.1 cent each). Any tax advantaged distributions from the trusts will therefore become assessable income on which tax is payable but after 12 months this will qualify for the 50% capital gains tax discount; and
 - any sale in the next 12 months will not qualify for the 50% capital gains tax discount on the portion of the sale price attributable to the units in the two trusts.
- **Investors in all three entities can expect to be better off in value terms.**

Grant Samuel expects that the market value of an interest in each of Westfield Holdings, Westfield Trust and Westfield America Trust will be higher if the Proposed Merger is implemented than if it is not. This is the ultimate test of whether the transaction is in the best interests of investors.

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The market price of all three entities has risen since the announcement:

Change in Market Prices Since Announcement			
Entity	Closing Price on 20 April 2004 (\$)	Closing Price on 20 May 2004 (\$)	Change (%)
Westfield Holdings	13.96	14.65	+4.9
Westfield Trust	3.55	4.24	+19.4
Westfield America Trust	1.96	2.28	+16.3

This increase represents an overall value gain of approximately \$3.1 billion or 13.5% of aggregate pre announcement market capitalisation. The fact that all three entities have increased in value is indicative of the market acceptance that the benefits to investors in each entity outweigh the costs, disadvantages and risks.

The future market price of the merged group is uncertain but a consensus appears to be developing amongst analysts that Westfield Group should trade at a distribution yield of around 6.5% to 7.0% assuming continuation of current market conditions. This would appear to be reasonably consistent with the trading yields of other listed property trusts (particularly other stapled entities) having regard to their respective characteristics and outlook. It is below the yields at which both Westfield Trust and Westfield America Trust traded prior to the announcement of the Proposed Merger but the income stream now has a higher growth profile. At the same time, there may be some caution as to the add back of eliminated internal development and construction profit for distribution purposes.

The theoretical stockmarket price of one stapled security in Westfield Group is \$14.71 based on the Directors' forecast to 30 June 2005 at a yield of 7%. The following table sets out the value that this represents in terms of securities held by investors in each entity prior to the merger (per security):

Value Analysis		
Security	Theoretical Post Merger Value per Pre Merger Security(\$)	Uplift over Price on 20 April 2004 (%)
Westfield Holdings shares	14.71	+5.4
Westfield Trust units	4.12	+16.1
Westfield America Trust units	2.21	+12.8

The current prices are slightly above these levels, implying a yield just under 7%. There is no guarantee that the price of Westfield Group securities will remain at these levels. It will, in any event, depend on future economic and market conditions as well as the future financial performance of Westfield Group.

■ **There are no obviously superior alternatives to the Proposed Merger.**

Apart from the status quo, the main alternative transaction would be a merger of Westfield Trust and Westfield America Trust leaving Westfield Holdings as the manager of the merged trust with its operational activities largely unchanged. This transaction has the merit of avoiding attribution of value to the Westfield Holdings business in the merger at levels well above its net tangible assets. Westfield Holdings could maintain its high growth, low capital intensity business model, thus avoiding the dilution of earnings growth.

However, while perhaps superficially appealing, it is only a partial solution to a number of the issues that are expected to constrain growth. Compared to the Proposed Merger:

- it provides much less financial capacity;
- it would not reduce the cost of capital by as much;
- it provides no exposure to new markets/opportunities such as the United Kingdom and Europe for investors in the trusts; and

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- it retains the external management model.

The commercial logic of the three way merger is far more compelling. Any criticisms really seem to boil down to dissatisfaction with the exchange ratios rather than the logic of the transaction. Investors in each entity will have a vested interest in securing the best terms and arguments can be made by each party for a higher share. However, in Grant Samuel's opinion, the exchange ratios represent a fair balance of competing interests.

▪ Optionholders are treated fairly

The options in Westfield Trust and Westfield America Trust are to be amended so that, upon exercise, they will receive the same number of stapled securities (and for the same total outlay) that they would have received had they already exercised their options and participated in the Proposed Merger.

Accordingly, the position of optionholders is preserved in terms of their potential entitlement to value. The Proposed Merger should be positive for unitholder value and optionholders will also participate in that value gain on an appropriate basis.

4 Other Matters

Grant Samuel has prepared a Financial Services Guide as required by the Corporations Act. This document is set out at the beginning of the full report.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of securityholders in any of the three entities. Because of that, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Securityholders should read the Explanatory Memorandum issued by Westfield Holdings, Westfield Management and Westfield America Management in relation to the Proposed Merger.

Similarly, approval or rejection of the Proposed Merger is a matter for individual securityholders, based on their own views as to value and future market conditions investment objectives, risk profile, liquidity preference, portfolio strategy and tax position. Securityholders who are in doubt as to the action that they should take in relation to the Proposed Merger should consult their own professional adviser.

This letter is a summary of Grant Samuel's opinion. The full report from which this summary has been extracted is attached and should be read in conjunction with this summary.

The opinion is made as at the date of this letter and reflects circumstances and conditions as at that date.

Yours faithfully

GRANT SAMUEL & ASSOCIATES PTY LIMITED

Grant Samuel - Associate S

**Westfield Holdings Limited
Westfield Management Limited
Westfield America Management Limited**



**Financial Services Guide and
Independent Expert's Report
in relation to
the Proposed Merger of
Westfield Holdings Limited, Westfield Trust
and Westfield America Trust**

Grant Samuel & Associates Pty Limited

(ACN 050 036 372)

24 May 2004

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Table of Contents

Financial Services Guide	i
1 Terms of the Proposal	1
2 Scope of the Report.....	7
2.1 Purpose of the Report	7
2.2 Basis of Evaluation	8
2.3 Sources of the Information	9
2.4 Limitations and Reliance on Information	10
3 Profile of Westfield Holdings Limited	12
3.1 Background.....	12
3.2 Business Operations	12
3.3 Financial Performance.....	18
3.4 Financial Position	21
3.5 Capital Structure and Ownership.....	22
3.6 Share Price History	24
4 Profile of Westfield Trust.....	27
4.1 Background.....	27
4.2 Property Portfolio	27
4.3 Earnings and Distributions.....	31
4.4 Financial Position	33
4.5 Capital Structure and Ownership.....	34
4.6 Unit Price History.....	35
5 Profile of Westfield America Trust	38
5.1 Background.....	38
5.2 Trust Structure.....	39
5.3 Property Portfolio	40
5.4 Earnings and Distributions.....	43
5.5 Financial Position	46
5.6 Capital Structure and Ownership.....	47
5.7 Unit Price History.....	48
6 Profile of the Westfield Group.....	51
6.1 Operations and Strategy	51
6.2 Directors and Management	51
6.3 Capital Structure and Ownership.....	51
6.4 Financial Performance.....	52
6.5 Financial Position	54
6.6 Distribution Policy.....	55
6.7 Hedging Policies.....	56
7 Evaluation of the Proposed Merger	57
7.1 Approach.....	57
7.2 Relative Contributions based on Market Values.....	58
7.3 Relative Contributions based on Underlying Values	62
7.4 Financial Impact of the Proposed Merger	67
7.5 Advantages and Benefits of the Proposed Merger.....	71
7.6 Costs, Disadvantages and Risks	86
7.7 Alternatives	93
7.8 Optionholders	93
7.9 Conclusion.....	94
8 Value Analysis of Westfield Holdings Limited.....	97
9 Qualifications, Declarations and Consents	105

Financial Services Guide

Grant Samuel & Associates Pty Limited ("Grant Samuel") carries on business at Level 19, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000, GPO Box 4301 Sydney NSW 2001. Grant Samuel holds Australian Financial Services Licence No. 240985. The Corporations Act requires Grant Samuel to provide this Financial Services Guide ("FSG") in connection with its provision of an independent expert's report ("Report") which is included in the document ("Disclosure Document") provided by the company or other entities for which it prepares the Report to members. In this case, Grant Samuel has prepared a Report (the "Westfield Report") for Westfield Holdings Limited ("Westfield Holdings"), Westfield Trust and Westfield America Trust ("the Entities").

Grant Samuel does not accept instructions from retail clients. It only provides Reports to companies and other entities. Grant Samuel provides no other financial services to retail clients and receives no remuneration from retail clients for financial services. Grant Samuel does not provide any personal financial product advice to retail investors nor does it provide market-related advice to retail investors.

When providing Reports, Grant Samuel's client is the Entities to which it provides the Report. Grant Samuel receives its remuneration from the Entities. In respect of the Westfield Report in relation to the proposed merger of the Entities, Grant Samuel will receive a fixed fee of \$1.25 million plus reimbursement of out-of-pocket expenses from the Entities for the preparation of the Report (as stated in Section 9 of the Westfield Report).

No related body corporate of Grant Samuel, or any of the directors or employees of Grant Samuel or of any of those related bodies or any associate receives any remuneration or other benefit directly attributable to the preparation and provision of the Report.

Grant Samuel is required to be independent of the Entities in order to provide the Westfield Report. The guidelines for independence in the preparation of Reports are set out in Practice Note 42 issued by the Australian Securities Commission (the predecessor to the Australian Securities & Investments Commission) on 8 December 1993. The following information in relation to the independence of Grant Samuel is stated in Section 9 of the Westfield Report:

"Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Westfield Holdings, Westfield Trust or Westfield America Trust that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Merger. During the past ten years, companies associated with Grant Samuel have been retained as follows:

- *Grant Samuel Property Pty Limited was retained as adviser to Westfield Holdings in the renegotiation of its lease at 100 William Street, Sydney in 2003; and*
- *Landauer Grant Samuel Pty Limited ("Landauer Grant Samuel") was retained by Westfield Trust to provide property valuations during the mid to late 1990s. These valuations were independent valuations. None of these valuations are current valuations and Landauer Grant Samuel is no longer retained to provide property valuations to Westfield Trust.*

In addition, two executives of Grant Samuel and its related entities hold small parcels of securities in Westfield Holdings and Westfield America Trust.

Grant Samuel had no part in the formulation of the Proposed Merger. Its only role has been the preparation of this report.

Grant Samuel will receive a fee of \$1.25 million for the preparation of this report. This fee is not contingent on the outcome of the Proposed Merger. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Practice Note 42 issued by the ASIC (previously known as Australian Securities Commission) on 8 December 1993."

Grant Samuel has internal complaints-handling mechanisms and is a member of the Financial Industry Complaints Services' Complaints Handling Tribunal, No. F 4197.

Complaints or questions about the Disclosure Document should not be directed to Grant Samuel which is not responsible for that document. Grant Samuel will not respond in any way that might involve any provision of financial product advice to any retail investor.

I Terms of the Proposal

On 22 April 2004, Westfield Holdings Limited ("Westfield Holdings"), Westfield Trust and Westfield America Trust announced a proposal to merge to form the Westfield Group (the "Proposed Merger"). The merger is to be achieved by the stapling of Westfield Holdings shares, Westfield Trust units and Westfield America Trust units to create stapled securities in the Westfield Group.

The following steps will be implemented if the Proposed Merger is approved:

- the number of Westfield Trust units and Westfield America Trust units on issue will be adjusted by way of conversion, which is determined based on a number of factors including the relative value and prospects of each of Westfield Holdings, Westfield Trust and Westfield America Trust. This adjustment has the effect that:
 - the number of issued shares in Westfield Holdings will remain at 565.4 million. It is expected that a further 2.6 million Westfield Holdings shares will be issued as a result of the exercise of executive options prior to the Proposed Merger being implemented, increasing the issued shares in Westfield Holdings to 568.0 million;
 - the 2,248.6 million issued units in Westfield Trust will be consolidated on the basis that each 1,000 Westfield Trust units will convert into 280 consolidated Westfield Trust units, decreasing the number of issued units in Westfield Trust to 629.6 million; and
 - the 3,775.6 million issued units in Westfield America Trust will be consolidated on the basis that each 1,000 Westfield America Trust units will convert into 150 consolidated Westfield America Trust units, decreasing the number of issued units in Westfield America Trust to 566.3 million.

Where the consolidation of units results in a securityholder owning a fraction of a unit, the number of units held will be rounded up to the nearest whole number of units; and

- Westfield Holdings shareholders will each receive a fully franked stapling dividend of \$0.002 per Westfield Holdings share, Westfield Trust unitholders will each receive a stapling distribution of \$1.01 per consolidated Westfield Trust unit and Westfield America Trust unitholders will each receive a special distribution of \$1.01 per consolidated Westfield America Trust unit. The Westfield Holdings stapling dividend will be applied on behalf of all Westfield Holdings shareholders to subscribe for consolidated Westfield Trust units at \$0.001 each and consolidated Westfield America Trust units at \$0.001 each. The Westfield Trust stapling distribution will be applied on behalf of all Westfield Trust unitholders to subscribe for Westfield Holdings shares at \$0.01 each and consolidated Westfield America Trust units at \$1.00 each. The Westfield America Trust stapling distribution of \$1.01 will be applied on behalf of all Westfield America Trust unitholders (except for controlled entities of Westfield Holdings which will hold 83.1 million consolidated units in Westfield America Trust that will not participate in the issue of stapled securities) to subscribe for Westfield Holdings shares at \$0.01 each and Westfield Trust units at \$1.00 each.

This will result in the issue of the following securities:

- Westfield Holdings will issue an additional 1,112.8 million shares, increasing the number of issued shares in Westfield Holdings to 1,680.8 million;
- Westfield Trust will issue an additional 1,051.2 million consolidated units, increasing the number of issued consolidated units in Westfield Trust to 1,680.8 million; and
- Westfield America Trust will issue an additional 1,197.6 million consolidated units, increasing the number of issued consolidated units in Westfield America Trust to 1,763.9 million, 1,680.8 million of which will participate in the stapling. Westfield America Trust will also have on issue 83.1 million consolidated units owned by Westfield Holdings which will not participate in the stapling.

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On completion of these security issues, each securityholder (other than the controlled entities of Westfield Holdings referred to above) will hold an identical number of issued securities in each of Westfield Holdings, Westfield Trust and Westfield America Trust.

The three entities will remain listed on the Australian Stock Exchange ("ASX"). The three securities will be "stapled" to each other and will trade jointly on the ASX as a single security under the name the Westfield Group. Westfield Trust will cease to be listed on the New Zealand Stock Exchange ("NZSE"). It is not intended that Westfield Group will be listed on the NZSE.

If the Proposed Merger is implemented, Westfield America Trust unitholders will be entitled to receive a special distribution of 0.9 cents per Westfield America Trust unit payable in August 2004.

Securityholders will be able to elect to sell some or all of their existing shares and units to ABN AMRO Equities Australia Limited ("ABN AMRO Equities") under a Sale Facility in return for either cash (the "cash alternative") or stapled securities (the "exchange by sale alternative"):

- under the cash alternative, ABN AMRO Equities will pay to the securityholder an amount calculated as the price of a stapled security as determined by the Sale Facility process divided by the ratio in which the Westfield Holdings shares, Westfield Trust units or Westfield America Trust units convert into stapled securities (the "Adjusted Sale Facility Price"); and
- under the exchange by sale alternative, ABN AMRO Equities will transfer to the securityholder the stapled securities the holder would have received had those securities participated in the Proposed Merger.

ABN AMRO Equities will become the holder of the shares and units that shareholders and unitholders have elected to sell through the Sale Facility. It will become the owner of the stapled securities issued on implementation of the Proposed Merger. As the sale of the shares and units will not occur until after the Record Date for determining dividends and distributions for the period ending 30 June 2004, the sale will be ex distribution.

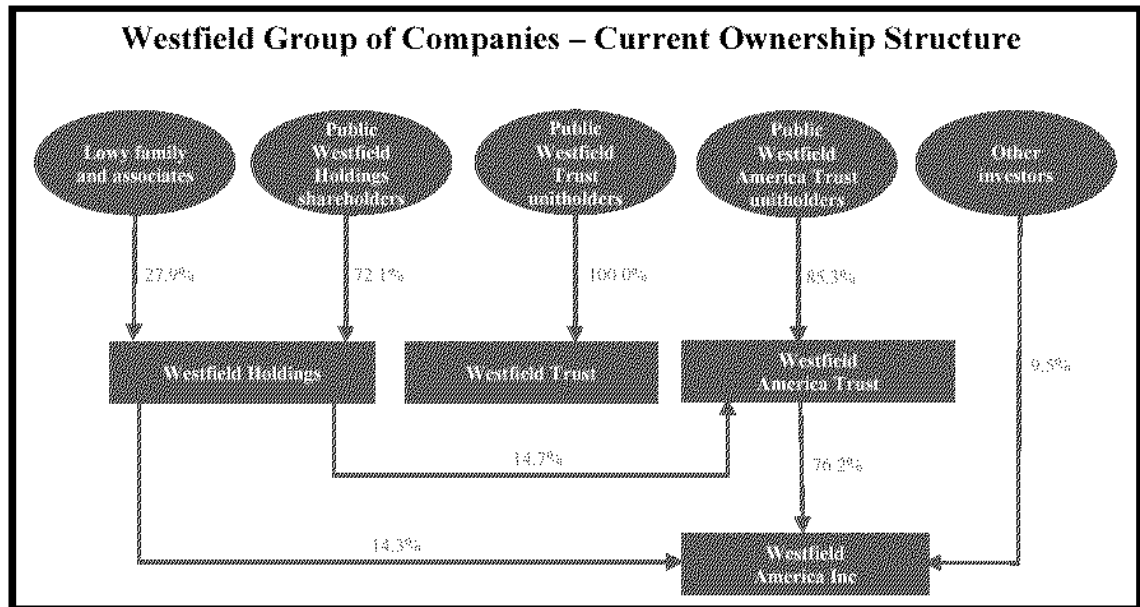
All of the stapled securities to be sold under the cash alternative will be pooled and made available for purchase by institutional and other investors, such process to be co-ordinated by ABN AMRO Equities. Following the close of the offer to institutional and other investors, ABN AMRO Equities will determine the price at which stapled securities are sold under the Sale Facility after consultation with the Westfield Group directors. The Sale Facility price will be determined on the basis of the bids received from institutional investors and with the object of achieving the best price reasonably obtainable for those securityholders receiving the cash alternative. The price at which stapled securities are sold under the Sale Facility is not guaranteed and may not be the highest price at which all stapled securities available for sale under the Sale Facility could be sold. No brokerage or other fees will be charged on a sale under the Sale Facility.

Shareholders and unitholders with registered foreign addresses other than those resident in New Zealand, the United Kingdom and Hong Kong ("registered foreign securityholders") will not receive stapled securities. Registered foreign securityholders will be deemed to have elected to receive the cash alternative under the Sale Facility.

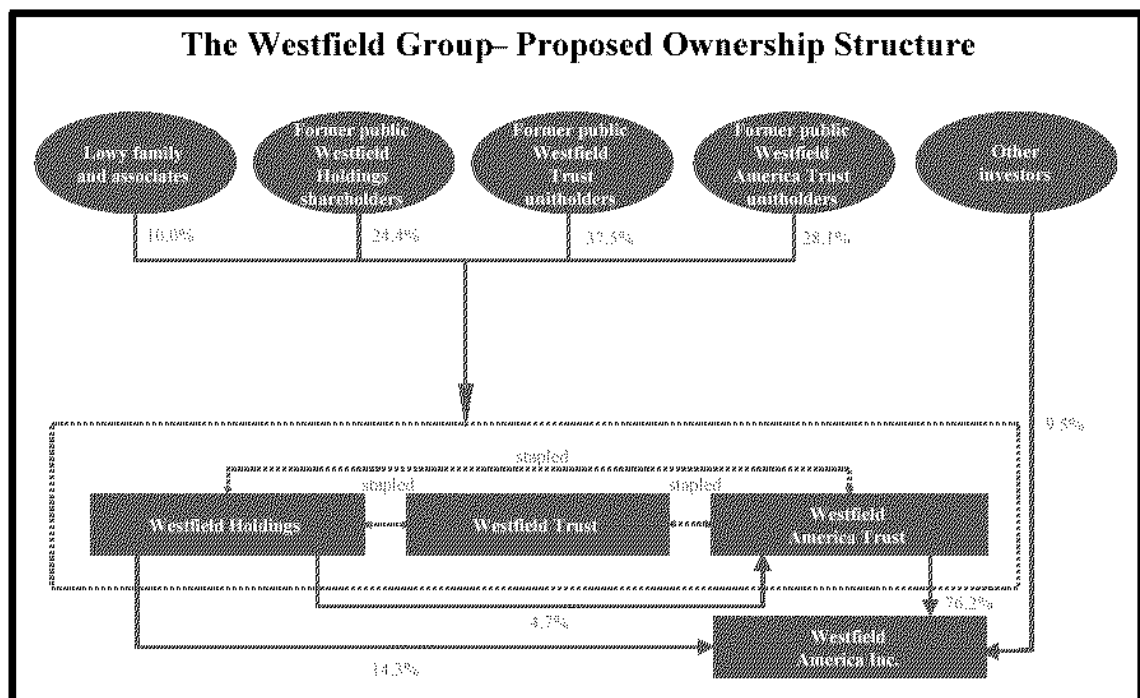
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The current ownership structure of the Westfield group of companies is illustrated below:



If the Proposed Merger is implemented, the ownership structure (before allowing for options) of the Westfield Group will be:



The terms of the Proposed Merger have the effect that:

- for every 1,000 Westfield Holdings shares held before the merger, Westfield Holdings shareholders will hold 1,000 stapled securities in the Westfield Group comprising 1,000 Westfield Holdings shares, 1,000 consolidated Westfield Trust units and 1,000 consolidated Westfield America Trust units;

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- for every 1,000 Westfield Trust units held before the merger, Westfield Trust unitholders will hold 280 stapled securities in the Westfield Group comprising 280 Westfield Holdings shares, 280 consolidated Westfield Trust units and 280 consolidated Westfield America Trust units; and
- for every 1,000 Westfield America Trust units held before the merger, Westfield America Trust unitholders will hold 150 stapled securities in the Westfield Group comprising 150 Westfield Holdings shares, 150 consolidated Westfield Trust units and 150 consolidated Westfield America Trust units.

Other features of the Proposed Merger are:

- shareholders in Westfield Holdings and unitholders in each of Westfield Trust and Westfield America Trust will retain their entitlement to final or interim distributions for the six months ending 30 June 2004. Westfield Holdings shareholders are expected to receive a final dividend of 13.58 cents per share franked to 50%, Westfield Trust unitholders are expected to receive an interim distribution of 12.71 cents per unit and Westfield America Trust unitholders are expected to receive an interim distribution of 7.80 cents per unit;
- Westfield Trust owns a 50% interest in the ASX listed Carindale Property Trust. Carindale Property Trust's only asset is a 50% interest in Westfield Carindale in Brisbane. As a result of its 50% interest, Westfield Trust consolidates Carindale Property Trust in its accounts. Carindale Property Trust is not a party to the Proposed Merger. The Westfield Group will remain as the responsible entity of Carindale Property Trust. The trust will remain as a separately listed entity on the ASX and will continue to be consolidated in the Westfield Group's accounts;
- the 553.9 million issued units in Westfield America Trust that are held by controlled entities of Westfield Holdings will participate in the consolidation but will not participate in the special distributions or the issue of securities preceding stapling. After the Proposed Merger is implemented Westfield Holdings will continue to hold 83.1 million consolidated units in Westfield America Trust. These Westfield America Trust consolidated units will continue to be entitled to vote at Westfield America Trust meetings and to receive distributions paid on Westfield America Trust units but will not be able to be transferred outside the Westfield Group;
- Westfield Holdings executive optionholders will be dealt with as follows:
 - the existing terms of the executive options provide that the executive options may be exercised at a time earlier than the prescribed exercise date in cases where:
 - the court orders a meeting to be held in relation to a proposed compromise or arrangement, in which case the executive options may be exercised at any time before the meeting; or
 - the board of directors otherwise permits.

As a result, Westfield Holdings will allow executive optionholders to exercise their executive options at any time up until the date that the Proposed Merger becomes effective. In respect of any such executive options exercised, Westfield Holdings intends to:

- allocate Westfield Holdings shares from the Westfield Executive Option Plan Trust and the Westfield Executive Performance Share Plan Trust (the "Option Trusts") to the extent possible or to the extent that the acquisition price of the Westfield Holdings shares by the Option Trusts is greater than the exercise price for the executive options; or
- issue Westfield Holdings shares with a value equal to the difference between the market price of the Westfield Holdings shares at the date of exercise and the exercise price for the executive options.

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Executive optionholders who exercise their options before the date that the Proposed Merger becomes effective will participate in the Proposed Merger as Westfield Holdings shareholders; and

- the terms of the executive options that are not exercised prior to the Proposed Merger becoming effective will be amended so that executive optionholders will be issued with Westfield Group stapled securities where they otherwise would have received Westfield Holdings shares on the exercise of the executive options;
- the terms of the 7.95 million options in Westfield Holdings issued to the custodian of the Post Office Superannuation Scheme ("Possfund") allow Westfield Holdings, on exercise of the options, to issue or transfer to Possfund the number of stapled securities that Possfund would have received had it exercised the options prior to the Proposed Merger and the Westfield Holdings shares issued on exercise participated in the Proposed Merger;
- the terms of the 0.85 million options in Westfield Trust (exercisable into 226.7 million units in Westfield Trust) issued to Deutsche Bank AG ("Deutsche Bank") have been amended so that:
 - Deutsche Bank will be issued with Westfield Group stapled securities rather than Westfield Trust units on the exercise of the options; and
 - the number of Westfield Group stapled securities received on exercise of each option will be calculated by reference to the \$3.75 strike price adjusted for the consolidation of Westfield Trust units under the Proposed Merger (ie. the strike price increases from \$3.75 per option to \$13.39 per option),

resulting in the 0.85 million options being exercisable into 63.5 million Westfield Group stapled securities;

- the terms of the Westfield America Trust constitution will provide that the 27.7 million Westfield America Trust options (exercisable into 684.7 million Westfield America Trust units) that are held by controlled entities of Westfield Holdings will, on exercise, be entitled to 102.7 million Westfield Group stapled securities. The controlled entities of Westfield Holdings will not be able to exercise the options (as the Westfield Group is not able to hold securities in itself) but the options may be transferred to a third party outside the Westfield Group;
- Security Capital Preferred Growth Incorporated ("Security Capital"), the holder of 0.69 million Westfield America Trust options (exercisable into 160.5 million Westfield America Trust units) and Westfield America Trust have acknowledged that on exercise of the options Security Capital will be entitled to receive 24.1 million Westfield Group stapled securities. The number of Westfield Group stapled securities to be issued to Security Capital has been calculated to reflect the conversion of Westfield America Trust units into consolidated Westfield America Trust units;
- Westfield Holdings shareholders will be asked to approve a number of general resolutions required to implement the Proposed Merger:
 - a special resolution to replace the existing Westfield Holdings constitution with a new constitution; and
 - an ordinary resolution to approve Westfield Holdings entering into the Stapling Deed, which provides that Westfield Holdings, Westfield Trust and Westfield America Trust must operate on a co-operative basis to the benefit of Westfield Group securityholders as a whole;
- Westfield Holdings will dispose of the 31,838 units in Westfield Trust that it currently holds in the ordinary course of trading on the ASX as soon as practicable after the Explanatory Memorandum has been sent to securityholders; and
- the board of directors of Westfield Holdings and the responsible entities of Westfield Trust and Westfield America Trust, Westfield Management Limited ("Westfield Management") and Westfield America Management Limited ("Westfield America Management") is expected to comprise the

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existing executive directors of Westfield Holdings, being Messrs Frank Lowy, Steven Lowy and Peter Lowy, together with a majority of non executive directors. A decision on the non executive directors of the Westfield Group will not be made until after the Proposed Merger has been implemented, but they will be drawn from the existing non executive directors of Westfield Holdings, Westfield Management and Westfield America Management.

Each of the resolutions to be voted on by Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members are interdependent. Failure to approve any of these resolutions will result in the Proposed Merger not proceeding unless the interdependency is waived.

2 Scope of the Report

2.1 Purpose of the Report

The Proposed Merger is to be implemented by:

- a member's scheme of arrangement under Section 411 of the Corporations Act between Westfield Holdings and its shareholders (the "Scheme of Arrangement"). Under Section 411 the Scheme of Arrangement must be approved by a majority in number (ie. at least 50%) of shareholders present and voting (either in person or by proxy) at the meeting, representing at least 75% of the votes cast on the resolution. The Scheme of Arrangement will then be subject to approval by the Supreme Court; and
- amendment to the constitutions of Westfield Holdings, Westfield Trust and Westfield America Trust to provide for the Proposed Merger, which must be approved by a special resolution of members representing at least 75% of the votes cast on the resolution.

Part 3 of Schedule 8 to the Corporations Regulations prescribes the information to be sent to securityholders in relation to schemes of arrangement pursuant to Section 411. Part 3 of Schedule 8 requires an independent expert's report in relation to a scheme of arrangement to be prepared when a party to a scheme of arrangement has a prescribed shareholding in the company subject to the scheme, or where any of its directors are also directors of the company subject to the scheme. The responsible entities of Westfield Trust and Westfield America Trust, Westfield Management and Westfield America Management, are wholly owned subsidiaries of Westfield Holdings. Westfield Management and Westfield America Management are parties to the Implementation Deed. Messrs Frank Lowy, Steven Lowy, Peter Lowy and Stephen Johns are directors of Westfield Holdings and are also directors of Westfield Management and Westfield America Management. Accordingly, an independent expert's report is required to be prepared for Westfield Holdings shareholders for the purposes of Section 411 of the Corporations Act.

Although the Corporations Act does not provide for schemes of arrangement in relation to unit trusts, the directors of Westfield Management and Westfield America Management have requested that an independent expert's report be prepared for Westfield Trust and Westfield America Trust members for prudential purposes.

The directors of Westfield Holdings, Westfield Management and Westfield America Management have engaged Grant Samuel & Associates Pty Limited ("Grant Samuel") to prepare an independent expert's report setting out whether, in Grant Samuel's opinion:

- the Proposed Merger is in the best interests of Westfield Holdings shareholders as a whole;
- the Proposed Merger is in the best interests of Westfield Trust members (ie. unitholders and optionholders) as a whole; and
- the Proposed Merger is in the best interests of Westfield America Trust members (ie. unitholders and optionholders) as a whole other than Westfield Holdings and its controlled entities,

and to state reasons for those opinions.

Grant Samuel is independent of Westfield Holdings, Westfield Trust and Westfield America Trust and has no involvement with, or interest in the outcome of, the Proposed Merger other than the preparation of this report. A copy of this report is to be despatched to securityholders with the Explanatory Memorandum.

This report has been prepared by Grant Samuel to assist the directors of Westfield Holdings, Westfield Management and Westfield America Management in making their recommendation to securityholders in relation to the Proposed Merger and to assist the securityholders of Westfield Holdings, Westfield Trust and Westfield America Trust to assess the merits of the Proposed Merger. The sole purpose of this report is an expression of Grant Samuel's opinion as to whether

the Proposed Merger is in the best interests of Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members other than Westfield Holdings. This report should not be used for any other purpose or by any other party.

This report is general financial product advice only and has been prepared without taking into account the objectives, financial situation or needs of securityholders in any of the three entities. Because of that, before acting in relation to their investment, securityholders should consider the appropriateness of the advice having regard to their own objectives, financial situation or needs. Securityholders should read the Explanatory Memorandum issued by Westfield Holdings, Westfield Management and Westfield America Management in relation to the Proposed Merger.

Approval or rejection of the Proposed Merger is a matter for individual securityholders based on their expectations as to value and future market conditions and their particular circumstances including risk profile, liquidity preference, portfolio strategy and tax position. Securityholders who are in doubt as to the action they should take in relation to the Proposed Merger should consult their own professional adviser.

2.2 Basis of Evaluation

There is no legal definition of the expression “in the best interests”. The Australian Securities Commission (now the Australian Securities and Investments Commission (“ASIC”)) issued Policy Statement 75 which established certain guidelines in respect of independent expert’s reports prepared for the purposes of Sections 411, 640 and 703 of the Corporations Act. Policy Statement 75 is primarily directed towards reports prepared for the purpose of Section 640 and comments on the meaning of “fair and reasonable” in the context of a takeover offer. The statement gives limited guidance as to the regulatory interpretation or meaning of “in the best interests” other than to imply that it is similar to “fair and reasonable”.

Schemes of arrangement pursuant to Section 411 can encompass a wide range of transactions. Accordingly, “in the best interests” must be capable of a broad interpretation to meet the particular circumstances of each transaction. This involves a judgement on the part of the expert as to the overall commercial effect of the transaction, the circumstances that have led to the proposal and the alternatives available. The expert must weigh up the advantages and disadvantages of the proposal and form an overall view as to whether the shareholders are likely to be better off if the proposal is implemented than if it is not.

In Grant Samuel’s opinion, the most appropriate basis on which to evaluate the Proposed Merger is to assess the overall impact on the securityholders of Westfield Holdings, Westfield Trust and Westfield America Trust and to form a judgement as to whether the expected benefits to the securityholders outweigh any disadvantages and risks that might result.

In forming its opinion as to whether the Proposed Merger is in the best interests of Westfield Holdings, Westfield Trust and Westfield America Trust securityholders, Grant Samuel has considered the following:

- the proportion of the merged group received by each group of securityholders compared to their relative contributions of market value;
- the proportion of the merged group received by each group of securityholders compared to their relative contributions of underlying value;
- the likely market for stapled securities in the Westfield Group;
- the existing legal and control structure of Westfield Holdings, Westfield Trust and Westfield America Trust;
- the likelihood of alternative transactions which could realise better value;
- any other advantages and benefits arising from the Proposed Merger; and

- the costs, disadvantages and risks of the Proposed Merger.

2.3 Sources of the Information

The following information was utilised and relied upon, without independent verification, in preparing this report:

Publicly Available Information

- the Explanatory Memorandum, Overviews for each of Westfield Holdings, Westfield Trust and Westfield America Trust and Notices of Meetings relating to the Proposed Merger (including earlier non public drafts);
- annual reports of Westfield Holdings for the four years ended 30 June 2003;
- annual reports of Westfield Trust and Westfield America Trust for the four years ended 31 December 2003;
- half year announcement of Westfield Holdings for the six months ended 31 December 2003;
- press releases, public announcements, media and analyst presentation material and other public filings by Westfield Holdings, Westfield Trust and Westfield America Trust, including information available on each entity's website;
- brokers' reports and recent press articles on Westfield Holdings, Westfield Trust, Westfield America Trust and the property industry; and
- sharemarket data and related information on Australian and international listed companies engaged in the retail property trust, development and construction and funds management industries and on acquisitions of companies in these industries.

Non Public Information provided by Westfield Holdings, Westfield Trust and Westfield America Trust

- copies of the Executive Option Plan and the Executive Performance Share Plan;
- copies of management agreements and development framework agreements for a selection of properties managed by Westfield Holdings in Australia, New Zealand, the United States and the United Kingdom;
- management forecasts and supporting schedules for Westfield Holdings, Westfield Trust and Westfield America Trust for the three years ending 30 June 2006, including detailed reports by the investigating accountants reviewing those forecasts;
- independent valuations of the properties owned by Westfield Holdings, Westfield Trust and Westfield America Trust;
- copies of draft reports prepared by Ernst & Young Transaction Advisory Services Limited ("Ernst & Young TAS") in relation to the review of the forecast financial performance for Westfield Holdings, Westfield Trust, Westfield America Trust and the Westfield Group for the three years ending 30 June 2006 and the review of the forecast financial performance for Westfield Trust and Westfield America Trust for the three years ending 31 December 2006; and
- other confidential documents, board papers, presentations and working papers.

Grant Samuel has also held discussions with, and obtained information from, senior management of Westfield Holdings, Westfield Trust and Westfield America Trust and their advisers.

2.4 Limitations and Reliance on Information

Grant Samuel believes that its opinion must be considered as a whole and that selecting portions of the analysis or factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the opinion. The preparation of an opinion is a complex process and is not necessarily susceptible to partial analysis or summary.

Grant Samuel's opinion is based on economic, sharemarket, business trading, financial and other conditions and expectations prevailing at the date of this report. These conditions can change significantly over relatively short periods of time. If they did change materially, subsequent to the date of this report, the opinion could be different in these changed circumstances. However, except as required by the Corporations Act, Grant Samuel has no obligation or undertaking to advise any person of any change in circumstances which has come to its attention after the date of this report or to review, revise or update its report or opinion.

This report is also based upon financial and other information provided by Westfield Holdings, Westfield Trust and Westfield America Trust and their advisers. Grant Samuel has considered and relied upon this information. Westfield Holdings, Westfield Management and Westfield America Management have represented in writing to Grant Samuel that to their knowledge the information provided by them was complete and not incorrect or misleading in any material aspect. Grant Samuel has no reason to believe that any material facts have been withheld.

The information provided to Grant Samuel has been evaluated through analysis, inquiry and review to the extent that it considers necessary and appropriate for the purposes of forming an opinion as to whether the Proposed Merger is in the best interests of Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members. However, Grant Samuel does not warrant that its inquiries have identified or verified all of the matters that an audit, extensive examination or "due diligence" investigation might disclose. "Due diligence" on each of the other entities is the responsibility of Westfield Holdings, Westfield Management and Westfield America Management and their management and directors and is beyond the scope of an independent expert. Grant Samuel has assumed the respective directors have satisfied themselves in relation to due diligence matters. In any event, an opinion of the kind expressed in this report is more in the nature of an overall review reflecting commercial judgements rather than a detailed audit, verification or investigation.

An important part of the information used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management. This type of information was also evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of external verification or validation.

Preparation of this report does not imply that Grant Samuel has audited in any way the management accounts or other records of Westfield Holdings, Westfield Trust or Westfield America Trust. It is understood that the accounting information that was provided was prepared in accordance with generally accepted accounting principles and in a manner consistent with the method of accounting in previous years (except where noted).

The information provided to Grant Samuel included:

- pro forma historical financial performance, financial position and cash flows for Westfield Trust and Westfield America Trust for the two years ended 30 June 2003 and for the six months ended 31 December 2003 (collectively the "Stand Alone Pro Forma Historicals") and the pro forma financial position of the Westfield Group as at 31 December 2003 ("the Westfield Group Pro Forma Historicals"); and
- forecast financial performance for Westfield Holdings, Westfield Trust and Westfield America Trust for the three years ending 30 June 2006 (collectively the "Stand Alone Forecasts") and the pro forma forecast financial performance of the Westfield Group for the two years ending 30 June 2006 ("the Westfield Group Forecasts").

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Westfield Holdings, Westfield Trust and Westfield America Trust are responsible for the Westfield Group Pro Forma Historicals and the Westfield Group Forecasts. The Westfield Group Pro Forma Historicals were reviewed by Ernst & Young and its Independent Accountant's Report is set out in Section 4 of the Explanatory Memorandum. The Westfield Group Forecasts were reviewed by Ernst & Young TAS and its Independent Accountant's Report is set out in Section 5 of the Explanatory Memorandum.

Grant Samuel has used and relied on these forecasts for the purposes of its analysis. Grant Samuel has not investigated this financial information in terms of the reasonableness of the underlying assumptions, accuracy of compilation or application of assumptions. However, this financial information has been subject to a comprehensive review by Ernst & Young and Ernst & Young TAS. These reviews were unqualified. On this basis, Grant Samuel considers that there are reasonable grounds to believe that the financial information has been prepared on a reasonable basis.

However, the achievability of the Stand Alone Forecasts or the Westfield Group Forecasts is not warranted or guaranteed by Grant Samuel. Future profits and cash flows are inherently uncertain. They are predictions by management of future events that cannot be assured and are necessarily based on assumptions, many of which are beyond the control of the company or its management. Actual results may be significantly more or less favourable.

Grant Samuel was not provided with any management forecasts for Westfield Holdings, Westfield Trust or Westfield America Trust beyond 30 June 2006, although internal management estimates beyond such dates do exist.

Grant Samuel has not undertaken any valuations of the properties owned by Westfield Holdings, Westfield Trust or Westfield America Trust and, for the purposes of this report, has relied on the independent property valuations commissioned by Westfield Holdings, Westfield Trust and Westfield America Trust for those properties in determining the underlying net asset value of investments in property assets. However, those valuations were reviewed by Grant Samuel Property Pty Limited ("Grant Samuel Property").

In forming its opinion, Grant Samuel has also assumed that:

- matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed;
- the information set out in the Explanatory Memorandums and accompanying documents sent by Westfield Holdings, Westfield Trust and Westfield America Trust to their respective securityholders is complete, accurate and fairly presented in all material respects;
- the publicly available information relied on by Grant Samuel in its analysis was accurate and not misleading;
- the Proposed Merger will be implemented in accordance with its terms; and
- the legal mechanisms to implement the Proposed Merger are correct and will be effective.

To the extent that there are legal issues relating to assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Grant Samuel assumes no responsibility and offers no legal opinion or interpretation on any issue.

3 Profile of Westfield Holdings Limited

3.1 Background

Westfield Holdings is one of the 20 largest entities listed on the ASX with a market capitalisation prior to the Proposed Merger of approximately \$7.9 billion. The company designs, builds, leases and manages prime retail properties in Australia, the United States, New Zealand and the United Kingdom and is also a substantial fund manager through its management of listed property trusts.

Westfield Holdings was founded in 1956 as a partnership between Frank Lowy and John Saunders. It listed on the ASX as Westfield Development Corporation Limited ("Westfield Development") in 1960 to engage in the business of real estate and property development generally, with particular focus on shopping centres. At the time of listing, it had four projects, two shopping centres and two residential developments. By the mid 1960s, the company had switched its focus to acquiring and developing retail stores and shopping centres to be retained and managed as income producing investments. Its secondary goal was acquiring real estate for development and resale.

By 1979, Westfield Development (now Westfield Limited) had developed or acquired and owned a number of shopping centres, an office block and a motel in Australia and had entered the United States market with the purchase of Trumbull Shopping Park in Connecticut. However, the business was capital constrained. A corporate reorganisation in July 1979 created two listed entities, Westfield Property Trust (later to become Westfield Trust) and Westfield Holdings. Westfield Property Trust acquired six of the shopping centres (Westfield Holdings retained Trumbull Shopping Park and Indooroopilly Shoppingtown and the Westfield Towers/Boulevard Hotel complex were sold to a third party). Following certain taxation changes in the early 1980s, Westfield Property Trust was wound up and replaced by Westfield Trust. Westfield Trust is a passive owner of property, earning net rental income which is passed on to investors. Westfield Holdings focused on the development and construction of shopping centres, management of shopping centres and management of Westfield Trust and other similar property owning vehicles, but was also involved in property ownership.

In the late 1970s, Westfield Holdings' acquired a presence in the United States through a series of strategic acquisitions and redevelopment projects. A turning point occurred in 1994 with the acquisition of the CenterMark Properties, Inc. ("CenterMark") portfolio of 19 regional shopping centres by Westfield Holdings and two partners. In 1996, the initial public offering of Westfield America Trust was launched in Australia and the funds raised were used to acquire a majority interest in CenterMark from the existing partners. Westfield Holdings retained an 18.6% interest in CenterMark (subsequently renamed Westfield America, Inc.) and had a 29.7% interest in Westfield America Trust. It also acts as property manager for the portfolio and manages Westfield America Trust. Westfield America, Inc. was itself listed on the New York Stock Exchange from 1997 until 2001.

Westfield Holdings also expanded into New Zealand and the United Kingdom, being appointed to manage ten shopping centres in New Zealand in 1997 (subsequently acquired by Westfield Trust) and acquiring properties and management rights in the United Kingdom in 2000.

3.2 Business Operations

Property Development and Construction

Westfield Holdings' property development and construction business operation is responsible for the development, design and construction and initial leasing of shopping centres. These activities include purchasing land, obtaining approvals from authorities, conducting negotiations with major retailers, preparing feasibility studies and acting as architect, project manager and general contractor for each shopping centre project (although the construction process is generally subcontracted). These activities are undertaken predominantly on behalf of properties managed by Westfield Holdings (ie. generally properties owned by Westfield Holdings, Westfield Trust and Westfield America Trust).

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While the contractual arrangements vary from country to country, Westfield Holdings generally receives the following fees from its development and construction activities:

- a design fee of 10% of the total project price, of which around 70-80% is received and recognised at commencement of the project and the balance progressively during the construction phase;
- a development fee of 3% of total project price (5% in the United States), of which 50-70% is received and recognised at the commencement of the project and the balance progressively during the construction phase; and
- a leasing fee of 10% of the first year's rent for new tenants (generally only the specialty stores), received and recognised towards the end of the project (except in the United Kingdom where a tenancy co-ordination fee of £3,500 per shop is paid).

Westfield Holdings also contracts to construct the project, generally on a fixed price basis. It then manages the construction process, typically subcontracting out the physical construction. As a result, it earns a development and construction EBIT margin that varies from project to project, but is typically in the range 13-15% of the total project price. Payments are received progressively throughout a project but profits are only recognised when a project is 50% complete, after which 90% of profit is recognised on a progressive basis until the project is 100% complete, with 10% held back for warranties and other contingencies.

At 31 December 2003, the five year development pipeline (which includes projects that are under construction or in advanced planning) was \$7.0 billion, of which \$1.9 billion is currently under construction:

Westfield Holdings - Development Projects Under Construction at 31 December 2003			
Project	Project cost		Estimated Completion
	millions	A\$ millions	
Australia/New Zealand			
Bondi Junction, New South Wales	A\$700	700	June 2004
The Pines, Victoria	A\$44	44	September 2004
Riccarton, Christchurch	NZ\$94	82	May 2005
Other smaller projects	A\$64	64	various
Total project costs - Australia/New Zealand	A\$890	890	
United States			
Santa Anita, California	US\$98	130	November 2004
Parkway, California	US\$26	35	November 2004
Wheaton Plaza, Maryland	US\$111	147	March 2005
Franklin Park, Ohio	US\$113	150	June 2005
Gateway, Nebraska	US\$11	15	December 2005
San Francisco Centre, California	US\$410	545	October 2006
Total project costs - United States	US\$769	1,022	
Total project costs		1,912	

Source: Westfield Holdings

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\$5.1 billion of projects are in advanced planning and are expected to commence in the next five years:

Westfield Holdings - Development Projects in Advanced Planning at 31 December 2003	
Country	Project
Australia/New Zealand	
Australia	Centrepont, Kotara, Liverpool, Parramatta, Tuggerah, Doncaster, Chermide, Helensvale, Mt. Gravatt, North Lakes, Innaloo, Belconnen
New Zealand	Albany, Manukau, Newmarket, Pakuranga, St. Lukes, Queensgate
Total - Australia/New Zealand	\$1.7 billion
United States	
West Coast	Century City, Plaza Bonita, Topanga, UTC, Southcenter
East Coast	Connecticut Post, Garden State Plaza, Southgate
Mid West	Great Northern, Southpark, Chesterfield
Total - United States	US\$1.1 billion/\$1.5 billion
United Kingdom¹	Broadmarsh, The Eagle Centre, The Brunel Centre
Total - United Kingdom	£0.78 billion/\$1.9 billion
Total	\$5.1 billion

Source: Westfield Holdings

All of the above projects (both under construction and in advanced planning) are redevelopments of shopping centres managed by Westfield Holdings except for Helensvale in Queensland and Albany in Auckland, which are both greenfields development projects. All of the properties are owned by either Westfield Trust or Westfield America Trust, except for the United Kingdom properties and Helensvale, which are held by Westfield Holdings (in partnership with other parties).

In addition to the development pipeline, development projects with a cost in excess of \$5 billion have been identified and are currently being evaluated by Westfield Holdings.

Property and Funds Management

Westfield Holdings' property and funds management business operation represents the fee income that the company earns from the provision of marketing and management services to the shopping centres (including leasing) and the management of the property funds.

Westfield Holdings generally receives the following fees from its property management activities:

- a real estate management fee of 5% of gross rents received (including minimum fixed and percentage rents). In Australia, New Zealand and the United Kingdom this includes outgoings recovered from tenants; and
- lease preparation fees of US\$2,097 per lease in the United States and a leasing fee of 15% of the first year's passing rent in the United Kingdom.

Westfield Holdings is the fund manager for Westfield Trust, Westfield America Trust and Carindale Property Trust². At 31 December 2003, Westfield Holdings managed \$32.0 billion of retail property assets and its portfolio consisted of 116 shopping centres across four countries:

¹ Since 31 December 2003, Westfield Holdings has received outline planning approval for the redevelopment of The Friary Shopping Centre in Guildford, England. This project has an estimated cost of £140 million (\$340 million).

² The only asset of the Carindale Property Trust is a 50% interest in Westfield Carindale.

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Westfield Holdings - Shopping Centre Management Portfolio as at 31 December 2003					
	United States ³	Australia ⁴	United Kingdom	New Zealand	Total
Shopping centres	65	33	7	11	116
Gross lettable area (million m ²)	6.2	2.3	0.2	0.3	9.0
Retail outlets	9,200	6,800	700	1,200	17,900
Asset value (billion)	US\$11.3	\$13.7	£0.8	NZ\$1.7	\$32.0

Source: Westfield Holdings

Westfield Holdings receives the following fees from its funds management activities:

- for Westfield Trust, a management fee calculated annually as 25% of the return on equity above a 9% return for capital subscribed prior to August 1999 and 25% of the return on equity above the yield on fresh capital raised after August 1999;
- for Westfield America, Inc., an advisory fee calculated as the lower of 0.55% of year end net assets or 25% of the annual funds from operations (US\$471.7 million for the year ended 31 December 2003) above a base threshold (US\$375.6 million for the year ended 31 December 2003) which is adjusted to reflect new issues of common stock. Funds from operations is defined as net income excluding gains/losses from debt restructuring and sales of property plus real estate related depreciation and amortisation and after adjustment for consolidated partnerships and joint ventures. Under Westfield America Trust's constitution, Westfield Holdings is also entitled to an annual management fee of 0.55% of the year end net assets of Westfield America Trust, less the proportion of the advisory fee paid by Westfield America, Inc. that is attributable to Westfield America Trust's ownership interest in Westfield America, Inc.; and
- for Carindale Property Trust, a management fee calculated as a maximum of 2% of the total tangible assets of the trust (although Westfield Holdings has generally only charged the trust a management fee of 0.6% of the trust's total tangible assets).

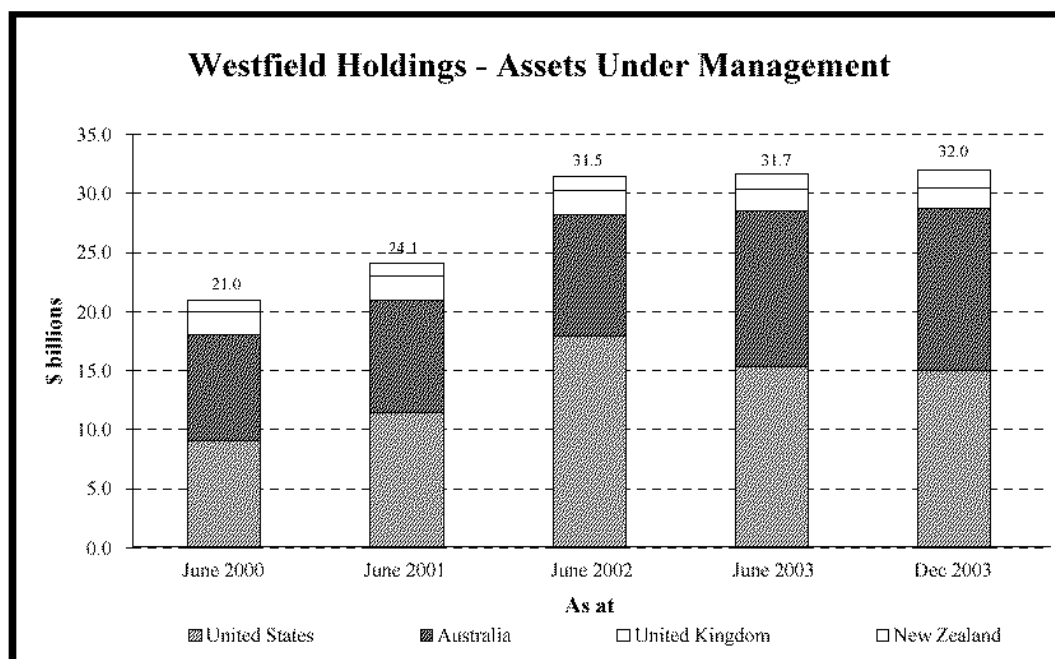
³ Does not include Valencia Town Centre which is partially owned by Westfield America Trust but not managed by Westfield Holdings.

⁴ Includes Eastgardens which is not owned by Westfield Trust but is managed by Westfield Holdings under a head lease agreement. Does not include six properties acquired by Westfield Trust through its takeover of AMP Shopping Centre Trust which are not managed by Westfield Holdings (Knox City, Booragoon, Karrinyup, Pacific Fair, Macquarie Centre and Warringah Mall).

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Assets under management have grown at an average annual rate of 12.8% over the last three and a half years:



Source: Westfield Holdings

Increases in assets under management result primarily from acquisitions by the trusts, revaluations and redevelopments of existing shopping centres. The large increase in assets under management during the year ended 30 June 2002 was primarily due to Westfield America Trust's acquisition of nine shopping centres from the Richard E. Jacobs Group ("Jacobs") and its joint acquisition of the assets of Rodamco North America N.V. ("Rodamco"), adding a further 14 properties.

While growth in assets under management appears to have stagnated in 2003, this has primarily been a result of the A\$ appreciating against the US\$. If converted to A\$ at constant June 2002 rates (ie. ignoring the impact of foreign currency fluctuations subsequent to that date), assets under management would have increased to \$35.9 billion at 31 December 2003, reflecting an average annual growth rate over the three and a half year period of 16.6%.

Westfield Holdings also manages certain retail precincts at eight airports in the United States, Ronald Reagan Washington National Airport, Washington Dulles International Airport, Boston-Logan International Airport Terminal A and C, Orlando International Airport, San Antonio International Airport, Newark International Airport, George Bush Intercontinental Airport and John F. Kennedy International Airport.

Property Investment

Westfield Holdings has a 25.5% economic interest in the unlisted Westfield America, Inc. through its 14.7% interest in Westfield America Trust (which has an economic interest of 76.2% in Westfield America, Inc.) and a direct 14.3% economic interest in Westfield America, Inc.. Westfield Holdings holds options to convert its common and preferred stock in Westfield America, Inc. into units in Westfield America Trust at no additional cost. Summary details on the property portfolio of Westfield America, Inc. are included in Section 5 of this report.

Westfield Holdings also owns the following investments in limited partnerships that operate as retail property investors in the United Kingdom:

- a 75% economic interest in Broadmarsh Retail Limited Partnership ("Broadmarsh") acquired in February 2000 in a joint venture with a major United Kingdom pension fund, Possfund (managed by Hermes Asset Management Limited). Westfield Holdings has equal



representation and voting rights on the board of the General Partner of Broadmarsh, resulting in joint control. Broadmarsh owns the Broadmarsh Centre in Nottingham, England; and

- a 50% interest in Wilmslow No's 1 to 6 Limited Partnership ("Wilmslow") which was formed with MEPC Limited ("MEPC") in July 2000 (MEPC subsequently sold its 50% interest in Wilmslow to a major United Kingdom pension fund, BT Pension Scheme (also managed by Hermes Property Asset Management Limited). Wilmslow agreed to acquire nine shopping centres in the United Kingdom. Of the nine centres, Westfield Holdings intended to keep six that had significant redevelopment and growth potential and sell three that were not a strategic fit with the portfolio. The acquisition was completed in September 2000 when Westfield Holdings and MEPC acquired six shopping centres for £688 million.

Westfield Holdings' United Kingdom property portfolio at 31 December 2003 is summarised below:

Westfield Holdings - United Kingdom Property Portfolio as at 31 December 2003				
Property	Location	Westfield Holdings Ownership	Gross Lettable Area (000 m ²)	Book Value of Westfield Holdings Interest (£ millions)
The Broadmarsh Centre	Nottingham, England	75%	44.9	74.0
The Eagle Centre	Derby, England	50%	51.0	81.8
Brunel Shopping Centre	Swindon, England	50%	49.0	56.3
The Friary Shopping Centre	Guildford, England	50%	14.0	61.8
Castlecourt Centre	Belfast, Northern Ireland	50%	30.9	87.8
Royal Victoria Place	Tunbridge Wells, England	50%	28.3	51.1
Mill Gate Shopping Centre	Bury, England	50%	32.7	44.1
Total			250.8	456.9

Source: Westfield Holdings

The shopping centres in the United Kingdom were acquired on the basis that they had significant redevelopment and growth potential. Outline planning approval permission has been obtained for the redevelopment of Brunel Shopping Centre in Swindon and The Eagle Centre in Derby with a total project cost of £380 million. The relevant councils have resolved to grant outline planning permission for redevelopment of The Friary Centre in Guildford and The Broadmarsh Centre in Nottingham. The redevelopment of The Eagle Centre is expected to commence in the fourth quarter of 2004.

Westfield Holdings' property investment strategy is to acquire and obtain approval for development or redevelopment. For example:

- greenfields sites such as Helensvale often take 3-5 years to get to the development agreement stage. Interests in more speculative greenfields sites are acquired by Westfield Holdings and held by Westfield Holdings until they are developed, at which time they may be sold to one of the trusts (although in some circumstances, where there is more certainty, one of the trusts may acquire a greenfields site for development); and
- expansion into new geographical markets (such as the United Kingdom) is usually undertaken directly by Westfield Holdings while the new strategy is developed and critical mass is achieved and recapitalised.

It is expected that Westfield Holdings will establish an unlisted wholesale fund to provide the capital required for the United Kingdom redevelopment programme. However, it should also be noted that Westfield Holdings could commence the redevelopment of The Eagle Centre without additional capital (by borrowing against the current property value).



3.3 Financial Performance

The historical financial performance of Westfield Holdings for the four years ended 30 June 2003 and the Directors' forecasts of financial performance for the three years ending 30 June 2006 are summarised below:

Westfield Holdings - Financial Performance (\$ millions)							
	Year ended 30 June				Year ending 30 June ⁵		
	2000 actual	2001 actual	2002 actual	2003 actual	2004 forecast	2005 forecast	2006 forecast
Property development and construction	950.1	1,038.2	724.8	828.1			
Property and funds management	125.1	157.3	169.6	228.6			
Property investment	30.9	32.5	35.7	45.2			
Total trading revenue	1,106.0	1,228.0	930.1	1,101.9	1,318.3	1,578.4	2,212.1
Trading EBIT⁶	135.4	168.1	135.5	178.4			
Share of associates net profit after tax	101.4	118.0	217.6	222.8			
Reported EBIT⁷	236.8	286.1	353.1	401.1	420.3	479.1	575.4
Net interest expense	(44.5)	(64.4)	(64.5)	(40.7)	(9.2)	1.4	6.1
Profit before tax	192.4	221.7	288.6	360.4	411.1	480.5	581.5
Income tax expense	(44.1)	(52.6)	(54.3)	(72.0)	(82.7)	(106.0)	(139.6)
Net profit after tax	148.3	169.1	234.2	288.4	328.4	374.5	441.9
Statistics							
<i>Basic earnings per share (cents)</i>	28.3	32.1	42.1	51.1	58.1	65.9	77.4
<i>Dividends per share (cents)</i>	14.2	16.2	21.1	25.6	28.9	32.9	38.7
<i>Dividend payout ratio</i>	50%	50%	50%	50%	50%	50%	50%
<i>Amount of dividend franked</i>	60%	60%	48%	45%	50%	50%	50%
<i>Dividend yield⁸</i>	1.2%	1.1%	1.4%	1.8%	nc ⁹	nc	nc
<i>Trading EBIT margin</i>	12.2%	13.7%	14.6%	16.2%			
<i>Interest cover¹⁰ (times)</i>	5.3	4.4	5.5	9.9	45.7	nc	nc
<i>Effective tax rate</i>	22.9%	23.7%	18.8%	20.0%	20.1%	22.1%	24.0%
<i>Effective interest rate</i>	10.8%	10.9%	6.8%	4.0%	nc	nc	nc
<i>Return on equity¹¹</i>	26.2%	24.4%	21.2%	18.7%	nc	nc	nc

Source: Westfield Holdings, Explanatory Memorandum

Westfield Holdings has a record of consistent, strong performance since listing in 1960. The last four years have been no exception, with the company reporting consistent increases in profit over this period. The average annual growth in profit over this period was almost 25%. The long term (ie. 10 year) average annual growth in profit is also in excess of 20%. Dividends per share have increased by a similar percentage each year.

However, the presentation of the results in the statement of financial performance does not provide a clear indication of the performance of, and the contribution from, Westfield Holdings' three

⁵ Disclosure is on the same basis as the Explanatory Memorandum.

⁶ Trading EBIT is earnings before net interest, tax and share of associates net profit after tax.

⁷ Reported EBIT is earnings before net interest and tax and includes share of associates net profit after tax.

⁸ Dividend yield is based on period end share price.

⁹ nc = not calculated.

¹⁰ Interest cover is reported EBIT divided by net interest.

¹¹ Return on equity is operating profit after tax divided by average shareholders' equity for the period.

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business operations. The contribution of each business operation (after allocation of indirect overheads) is set out in the following table:

Westfield Holdings - Contribution to EBIT by Business Operation (\$ millions)								
	Year ended 30 June				Year ending 30 June ¹²			
	2000 actual	2001 actual	2002 actual	2003 actual	2004 forecast	2005 forecast	2006 forecast	
Property development and construction	na ¹³	na	119.0	115.0	140.2	177.3	249.1	
Property and funds management	na	na	62.0	100.0	117.9	136.1	156.9	
Property investment (before associates)	na	na	(30.5)	(24.6)				
Corporate overheads	na	na	(15.0)	(12.0)	(13.3)	(13.8)	(14.1)	
Trading EBIT	135.4	168.1	135.5	178.4				
Share of associates' net profit after tax	101.4	118.0	225.8	228.0				
Reported EBIT	236.8	286.1	361.3	406.4	420.3	479.1	575.4	
<i>EBIT margin (before corporate overheads)</i>								
Property development and construction	nc	nc	16.4%	13.9%				
Property and funds management	nc	nc	36.6%	43.7%				

Source: Westfield Holdings, Explanatory Memorandum

The performance of Westfield Holdings is underpinned by the long-term and recurring management fees received from shopping centre tenants and property owners (primarily Westfield Trust and Westfield America Trust). The tenants in shopping centres managed by Westfield Holdings cover all retail sectors (major department stores, specialty shops, cinemas etc.) and are spread across four countries. These elements have helped to insulate the company from regional economic cycles (such as the softening of retail trading conditions in Australia in 2001 and the poor retail trading conditions in the United States after 11 September 2001) and other one off factors.

Revenue and EBIT from property and funds management increased significantly in the year ended 30 June 2003 reflecting the impact of large property acquisitions by Westfield America Trust in the 2002 financial year. Revenue increased by 35% from \$170 million to \$229 million and EBIT increased by 61% from \$62 million to \$100 million. The EBIT margin has increased from 37% to 44% over this period, reflecting economies of scale.

The growing portfolio of managed shopping centres and their need for regular redevelopment has provided Westfield Holdings with regular development and construction income. The size of the portfolio means that Westfield Holdings can sustain a long term rolling redevelopment program that creates a recurring income stream from an activity that would normally only produce a one-off income. EBIT margins from property development and construction have been in the range 14-16.5% over the last two years (although this also reflects the impact of hedging arrangements). Management of Westfield Holdings has advised that the EBIT margin earned on development and construction projects is generally the range 13-15% (before taking into account the impact of hedging arrangements). Redevlopments also increase assets under management and property and fund management revenue, increasing future property and funds management income streams.

The trading EBIT from property investment (excluding associates) is negative as it reflects indirect costs allocated to property investment, net of EBIT (management fees and profit share) from the Eastgardens head lease.

¹² Disclosure is on the same basis as the Explanatory Memorandum.

¹³ na = not available.

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A significant proportion of Westfield Holdings' earnings now comes from its property investment activities (ie. its investments in Westfield America Trust, Westfield America, Inc. and the limited partnerships in the United Kingdom). The significant increases in contribution from associates in the years ended 30 June 2001 and 2002 reflect the investment in limited partnerships with MEPC in the United Kingdom in September 2000 and the acquisition of a 23.9% investment in Rodamco for \$920 million in August 2001. Rodamco was reorganised in May 2002 and a portion of its assets were acquired by Westfield America, Inc.. In connection with the acquisition, Westfield Holdings acquired additional securities in Westfield America Trust and Westfield America, Inc.. The passive investment income earned from these investments has assisted Westfield Holdings in maintaining growth in profit, particularly in the 2002 and 2003 financial years, when the contribution from property development and construction declined.

Westfield Holdings has in place a hedging programme to protect its foreign currency denominated income from currency fluctuations, with the objective of achieving a substantial hedge of the overall foreign net profit after tax.

Business income such as development and construction revenue and property and funds management revenue is naturally hedged by expenses relating to those activities. Certain financing flows denominated in foreign currencies, such as interest, also economically hedge revenue. Property investment income in the form of distributions from Westfield America Trust is hedged by Westfield America Trust. Westfield Holdings also uses forward exchange contracts of business income to achieve a substantial hedge of the overall foreign net profit after tax.

As a result, revenues and expenses fluctuate and the impact of hedging is not reflected uniformly in the statement of financial performance. Forward exchange contracts are reflected wholly in business income whereas natural hedges of this income, such as interest, will be subject to currency movements.

Even though Westfield Holdings is substantially hedged, the appreciation of the \$A against the US\$ over the last 12-18 months has reduced the A\$ value of the US\$ denominated interest flows. The result is that the benefit of the natural hedge has been reflected in declining interest expense but this has been offset by an equivalent decline in property investment EBIT over the same period.

Westfield Holdings manages its balance sheet exposure to risks associated with exchange rate movements by reducing the mismatch between foreign currency denominated assets and liabilities either by funding with the same currency denominated loans or by the use of cross currency swaps to convert A\$ funding into matching currency denominated funding. This means that Westfield Holdings' investments are substantially hedged against currency movements. While the A\$ value of investments in associates has fallen due to currency movements, this has been offset by an increase in the value of the cross currency receivable hedging this investment.

However, as a result of the cross currency swap hedging of foreign currency denominated assets and liabilities, Westfield Holdings is exposed to risks associated with interest rate movements on a US\$ payable and an A\$ receivable. The appreciation of the \$A against the \$US and the increase in the interest rate differential between Australia and the United States over the past 12-18 months have benefited Westfield Holdings to the extent that the interest rate has not been hedged. This has resulted in a further reduction in net interest expense over this period.

Westfield Holdings has consistently maintained a dividend payout ratio of 50% over the past four years. This payout ratio is low given Westfield Holdings' record of earnings performance. However, as Westfield Holdings does not generally raise equity, growth is required to be funded through reinvestment of profit into the business.

Westfield Holdings' effective tax rate, at around 20%, is well below the 30% Australian corporate tax rate. The relatively low effective tax rate is a function of the significant contributions from Westfield America, Inc. and Westfield America Trust. Distributions from Westfield America, Inc. and Westfield America Trust include a tax deferred component which is not reflected in income

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tax expense (but instead reduces the cost base of the units in the relevant trust). The increasing proportion of foreign earnings also explains the partial franking of Westfield Holdings' dividends.

Westfield Holdings has consistently reported a return on equity in excess of 20%. The decline in return on equity to 18.7% over the last three years reflects the dilutionary impact of capital raisings undertaken to fund property investments over this period (including a \$507 million equity raising to acquire a 24.2% interest in Rodamco in August 2001 which was subsequently sold to Westfield America, Inc. in May 2002). The return on equity has increased above 20% again in the six months ended 31 December 2003.

Commentary on the assumptions underlying the Directors' forecasts of performance for the three years ending 30 June 2006 is set out in Section 3.6 of the Explanatory Memorandum.

3.4 Financial Position

The financial position of Westfield Holdings as at 30 June 2003 and 31 December 2003 is summarised below:

Westfield Holdings - Financial Position (\$ millions)		
	As at 30 June 2003 actual	As at 31 December 2003 actual
Debtors and prepayments	160.4	207.9
Inventories	68.1	55.2
Creditors and accruals	(206.9)	(210.9)
Net working capital	21.6	52.2
Investment in Westfield America Trust and controlled entities	1,828.3	1,696.2
Investment in United Kingdom partnerships	513.6	508.9
Receivables under cross currency contracts	146.1	311.6
Property, plant and equipment	113.7	135.6
Loans to the Westfield Executive Option Plan Trust	80.5	79.2
Other investments	31.1	31.8
Other assets	93.0	131.8
Deferred tax liabilities (net of deferred tax assets)	(106.6)	(168.3)
Current tax liabilities	(39.2)	(42.1)
Employee entitlements	(24.7)	(25.6)
Other liabilities	(100.9)	(125.9)
Total funds employed	2,556.5	2,585.4
Cash and deposits	55.0	40.8
Bank loans	(988.3)	(932.3)
Net borrowings	(933.3)	(891.5)
Net assets	1,623.2	1,693.9
Statistics		
<i>Total assets</i>	<i>\$3,121.6m</i>	<i>\$3,219.4m</i>
<i>NTA¹⁴ per share</i>	<i>\$2.88</i>	<i>\$3.00</i>
<i>Gearing (net borrowings/total assets less cash)</i>	<i>30.4%</i>	<i>28.0%</i>
<i>Gearing (net borrowings/(net assets plus net borrowings))</i>	<i>36.5%</i>	<i>34.5%</i>

Source: Westfield Holdings

Westfield Holdings' most significant assets are its investments in Westfield America Trust and Westfield America, Inc. and the limited partnerships in the United Kingdom. These investments

¹⁴ NTA is net tangible assets, which is calculated as net assets less intangible assets.

represented 85% of funds employed in the business as at 31 December 2003. Westfield Holdings does not recognise in its balance sheet the management rights that it has in relation to property and funds management activities.

Receivables under cross currency contracts represents the mark-to-market value of cross currency contracts entered into by Westfield Holdings in relation to its foreign currency denominated assets (ie. the investments in Westfield America Trust, Westfield America, Inc. and the United Kingdom limited partnerships). As a result of the cross currency contracts in place, while the A\$ value of these investments has fallen due to currency movements, this has been offset by an increase in the value of the cross currency receivable hedging this investment.

Other investments of \$31.8 million at 31 December 2003 includes interests in industrial, residential and vacant properties that are intended for future development or resale, an interest (with joint venture partner Queensland Investment Corporation) in 31 hectares of greenfield retail development land at Helensvale on the Gold Coast hinterland and investments in various listed and unlisted securities (including 31,838 units in Westfield Trust).

Other assets includes receivables under forward exchange contracts of \$80.4 million at 30 June 2003 and \$115.4 million at 31 December 2003 which are offset by unrealised exchange gains on forward exchange contracts of equivalent amounts included in other liabilities. Other liabilities includes payables under forward exchange contracts of \$1.1 million at 30 June 2003 and \$0.6 million at 31 December 2003 which are offset by unrealised exchange losses on forward exchange contracts of equivalent amounts included in other assets.

Westfield Holdings' bank loans of \$932.3 million are unsecured borrowings. The total facility available to Westfield Holdings of \$1.6 billion is subject to negative pledge arrangements which require Westfield Holdings to comply with certain minimum financial requirements.

3.5 Capital Structure and Ownership

As at 20 April 2004, Westfield Holdings had the following securities on issue:

- 565,373,732 ordinary shares; and
- 22,389,063 issued options.

The top 10 shareholders in Westfield Holdings hold in excess of 50% of the ordinary shares on issue and are predominantly nominee companies. At 20 April 2004, there were two substantial shareholders:

Westfield Holdings - Substantial Shareholders as at 20 April 2004		
Shareholder	Number of Shares	Percentage Interest
Members of the Lowy family and associates	157,671,683	27.9%
Commonwealth Bank of Australia Limited	36,671,923	6.5%

Source: IRESS

The Lowy family and associates interest of 27.9% includes a relevant interest in shares held by the trustees of the Westfield Executive Performance Share Plan Trust, the Westfield Executive Option Plan Trust and the Westfield Superannuation C Fund.

Westfield Holdings has three types of issued options:

- 13,465,410 options issued to executives under the Executive Option Plan. These options have various issue dates (9 June 1999 to 28 February 2004), expiry dates (9 June 2004 to 28 February 2011) and exercise prices (\$9.31 to \$17.36), generally have a term of five years and are generally exercisable as to 25% after the third anniversary of their grant, 25% after the fourth anniversary of their grant and 50% on the fifth anniversary of their grant (at which time they expire). At 20 April 2004, 3,118,560 of these options were exercisable;

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- 973,653 options issued to executives under the Executive Performance Share Plan. These options have various issue dates (1 October 2002 to 1 March 2004), expiry dates (20 March 2007 to 27 February 2010) and terms (four to seven years) and are generally exercisable as to 25% on the second anniversary of their grant, 25% on the third anniversary of their grant and 50% on the fourth anniversary of their grant. All of these options have an exercise price of nil. At 20 April 2004, none of these options were exercisable; and
- 7,950,000 options issued to Possfund on 22 May 2000 as part of the consideration for the purchase of Westfield Holdings' 75% interest in Broadmarsh. These options had an exercise price of \$8.74 and could be exercised at any time during the period from 22 May 2002 to 22 May 2005. These options were exercised by Possfund on 1 April 2004. Westfield Holdings elected to satisfy the exercise of the options by the payment of a cash amount of \$32.6 million to Possfund. Possfund has been issued with 7,950,000 new options on substantially the same terms as the exercised options, but with an exercise price of \$12.84, reflecting the market price of Westfield Holdings' ordinary shares on 1 April 2004.

All of the issued options (except executive performance shares) have no entitlement to dividends and no voting rights.

When any of the issued options are exercised, Westfield Holdings can either:

- issue to the option holder the number of new ordinary shares to which the option relates;
- transfer to the option holder that number of existing ordinary shares;
- pay to the option holder an amount of cash equal to the difference between the market value of those shares as at the date of exercise and the exercise price of the options; or
- deliver to the option holder that number of shares having a market value at the date of exercise equal to the difference between the market value of those shares as at the date of exercise and the exercise price of the options.

Under certain circumstances including takeovers, compromises or arrangements and reconstructions and amalgamations, the terms of the executive options provide that they may be exercised prior to the prescribed date, notwithstanding that any exercise condition has not been satisfied.

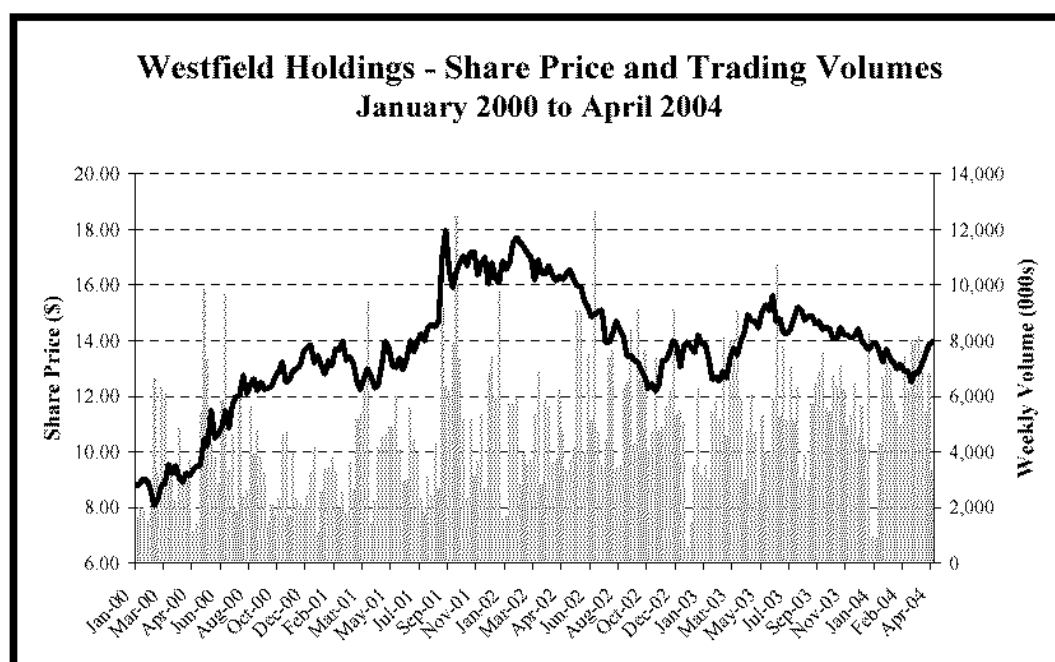
3.6 Share Price History

A summary of the price and trading history of Westfield Holdings shares since 1 January 2000 is set out below:

Westfield Holdings - Share Price History					
Period	Share Price (\$)			Average Weekly Volume (000s)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2000	14.53	7.77	13.45	3,658	866
2001	18.78	12.05	16.85	4,625	1,382
2002	18.49	12.04	13.45	5,448	2,149
Quarter ended					
January - March 2003	14.64	12.21	13.58	5,309	2,215
April - June 2003	15.85	13.15	14.60	5,229	2,224
July - September 2003	15.30	14.13	14.20	5,753	2,436
October - December 2003	14.71	13.47	13.97	5,455	2,505
Month ended					
January 2004	13.97	13.02	13.35	6,395	3,092
February 2004	13.35	12.66	12.90	5,905	2,787
March 2004	13.40	12.50	13.32	7,626	3,223
April 2004 (to 20 April)	14.05	13.15	13.96	6,586	2,921

Source: IRESS

The following graph illustrates the movement in the Westfield Holdings share price and trading volumes since January 2000:



Source: IRESS

Westfield Holdings' share price is driven by issues affecting the company, Westfield Trust and Westfield America Trust. Prospects for growth in assets and, in particular, announcements of significant acquisitions, appear to have a significant impact. For example, the February 2000 announcement of expansion into the United Kingdom market caused the share price to increase

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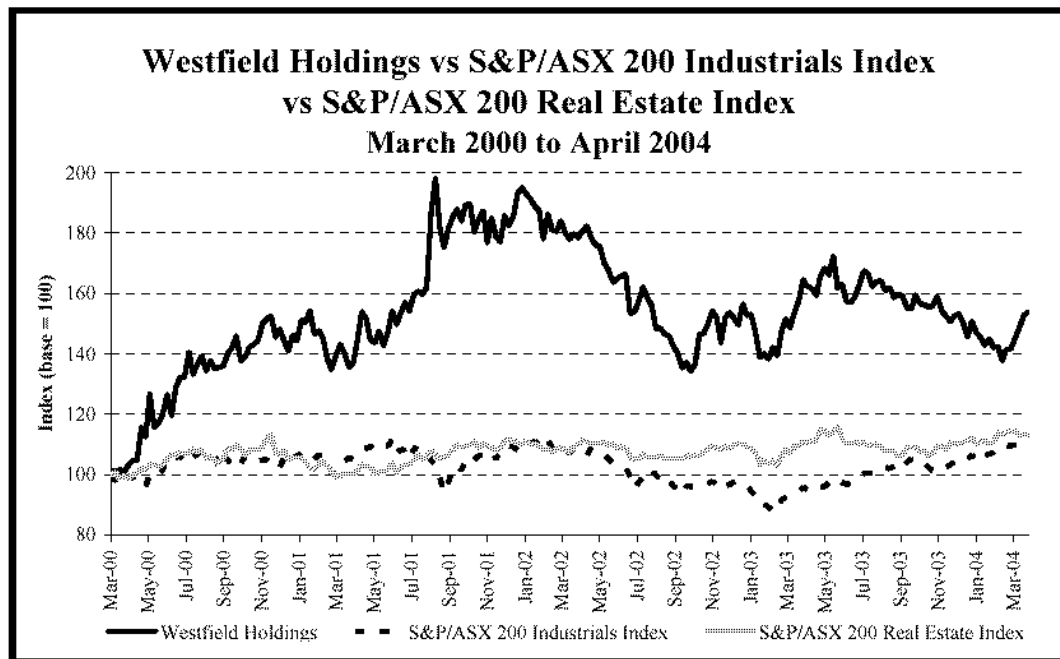
from around \$8.00 to around \$9.50. The share price continued its upward trend, fuelled by the announcement to acquire nine shopping centres in joint venture with MEPC in May 2000 and culminating with the release of the results for the year ended 30 June 2000 in August 2000. The shares traded in the range \$12.00-14.00 until August 2001, when Westfield Holdings announced the acquisition of a strategic interest in Rodamco for \$920 million. The company raised \$450 million in equity to fund the acquisition through the offer of shares in Westfield Holdings at \$15.75 (a premium of 7.1% to the closing price on 24 August 2001). Demand for the shares substantially exceeded the underwritten amount and the capital raising was increased to \$500 million. The share price increased to an all time intraday high of \$18.78 at this time and traded in the range \$16.00-18.00 for the next 10 months. Negative events such as 11 September 2001 were offset by Westfield America Trust's US\$760 million acquisition of nine shopping centres from Jacob and its joint acquisition of the assets of Rodamco and the release of the half year report in March 2002, which indicated that Westfield Holdings was on track to achieve net profit after tax for the year ending 30 June 2002 of \$230 million, a 36% increase on the prior year.

Subsequent to March 2002, the lack of positive announcements and legal actions concerning the insurance cover for the World Trade Centre, coupled with a general market "de-rating" of high price earnings multiple stocks saw the share price fall to around \$12.00. Positive announcements concerning outline planning consent being received for the Broadmarsh and Brunel Centre redevelopments pushed the share price back up around \$14.00. The March 2003 release of the half year results indicating that Westfield Holdings expected to achieve a net profit after tax for the year ending 30 June 2003 of \$280 million, an increase of 20% on the prior year and ahead of the 15% increase forecast by the Chairman at the Annual General Meeting in November 2002, saw the share price increase again, peaking at \$15.85 in June 2003 with Westfield Trust's announcement of a cash takeover offer for AMP Shopping Centre Trust at \$1.80 per unit, a premium to the existing offer by Centro Properties Group.

The declining share price since mid 2003 is probably due to the weakening of the US\$ relative to the A\$, the perceived lack of acquisition opportunities in the United States (and the failure of the Taubman Centres Inc ("Taubman") deal) and uncertainty about the funding strategy for the redevelopment of the United Kingdom assets.

Westfield Holdings' shares are actively traded with average weekly volumes over the past year representing 1.3-1.5% of shares on issue (excluding the Lowy family and associates 28% interest). This represents annual turnover of around 30-35% of Westfield Holdings total issued capital (excluding the Lowy family and associates 28% interest).

The following graph illustrates the performance of Westfield Holdings shares since March 2000 relative to the S&P/ASX 200 Real Estate Index and the S&P/ASX 200 Industrials Index:



Source: IRESS

Westfield Holdings has significantly outperformed both the S&P/ASX 200 Industrials Index (of which it makes up 1%) and the S&P/ASX 200 Real Estate Index (of which it makes up 8%) since March 2000, reflecting its consistent and strong financial performance over this period. However, most of that outperformance occurred in the period up to March 2002. It has subsequently underperformed both indices.

While Westfield Holdings is classified as part of the S&P/ASX 200 Real Estate Index, it is primarily a real estate management and development company, which is a small subset representing only 15% of the S&P/ASX 200 Real Estate Index. The S&P/ASX 200 Real Estate Index is primarily made up of property trusts and property investment groups. The lack of correlation between the index and Westfield Holdings is exacerbated by Westfield Holdings index weighting factor of only 72%.

The relative performance of Westfield Holdings and similar companies such as Leighton Holdings Limited (which is classified as a construction and engineering company), is much more consistent.

4 Profile of Westfield Trust

4.1 Background

Westfield Trust is the largest listed property trust in Australia with a market capitalisation prior to the Proposed Merger of approximately \$8.0 billion. Westfield Trust invests in shopping centres in Australia and New Zealand and has interests in a portfolio of 49 premium shopping centres marketed under the “Westfield” brand.

Westfield Trust was listed on the ASX in August 1982 through an initial public offering of \$130.5 million, to acquire the assets of Westfield Property Trust. Westfield Property Trust was formed in 1979 as part of the reorganisation of Westfield Development, and was wound down as a result of legislative changes to trusts. Since May 1992, the trust has had a secondary listing on the New Zealand Stock Exchange.

At the time of listing, Westfield Trust’s portfolio comprised six established shopping centres located along the eastern seaboard with a total value of \$128 million. Since listing, Westfield Trust has grown its property assets to \$11.5 billion and has established itself as the leading retail property trust across Australia and New Zealand.

Westfield Trust has expanded its portfolio through a number of substantial acquisitions. During 2003, Westfield Trust acquired interests in 12 shopping centres with a value of \$2.6 billion including Sydney Central Plaza for \$401 million and nine premium regional centres as part of the acquisition of AMP Shopping Centre Trust for \$1.9 billion. The trust also sold interests in six properties valued at \$880 million (including one centre acquired under the AMP Shopping Centre Trust transaction).

4.2 Property Portfolio

Westfield Trust’s portfolio consists of interests in 49 premium regional and metropolitan shopping centres representing approximately 3.1 million square metres of retail space across more than 9,500 retail tenants. The trust’s properties are located entirely within Australia and New Zealand. The portfolio includes 31 wholly-owned properties and 18 held under joint venture or co-ownership agreements.

A detailed description of each property in the portfolio is included in Section 2.4 of the Explanatory Memorandum. A summary of the portfolio as at 31 December 2003 is set out below:

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Westfield Trust – Property Portfolio as at 31 December 2003						
Property/Location		Date of Acquisition ¹⁵	Westfield Trust Ownership	Gross Lettable Area (000m ²)	Book Value of Interest (\$ million) ¹⁶	Portfolio Composition
Australia						
<i>New South Wales</i>	Parramatta	Mar 1993/ Dec 1999	100%	124.6	829.6	7.3%
	Hornsby	Jun 1982/ July 1996	100%	99.0	536.7	4.7%
	Chatswood	Nov 1993	100%	54.3	521.9	4.6%
	Burwood	Sep 1992	100%	64.7	480.0	4.2%
	Sydney Central Plaza	Mar 2003	100%	54.1	401.4	3.5%
	Other (13)			911.1	2,561.2	22.5%
<i>Queensland</i>	Chermside	Dec 1996	100%	78.9	427.7	3.8%
	Mt Gravatt	Jun 2003	75%	93.6	391.0	3.4%
	Other (4)			286.5	804.5	7.1%
<i>Victoria</i>	Fountain Gate	Jul 1995/ Dec 1997	100%	142.8	457.7	4.0%
	Doncaster	Mar 1993/ Apr 1997	100%	56.3	378.4	3.3%
	Southland	Feb 1988	50%	131.6	360.8	3.2%
	Other (4) ¹⁷			243.3	396.0	3.5%
<i>Western Australia</i>	Carousel	Apr 1996	100%	81.7	377.0	3.3%
	Other (3)			157.9	278.7	2.4%
<i>South Australia</i>	Marion	Jun 1987	50%	129.5	323.0	2.8%
	Tea Tree Plaza	Feb 1998	50%	94.8	181.5	1.6%
<i>Australian Capital Territory</i>	Belconnen	Mar 1986/ Dec 2003	100%	76.1	460.0	4.0%
Total Australian property portfolio				2,880.6	10,167.1	89.2%
New Zealand						
<i>Auckland</i>	St Lukes	Dec 1998	100%	37.6	282.9	2.5%
	Manukau	Dec 1998/ June 2001	100%	31.6	152.0	1.3%
	Other (6)			129.2	517.9	4.5%
<i>Christchurch</i>	Riccarton	Dec 1998	100%	28.9	132.0	1.2%
<i>Wellington</i>	Queensgate	Apr 1999	100%	21.1	100.9	0.9%
<i>Hamilton</i>	Chartwell	Dec 1998	100%	14.4	50.3	0.4%
Total New Zealand property portfolio				262.8	1,236.0	10.8%
Total property portfolio				3,143.6	11,403.1	100.0%

Source: Westfield Trust

Despite the number of properties, Westfield Trust's portfolio is relatively concentrated, with 12 properties accounting for approximately 50% of total portfolio value. The largest single property, Parramatta, accounts for 7% of total portfolio value.

While Westfield Trust has diversified geographically, its portfolio remains concentrated along the east coast of Australia with New South Wales, Queensland and Victoria accounting for almost

¹⁵ Acquisition date includes the date of acquisition of the original interest in the asset and any subsequent interest acquired.

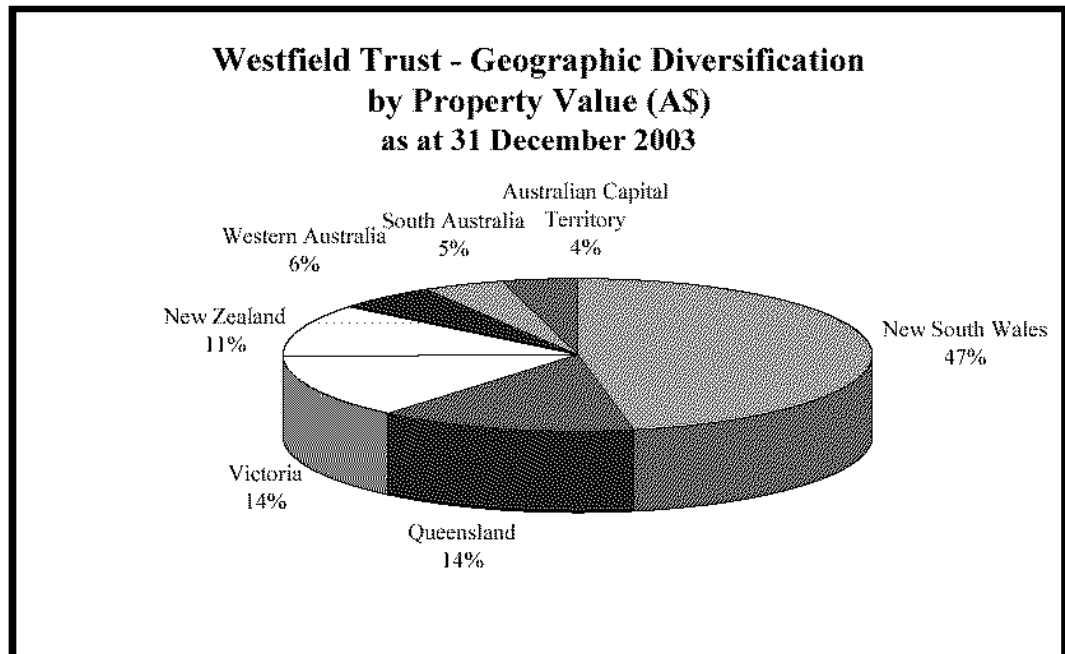
¹⁶ Book value is equal to the latest independent valuation plus subsequent capital expenditure.

¹⁷ Other in Victoria includes The Pines which is essentially a redevelopment site.

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75% of total portfolio value. New Zealand assets account for 11% of the portfolio with the balance located across the Australian mainland. This geographic diversification is shown in the following chart:



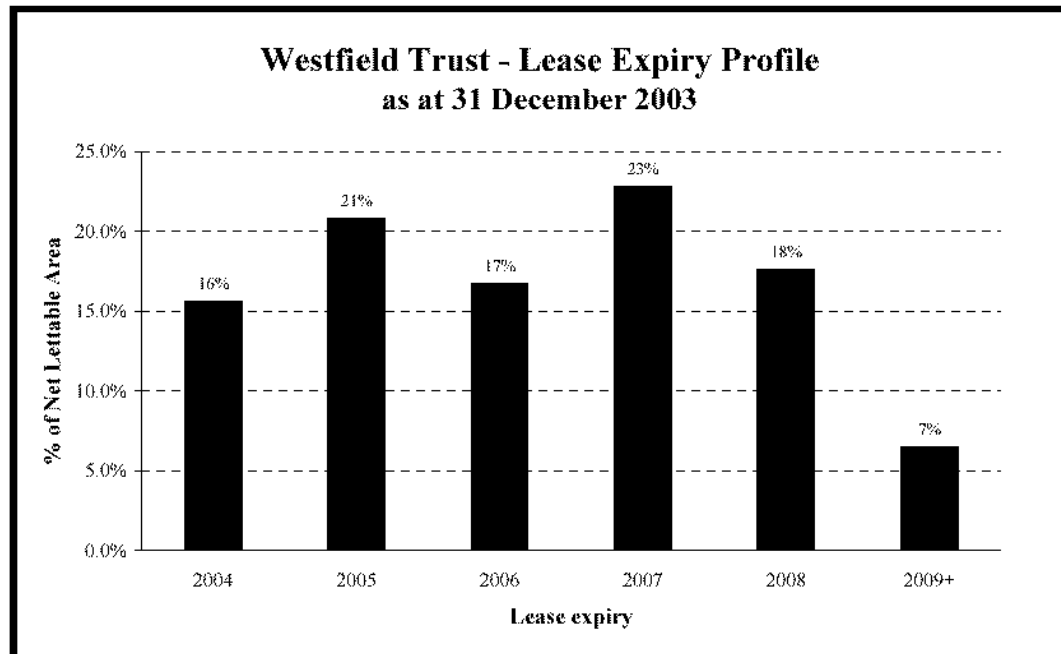
Source: Westfield Trust

The tenants of Westfield Trust's portfolio of shopping centres are a mixture of anchor tenants and specialty stores. The anchor tenants are usually national grocery stores (Coles and Woolworths) department stores (Myer and David Jones) and discount department stores (Kmart and Target). Specialty stores are a mixture of national operators (such as Toys "R" Us and Harvey Norman) and small operators. Recent trends have seen an increase in the number of service-based retailers such as manicurists, beauticians and mobile phone stores as demand has increased for these types of services.

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In recent years, Westfield Trust has maintained occupancy rates in excess of 99%. The current average occupancy rate is in excess of 99.5%. Westfield Trust's lease expiry profile¹⁸ as a percentage of net lettable area is shown below:



Source: Westfield Trust

Westfield Trust's rental income is secured by long-term leases with bluechip anchor tenants. As at 31 December 2003, almost 50% of leases extended beyond December 2006. This profile is partially skewed by new leases associated with the Bondi Junction redevelopment, which is expected to be completed in mid 2004. A small proportion of leases, representing 16% of lettable area, are expected to expire over the next nine months, providing an opportunity for increased rents and modification of the existing retail mix.

Westfield Trust's existing properties are redeveloped and refurbished on a regular basis. Westfield Trust has planned development projects valued at \$1.7 billion, including projects totalling \$600 million expected to commence in 2004. In recent years, Westfield Trust has undertaken a number of major projects, including the \$573 million redevelopment of Hornsby, the \$700 million redevelopment of Bondi Junction (the largest single project to date), Stage 1 completion of the \$89 million redevelopment of North Lakes and completion of the \$30 million Fountain Gate Homemaker Centre.

Westfield Trust has its properties independently valued on a three year rolling basis and at other times as necessary. During 2003, 22 properties were revalued with a net increase in value of \$330.9 million.

¹⁸ Lease expiry profile includes anchor tenants and specialty stores but excludes properties not managed by Westfield Holdings.



4.3 Earnings and Distributions

The historical financial performance of Westfield Trust for the four years ended 31 December 2003 and the Directors' forecasts of financial performance for the three years ending 30 June 2006 are summarised below:

Westfield Trust – Financial Performance (\$ millions)							
	Year ended 31 December				Year ending 30 June ¹⁹		
	2000 actual	2001 actual	2002 actual	2003 actual	2004 forecast	2005 forecast	2006 forecast
Net rental income	710.4	781.5	890.6	1,030.5			
Property outgoings	(203.3)	(230.2)	(255.0)	(297.2)			
Net property income	507.1	551.3	635.6	733.3	839.9	935.7	987.4
Share of associates net profit after tax	43.4	52.7	48.0	57.0			
Profit on sale of assets ²⁰	69.8	7.3	-	19.4	19.3	-	-
Net income	620.3	611.3	683.6	809.7	859.2	935.7	987.4
Manager's service charge	(17.0)	(21.9)	(27.0)	(33.2)	(44.6)	(53.7)	(61.2)
Other expenses	(7.1)	(5.4)	(7.6)	(7.1)			
Net borrowing costs	(117.1)	(137.2)	(167.2)	(215.6)	(233.3)	(279.9)	(287.8)
Changes in accounting policy	-	-	-	19.2	-	-	-
Total expenses	(141.2)	(164.5)	(201.8)	(236.5)	(277.9)	(333.6)	(349.0)
Profit before tax	479.1	446.8	481.8	573.2	581.3	602.1	638.4
Income tax expense	(0.6)	(0.5)	(0.1)	(0.4)	(0.6)	(1.0)	(1.2)
Net profit after tax	478.5	446.3	481.7	572.8	580.7	601.1	637.2
Outside equity interests	(20.3)	(5.8)	(5.9)	(8.7)	(6.5)	(6.9)	(7.2)
Net profit attributable to unitholders in Westfield Trust	458.2	440.5	475.8	564.1	574.2	594.2	630.0
Transfer to Capital Profits Reserve	(69.8)	(7.3)	-	(19.4)	(19.3)	-	-
Changes in accounting policy	-	-	-	(19.2)	-	-	-
Distributable income	388.4	433.2	475.8	525.5	554.9	594.2	630.0
Statistics							
Earnings per unit (cents) ²¹	22.11	22.92	23.55	24.50	25.10	26.10	27.10
Distribution per unit (cents)	22.11	22.92	23.55	24.63	25.10	26.10	27.10
Distribution payout ratio	100%	100%	100%	101%	100%	100%	100%
Tax free amount of distribution (cents) ²²	2.68	-	-	-	-	-	-
Tax deferred amount of distribution (cents) ²³	0.44	9.18	8.62	3.20	6.28	na	na
Tax advantaged component of distribution	14.1%	40.0%	36.6%	13.0%	25.0%	na	na

Source: Westfield Trust, Explanatory Memorandum

Net property income has grown consistently over the four years ended 31 December 2003, averaging 13% per year, as a result of acquisitions and income growth from existing and redeveloped centres. Westfield Trust has focused on increasing income through substantial

¹⁹ Disclosure is on the same basis as the Explanatory Memorandum.

²⁰ Year ending 30 June 2004 also includes the same profit on sale reported in year ended 31 December 2003.

²¹ Excludes earnings from asset sales, transfers from reserves and other non-trading activities.

²² The tax free amount of the distribution is not included in a unitholder's assessable income. From 1 July 2001, tax free distributions arising as a consequence of building allowance deductions are treated as tax deferred.

²³ The tax deferred amount of the distribution is not included in a unitholder's assessable income.

redevelopment and refurbishment programs and active management of the retail sales mix towards higher growth personal and retail services categories. Growth in net property income has occurred despite soft retail trading conditions following the introduction of the goods and services tax in July 2000 and the events of 11 September 2001.

Net income includes the share of net profit from Westfield Trust's interest in six joint venture trusts. Movements in these contributions over the past four years primarily reflect the acquisition of minority interests in additional assets or the acquisition of other parties' interests in the joint venture trusts.

The net profit on the sale of assets of \$19.4 million in 2003 reflects the profit on disposal of interests in six centres of \$82.4 million offset by an expense of \$63.0 million incurred on the termination of interest rate swap agreements associated with borrowings that were repaid with the proceeds from asset sales. In 2000, Westfield Trust realised a profit of \$70 million on the sale of the Indooroopilly Shopping Centre, net of swap termination costs of \$25 million. Profits realised on asset sales are transferred directly to the Capital Profits Reserve and are excluded from distributable income.

In 2003, Westfield Trust recognised a one-off reversal of an accounting policy in relation to certain leasing costs of \$19.2 million. This amount has been excluded from distributable income.

Westfield Management, a wholly owned subsidiary of Westfield Holdings, is responsible entity for Westfield Trust and is entitled to manager's service charge for the provision of funds management services of 25% of the return on equity above specified thresholds for all capital raised by the trust.

Westfield Shopping Centre Management subsidiaries manage all of the properties owned by Westfield Trust except for six of the AMP Shopping Centre Trust properties which are managed by a third party. These subsidiaries receive a real estate management fee for property management and leasing services of 5% of gross rents received (including outgoings recovered from tenants).

In conjunction with the acquisition of AMP Shopping Centre Trust, Westfield Holdings agreed to rebate management fees derived from the properties until 31 December 2005 to the extent necessary to enable Westfield Trust to earn a 7% per annum ungeared yield from the properties acquired. This agreement results in Westfield Holdings effectively guaranteeing the yield on a number of properties that Westfield Trust has an interest in, but that Westfield Holdings does not manage. The rebate for the period from 11 August 2003 to 31 December 2003 was \$1.5 million which was accrued at 31 December 2003.

Net borrowing costs have increased broadly in line with total borrowings, although the full impact of additional debt raised in 2003 will not occur until 2004. Westfield Trust utilises swap agreements to hedge its interest rate risk on borrowings.

Under current tax legislation, Westfield Trust is not liable for Australian income tax including capital gains tax provided that it distributes its distributable income to unitholders. Earnings from New Zealand controlled entities are subject to taxation in that country. Trust members may be eligible for foreign tax credits on New Zealand withholding tax payments.

Westfield Trust maintains a distribution payout ratio of 100% of net income (after certain adjustments) and has achieved steady annual growth in distributions per unit. In 2003, distributions per unit exceeded stated earnings per unit as a result of differential entitlements on a tranche of units placed in April 2003.

Westfield Trust hedges income that is subject to New Zealand interest rate and currency risks. As at 31 December 2003, Westfield Trust had in place contracts covering NZ\$554.2 million in income to 31 December 2008 at an average exchange rate of A\$1 = NZ\$1.2264.

Outside equity interests reflect minority interests in the net profits of consolidated joint ventures.

Commentary on the assumptions underlying the Directors' forecasts of performance for the three years ending 30 June 2006 is set out in Section 3.6 of the Explanatory Memorandum.

4.4 Financial Position

The financial position of Westfield Trust as at 31 December 2003 is summarised below:

Westfield Trust – Financial Position (\$ millions)	
	As at 31 December 2003
Cash	39.5
Receivables and prepayments (including loans)	101.7
Investment in properties	11,498.6 ²⁴
Investments in joint ventures (equity accounted)	797.6 ²⁴
Other assets	165.9
Total assets	12,603.3
Payables	305.9
Distributions payable	274.5
Borrowings	4,647.6
Other liabilities	85.0
Total liabilities	5,313.0
Net assets	7,290.3
Westfield Trust unitholders' funds	7,198.6
Outside equity interests	91.7
Total unitholders' funds	7,290.3
Statistics	
<i>Net borrowings</i>	<i>\$4,608.1m</i>
<i>NTA per unit</i>	<i>\$3.27</i>
<i>Gearing (net borrowings/total assets less cash)</i>	<i>36.7%</i>
<i>Gearing (net borrowings/(net assets plus net borrowings))</i>	<i>38.7%</i>

Source: Westfield Trust

As at 31 December 2003, Westfield Trust's investment property assets (including joint ventures) totalled \$12.3 billion, including an amount of \$947 million for properties under development.

Other assets includes amounts due from asset sales of \$60.0 million (which have been received since year end) and deferred expenditure on currency hedge contracts of \$24.6 million. This deferred expenditure is offset by an equivalent liability representing payables on deficit foreign currency hedge contracts included in other liabilities.

The trust has a range of secured and unsecured debt financing facilities. During 2003, a substantial portion of its facilities was refinanced through the issue of two tranches of floating rate five and seven year notes, totalling \$1.3 billion. As at 31 December 2003, Westfield Trust had in place facilities of \$5.6 billion of which \$4.6 billion (83%) was utilised. Of the \$4.6 billion, only \$92.9 million or around 2% is secured debt which is secured by registered mortgages and a fixed and floating charge over all assets and undertakings of certain properties. The balance of \$4.55 billion is unsecured debt comprising commercial paper, unsecured notes and borrowings subject to negative pledge arrangements. Westfield Trust maintains a maximum gearing policy of 40% and at 31 December 2003 was towards the high end of this limit with gearing of almost 37%.

²⁴ The investment in properties and investment in joint ventures does not equal the book value of Westfield Trust's property portfolio shown in Section 4.2 as the statement of financial position figures include costs associated with properties under development at 31 December 2003 and the net assets of joint ventures (rather than the book value of property investments).

4.5 Capital Structure and Ownership

As at 20 April 2004, Westfield Trust had the following securities on issue:

- 2,199,068,072 ordinary units;
- 49,520,572 units issued in February 2004 pursuant to the Westfield Trust Distribution Reinvestment Plan ("DRP"); and
- 850,000 options over unissued units.

The top 10 unitholders in Westfield Trust hold almost 65% of the ordinary units on issue and are predominantly nominee companies. As at 20 April 2004, there were four substantial unitholders in Westfield Trust:

Westfield Trust – Substantial Unitholders as at 20 April 2004		
Unitholder	Number of Units	Percentage Interest ²⁵
National Australia Bank Limited	142,032,203	6.5%
Lend Lease Corporation Limited	136,977,890	6.2%
AMP Limited	131,306,705	6.0%
Macquarie Bank Limited	110,164,213	5.0%

Source: Westfield Trust, IRESS

Under the terms of the DRP, the 49,520,572 units issued in February 2004 will be entitled to a pro-rata distribution from 1 March 2004 in respect of the distribution for the half year ending 30 June 2004. In all other respects, the units rank equally with other ordinary units.

The options were issued to Deutsche Bank in December 2003 for a consideration of \$10.9 million as part of a capital raising to limit borrowings and optimise borrowing costs. The options are exercisable at any time from 1 January 2004 until expiry on 5 January 2009 at a price of \$3.75 per unit. If exercised, the options will convert into approximately 226.7 million units in Westfield Trust. The option terms allow for the adjustment of the strike price in the event of various capital reconstructions and a redemption of the notes in certain circumstances such as a change of control in Westfield Trust.

²⁵ Substantial unitholder percentage interests are shown prior to taking into account any units issued under the DRP.

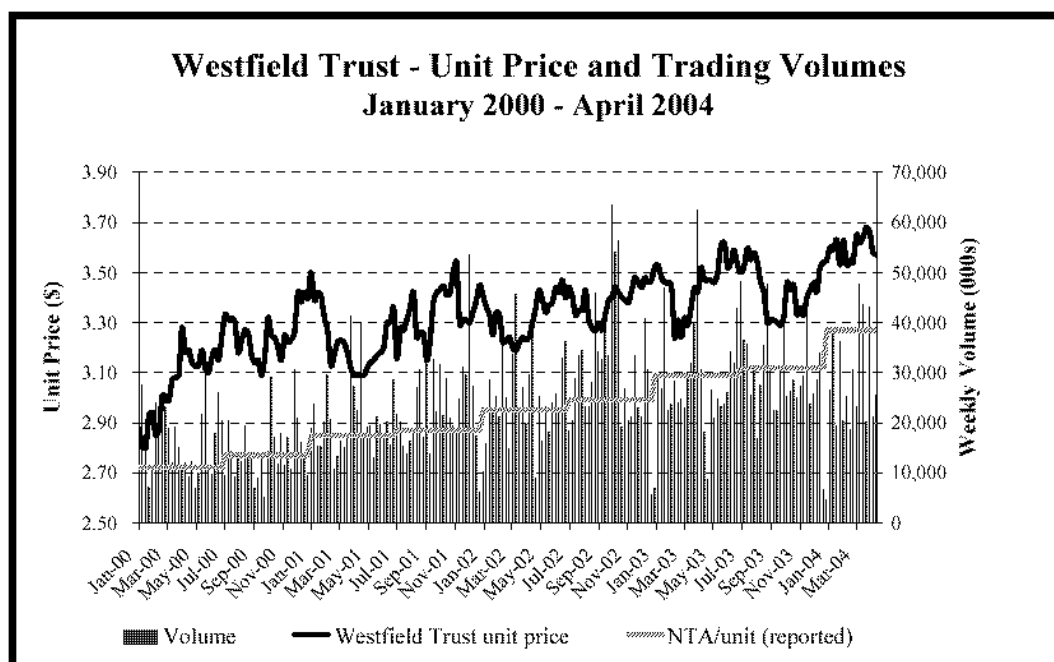
4.6 Unit Price History

A summary of the price and trading of Westfield Trust units since 1 January 2000 is set out below:

Westfield Trust – Unit Price History					
Period	Unit Price (\$)			Average Weekly Volume (000s)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2000	3.51	2.72	3.40	15,520	581
2001	3.60	3.04	3.44	22,216	720
2002	3.52	3.17	3.47	28,111	743
Quarter ended					
January - March 2003	3.57	3.21	3.41	29,194	833
April - June 2003	3.67	3.32	3.45	27,547	1,007
July - September 2003	3.62	3.22	3.27	31,995	1,116
October - December 2003	3.57	3.24	3.56	27,441	1,002
Month ended					
January 2004	3.68	3.53	3.53	27,503	873
February 2004	3.65	3.48	3.54	23,686	930
March 2004	3.72	3.53	3.66	35,171	983
April 2004 (to 20 April)	3.70	3.54	3.55	24,229	940

Source: IRESS

The following graph illustrates the movement in the Westfield Trust unit price and trading volumes since January 2000:



Source: IRESS, Westfield Trust

Units in Westfield Trust have traded in the range of \$2.72 to \$3.72 over the past four years (prior to the announcement of the Proposed Merger). The trading range over the last twelve months has been \$3.22 to \$3.72. While the price exhibits some volatility it has followed a fairly consistent upward trend over the period. The unit price has typically dropped in February and August each year around the record date for distributions.

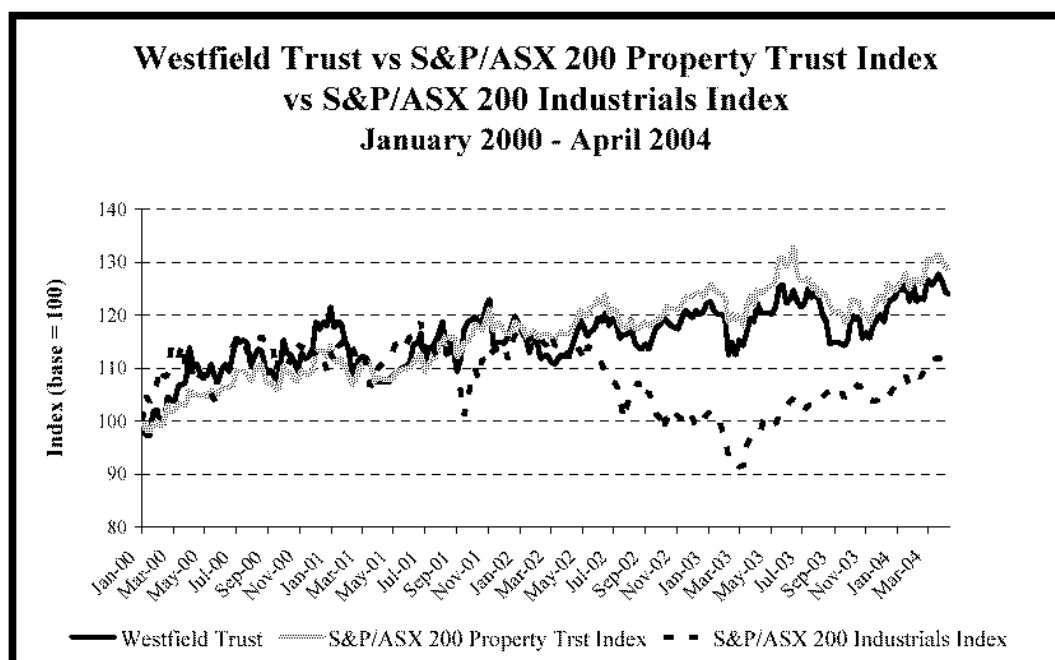
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Units in Westfield Trust are relatively liquid, with average weekly volumes over the past year representing 1.1-1.3% of units on issue. This represents annual turnover in excess of 50% of Westfield Trust units. The large volume of units traded in April 2003 was most likely a result of market speculation of a takeover offer for AMP Shopping Centre Trust by Westfield Trust following Westfield Trust's acquisition of a 19.9% stake in AMP Shopping Centre Trust several days earlier.

Westfield Trust's units trade at a premium to NTA. In the past 18 months, this premium has been in the range 4-18%. This may partly be the result of timing differences between the carrying value of trust assets, which are independently valued on a three year rolling basis, and market perceptions of underlying asset values, assuming that property values are generally increasing. This effect is compounded by the quality of Westfield Trust's assets and the expectations of additional value to be derived from redevelopments (with a strong track record in this regard).

The performance of Westfield Trust's units since 1 January 2000 relative to the S&P/ASX 200 Property Trust Index and the S&P/ASX 200 Industrials Index is illustrated in the following chart:



Source: IRESS

Westfield Trust has generally performed in line with the S&P/ASX 200 Property Trust Index since January 2000, and has outperformed the equivalent Industrials Index from February 2002. This close correlation in performance is expected as Westfield Trust is the largest entity in the S&P/ASX 200 Property Trust Index, making up 15.5% of the index.

Westfield Trust has slightly underperformed its peers based on a comparison of accumulation indices, particularly the S&P/ASX 200 Property Trust Index. Underperformance over a one year period relative to the S&P/ASX 200 Industrials Index is largely due to the recovery of that index following a period of downturn. This is evidenced by the comparatively poor performance of the S&P/ASX 200 Industrials Index over the three year period to 20 April 2004:

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Westfield Trust – Comparison of Accumulation Indices						
	Accumulated Returns to 20 April 2004					
	one month	three months	six months	one year	three years (annual)	four years (annual)
Westfield Trust	-2.5%	2.4%	6.9%	8.8%	12.5%	10.3%
S&P/ASX 200 Property Trust Index	-1.0%	3.7%	9.3%	11.0%	14.2%	13.5%
S&P/ASX 200 Industrials Index	1.2%	6.2%	7.6%	18.6%	4.4%	4.5%

Source: Bloomberg. Returns based on daily data except for three and four years which are based on weekly data.

5 Profile of Westfield America Trust

5.1 Background

Westfield America Trust is the second largest listed property trust in Australia with a market capitalisation prior to the Proposed Merger of approximately \$7.4 billion. Westfield America Trust invests in regional shopping centres in the United States through its subsidiary Westfield America, Inc.. Westfield America, Inc. has interests in a portfolio of 66 shopping centres across 14 states of which 65 are managed by Westfield Holdings under the “Westfield Shoppingtown” brand.

Westfield America Trust listed on the ASX on 3 July 1996 through an initial public offering of \$402 million to acquire a 67.2% interest in a United States real estate investment trust (“REIT”), Westfield America, Inc. (then named CenterMark). Westfield America, Inc. was subsequently listed on the New York Stock Exchange from May 1997 to April 2001. It was delisted through a US\$268 million buyout of the minorities by Westfield America Trust to simplify the trust’s structure. Westfield America Trust’s interest in Westfield America, Inc. has increased to 76.2% through various capital raisings, acquisitions and participation in Westfield America, Inc.’s distribution reinvestment plan.

Westfield America Trust’s property portfolio on listing comprised 22 shopping centres across seven states with a total value of US\$1.8 billion. Since listing, Westfield America Trust’s portfolio has grown significantly through acquisition, redevelopment and expansion to a total of 66 shopping centres across 14 states with a total value of US\$9.8 billion.

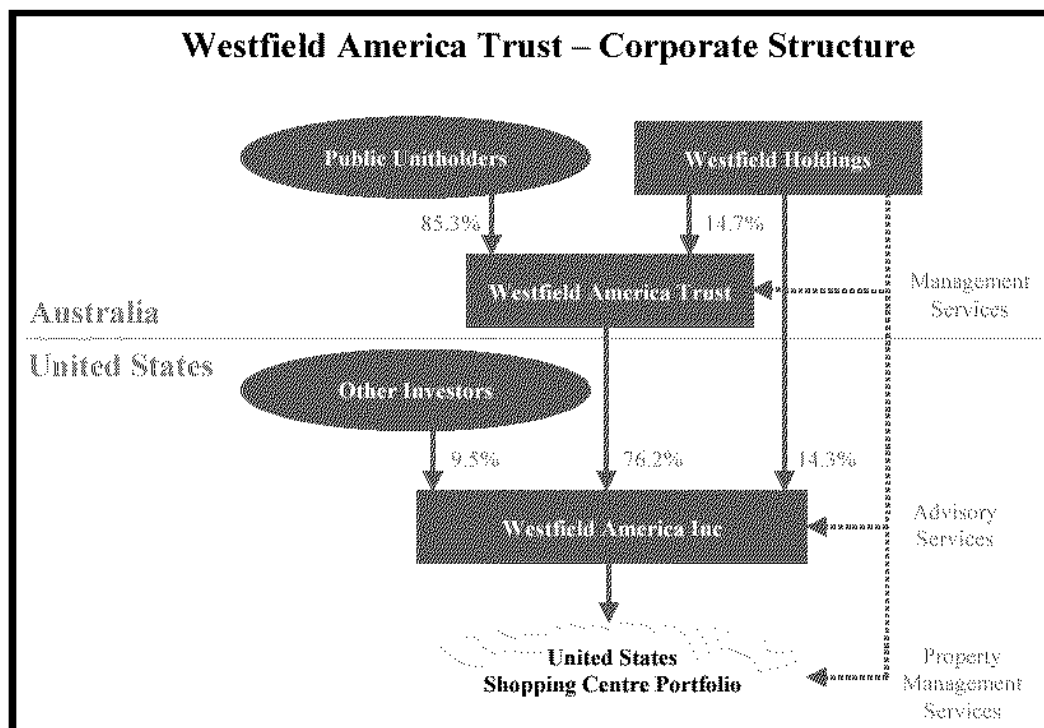
Westfield America Trust completed two major acquisitions in 2002 that added interests in 23 shopping centres valued at US\$3.4 billion to its portfolio and transformed Westfield America Trust into one of the three largest shopping centre owners in the United States:

- in April 2002, it completed the purchase of nine shopping centres from Jacobs for US\$756 million; and
- in May 2002, it completed the joint acquisition with Simon Property Group (“Simon”) and The Rouse Company (“Rouse”) (two leading United States property groups) of the assets of Rodamco for US\$6.0 billion. Westfield America Trust’s share of the assets was US\$2.6 billion, primarily comprising interests in 14 shopping centres.

In January 2003, Westfield America Trust and Simon announced a joint bid for Taubman, the seventh largest listed REIT in the United States. However, notwithstanding a significant number of acceptances from common stockholders, the bid was prevented from proceeding due to legislative changes that effectively allowed Taubman to block the bid.

5.2 Trust Structure

The structure of Westfield America Trust at 8 April 2004 is illustrated in the following chart:



Source: Westfield America Trust

Westfield America Trust owns 85.6% of the common equity of Westfield America Inc. The remaining common equity of Westfield America, Inc. is owned by Westfield Holdings and third parties. In addition, Westfield America, Inc. has issued preference shares and convertible units to Westfield America Trust, Westfield Holdings and Security Capital, a major institutional investor. Westfield America Trust's economic interest in Westfield America, Inc. including the preference shares and convertible units is 76.2%.

Westfield America, Inc. owns substantially all of its interests in the shopping centres through the Westfield America Limited Partnership. Westfield America, Inc. is the sole general partner in the partnership and owns approximately 92% of the partnership with the remaining interest held by third parties.

Westfield America, Inc. is structured as a REIT in the United States. In order to satisfy regulations relating to REITs, Westfield America, Inc. is required to distribute at least 90% of its taxable income and meet certain other requirements.

Subsidiaries of Westfield Holdings provide the following services to Westfield America Trust and Westfield America, Inc.:

- acting as the responsible entity of Westfield America Trust for which it is entitled to a management fee equal to 0.55% of the year end net asset value of Westfield America Trust less Westfield America Trust's pro-rata proportion of the advisory fee paid by Westfield America, Inc.;
- provision of advisory services to Westfield America, Inc., for which it receives an advisory fee equal to the lesser of 0.55% of the year end net asset value of Westfield America, Inc., or 25% of the return on funds from operations of Westfield America, Inc. in excess of a base threshold; and



- provision of property management services for the properties in Westfield America Trust's portfolio, for which it receives a property management fee of 5% of rental income. All of the properties in Westfield America Trust's portfolio are managed by Westfield Holdings except for Valencia Town Centre in Los Angeles which was acquired as part of the Rodamco transaction.

5.3 Property Portfolio

Westfield America Trust's property portfolio consists of interests in 66 high quality regional shopping centres representing approximately 68 million square feet (6.3 million square metres) of retail space across around 9,000 specialty retailers.

The portfolio of 66 shopping centres consists of 54 super-regional shopping centres, nine regional shopping centres and three power centres. The portfolio reflects a "cluster" strategy where Westfield America Trust seeks to own several centres in a region in order to provide operating efficiencies and greater marketing leverage (eg. by making television advertising economic). Westfield America Trust has also pursued a strong branding strategy with all centres operating under the "Westfield Shoppingtown" brand. This approach also provides significant marketing benefits and differentiates Westfield Holdings from other shopping centre managers. Westfield America Trust has eleven clusters and is very well represented in the top five markets in the United States (New York, Washington, Chicago, Los Angeles and San Diego).

Westfield America Trust also owns nine office buildings adjacent to its centres, 12 separate department store properties that are leased to May Department Stores and certain other real estate investments. Of its 66 shopping centres, Westfield America Trust owns 100% of 55 properties, has a majority interest in four properties and equity accounted interests in seven properties.

A detailed description of each property in the portfolio is included in Section 2.4 of the Explanatory Memorandum. A summary of the portfolio as at 31 December 2003 is set out below:

Westfield America Trust – Property Portfolio as at 31 December 2003						
Property/Location		Date of Acquisition	Westfield America Trust Economic Ownership	Gross Lettable Area (000m ²)	Book Value of Interest (US\$ millions)	Portfolio Composition (%)
West Coast						
<i>San Diego</i>	Horton Plaza	Nov 98	100%	80.4	224.5	2.3
	Parkway	Sep 98	100%	106.1	195.9	2.0
	Other (6)			539.6	628.8	6.4
<i>Los Angeles/Palm Springs</i>	Century City	May 02/ Jan 03	100%	75.3	345.2	3.5
	Main Place	May 02	100%	103.1	213.9	2.2
	Other (10)			791.9	1,054.5	10.7
<i>Northern California</i>	Valley Fair	Jul 98	50%	137.1	356.1	3.6
	Oakridge	Oct 98	100%	107.3	300.5	3.1
	Other (4)			348.7	637.1	6.5
<i>Washington</i>	Southcenter	Apr 02	100%	123.3	142.1	1.4
	Vancouver	Jul 96/ Oct 00	100%	82.1	103.8	1.1
	Capital	Oct 98/ Dec 98	100%	54.1	71.6	0.7
<i>Colorado</i>	Westland	Jul 96	100%	43.8	23.6	0.2
Total West Coast property portfolio				2,592.8	4,297.6	43.7

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Westfield America Trust – Property Portfolio as at 31 December 2003						
Property/Location		Date of Acquisition	Westfield America Trust Economic Ownership	Gross Lettable Area (000m ²)	Book Value of Interest (US\$ millions)	Portfolio Composition (%)
Mid West						
<i>Illinois/Indiana</i>	Old Orchard	May 02	100%	167.9	317.9	3.2
	Fox Valley	May 02	100%	134.5	186.9	1.9
	Other (4)			390.5	560.2	5.7
<i>Nebraska</i>	Gateway	Apr 02	100%	90.3	69.7	0.7
<i>Missouri</i>	West County	Jul 96	100%	117.8	287.7	2.9
	South County	Jul 96	100%	94.8	150.6	1.5
	Other (5)			530.7	574.0	5.8
<i>Ohio</i>	Franklin Park	May 02	100%	101.0	167.0	1.7
	Southpark	Apr 02	100%	132.2	142.5	1.4
	Other (4)			349.6	353.8	3.6
Total Mid West property portfolio				2,109.3	2,810.3	28.6
East Coast						
<i>Connecticut</i>	Trumbull	Jul 96	100%	111.1	218.0	2.2
	Connecticut Post	Jul 96	100%	93.9	165.5	1.7
	Other (2)			151.5	215.0	2.2
<i>Maryland</i>	Annapolis	Jul 96/ Jun 97	100%	112.0	268.1	2.7
	Montgomery	May 01	50%	115.0	167.5	1.7
	Wheaton	May 97/ Jan 99		117.3	158.8	1.6
<i>North Carolina</i>	Eastridge	Apr 02	100%	83.6	32.4	0.3
	Independence	Aug 98/ Oct 98/ Jan 99	78%	92.7	106.1	1.1
<i>New Jersey</i>	Garden State	Jun 00/ May 02	75%	185.8	578.9	5.9
<i>New York</i>	South Shore	Jul 96	100%	108.3	187.9	1.9
<i>Florida</i>	Citrus Park	May 02	100%	102.1	171.6	1.7
	Brandon	May 02	100%	91.6	165.1	1.7
	Other (3)			231.7	298.5	3.0
Total East Coast property portfolio				1,596.6	2,733.4	27.8
Total property portfolio				6,298.7	9,841.3	100.0

Source: Westfield America Trust

The portfolio has grown substantially, principally through the Jacobs and Rodamco transactions. More recently, during 2003, Westfield America Trust acquired interests in five shopping centres across three states valued at approximately US\$1 billion. Westfield America Trust's interests in these shopping centres are valued at \$542 million.

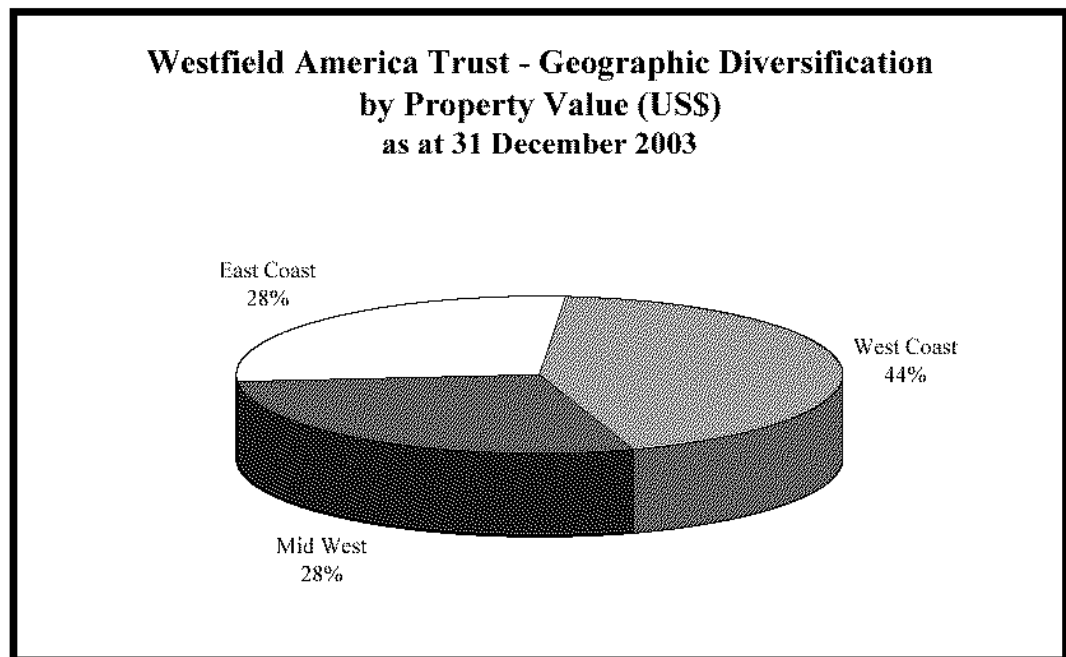
The portfolio was 94% leased at 31 December 2003, which Westfield America Trust has advised is at the top end of the range for the United States shopping centre industry. The shopping centres have 226 anchor tenants, representing 59% of total gross lettable area and approximately 9,000 mall stores, representing 41% of total gross lettable area. Anchor tenants are predominantly department stores (Nordstrom, JC Penny, Sears, Macy's, Mervyn's, Robinsons-May). Unlike Australia, grocery stores do not act as anchor tenants in malls. Of the remaining stores, the vast majority are national chains (such as Gap, Borders, Old Navy) rather than single operators. The

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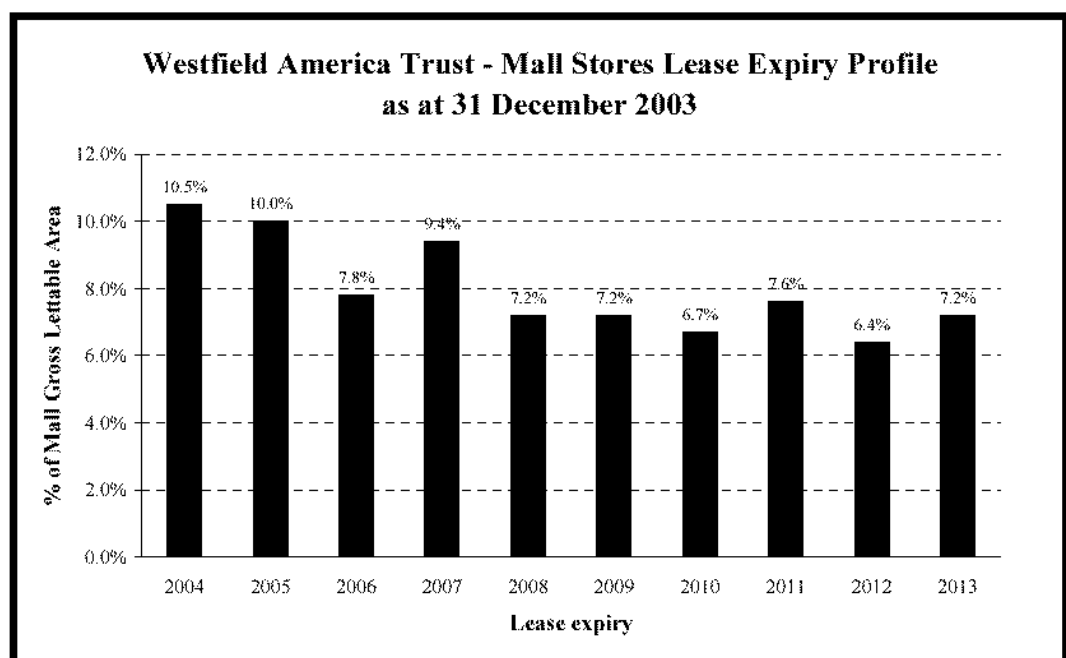
portfolio has shown positive leasing results with the average base rent in US\$ growing by 3.6% in 2003.

The portfolio is diversified in terms of value and geography. The single largest property in terms of value, Garden State Plaza in New Jersey, accounts for only 6% of the total value of the portfolio and the shopping centres are located across 14 states in three broad regions. The geographic diversity of the portfolio is illustrated in the following chart:



Source: Westfield America Trust

Westfield America Trust has an attractive lease profile securing its rental income and providing it with the flexibility to increase rents, introduce new retailers and reconfigure space. The lease expiry profile for mall stores (which represent 41% of total gross lettable area) is shown below:



Source: Westfield America Trust

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Redevelopment projects for six centres valued at US\$769 million (of which Westfield America Trust's share is US\$554 million) commenced during 2003 and future redevelopment projects totalling US\$1.1 billion are planned to commence during the next five years.

Westfield America Trust has its properties independently valued on a three year rolling basis and at other times as necessary. At 31 December 2003, 13 properties were revalued with a net increase in value of US\$190.4 million.

5.4 Earnings and Distributions

The historical financial performance of Westfield America Trust for the four years ended 31 December 2003 and the Directors' forecasts of financial performance for the three years ending 30 June 2006 are summarised below:

Westfield America Trust - Financial Performance (\$ millions)							
	Year ended 31 December				Year ending 30 June ²⁶		
	2000 actual	2001 actual	2002 actual	2003 actual	2004 forecast	2005 forecast	2006 forecast
Net rental income	885.9	1,032.7	1,657.0	1,869.4			
Property outgoings	(301.1)	(346.6)	(551.7)	(576.3)			
Net property income	584.8	686.1	1,105.3	1,293.1	1,297.7	1,344.9	1,457.0
Share of associates net profit after tax	45.5	86.3	84.4	75.7			
Profit on sale of assets ²⁷	0.4	0.2	(0.3)	30.3	22.5	-	-
Net income	630.7	772.6	1,189.4	1,399.1	1,320.2	1,344.9	1,457.0
Advisor's service fee	(18.6)	(23.8)	(24.5)	(36.9)	(47.3)	(49.6)	(51.7)
Other expenses	(3.5)	(6.2)	(7.8)	(7.1)			
Net borrowing costs	(321.7)	(418.8)	(567.8)	(562.6)	(469.8)	(433.0)	(486.9)
Total expenses	(343.8)	(448.8)	(600.1)	(606.6)	(517.1)	(482.6)	(538.6)
Profit before tax	286.9	323.8	589.3	792.5	803.1	862.3	918.4
United States withholding tax	(12.2)	(18.9)	(30.3)	(36.0)	(38.5)	(52.2)	(61.3)
Net profit after tax	274.7	304.9	559.0	756.5	764.6	801.1	857.1
Outside equity interests	(132.9)	(93.0)	(126.2)	(159.7)	(145.5)	(147.4)	(157.0)
Net profit attributable to unitholders in Westfield America Trust	141.8	211.9	432.8	596.8	619.1	662.7	700.1
Less: Profit from asset sales/write downs ²⁸	-	(0.2)	0.2	(23.9)	(17.8)	-	-
Add: Distribution from retained profits	-	0.7	48.4	0.7	0.7	-	-
Distribution paid/payable	141.8	212.4	481.4	573.6	602.0	662.7	700.1
Statistics							
<i>Earnings per unit (cents)²⁹</i>	<i>13.01</i>	<i>14.01</i>	<i>14.90</i>	<i>16.11</i>	<i>16.30</i>	<i>17.30</i>	<i>17.90</i>
<i>Distribution per unit (cents)</i>	<i>13.01</i>	<i>14.01</i>	<i>15.30</i>	<i>16.11</i>	<i>16.30</i>	<i>17.30</i>	<i>17.90</i>
<i>Distribution payout ratio</i>	<i>100%</i>	<i>100%</i>	<i>103%</i>	<i>96%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>
<i>Tax deferred amount of distribution (cents)</i>	<i>7.68</i>	<i>10.93</i>	<i>9.95</i>	<i>11.76</i>	<i>9.78</i>	<i>na</i>	<i>na</i>
<i>Tax advantaged component of distribution</i>	<i>59%</i>	<i>78%</i>	<i>65%</i>	<i>73%</i>	<i>60%</i>	<i>na</i>	<i>na</i>

Source: Westfield America Trust, Explanatory Memorandum

²⁶ Disclosure is on the same basis as the Explanatory Memorandum.

²⁷ Year ending 30 June 2004 includes profits on sale also reported in the year ended 31 December 2003. With other items the net profit on sale of assets in this period is \$22.5 million.

²⁸ Adjusted for Outside Equity Interests.

²⁹ Excludes earnings from asset sales, transfers from reserves and other non-trading activities.

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Westfield America Trust's earnings and distributions have shown strong growth over the four years ending 31 December 2003 principally due to acquisitions and rental growth.

The Rodamco and Jacobs acquisitions in 2002 significantly increased property income and the redevelopment and expansion of existing properties has also underpinned rental income growth. During 2001 and 2002 difficult retailing conditions in the United States resulted in average mall sales per square foot in the portfolio decreasing by 1.1%, which was offset to some extent by re-leasing at higher rents. Despite difficult trading conditions continuing during the first half of 2003, average mall sales per square foot increased by 1.8% during 2003.

Westfield America Trust's share of associates net profit after tax almost doubled in 2001, in part reflecting the joint venturing of a 50% interest in Montgomery Mall in Maryland, but also reflecting the impact of movements in the A\$/US\$ exchange rate.

Profit on the disposal of assets in 2003 includes a profit of \$38.3 million principally relating to the disposal of Westfield America Trust's interest in the Kravco shopping centre, \$3.8 million for the sale of Westfield America, Inc.'s interest in the World Trade Centre retail premises following the terrorist attacks on 11 September 2001 and \$11.8 million of costs associated with the withdrawn bid for Taubman.

Adviser's service fees and other expenses have increased in line with the growth in the portfolio. Net borrowing costs in US\$ terms have increased over the past four years as a result of the debt funding of acquisitions. These increases have been mitigated in A\$ terms in 2003 as a result of Westfield America Trust's currency hedging programme.

Under current tax legislation, Westfield America Trust does not pay Australian income tax or capital gains tax provided that it distributes an amount at least equal to its distributable income (as defined in its Constitution) for the year. Westfield America, Inc. is a REIT for United States income tax purposes and does not pay federal and state income taxes in the United States provided that it distributes 100% of its taxable income and satisfies certain other requirements. The dividends paid by Westfield America, Inc. to Westfield America Trust are generally subject to United States withholding tax at the rate of 15% where the dividend is a distribution of earnings (ie. not if it is a distribution of capital). Under current tax legislation, unitholders in Westfield America Trust are generally entitled to receive a foreign tax credit for United States withholding tax deducted from dividends paid by Westfield America, Inc.. Distributions by Westfield America Trust also have a tax deferred component that reduces the cost base of the units for capital gains tax purposes.

Outside equity interests represent minority interests in Westfield America, Inc. and interests in joint venture properties. Outside equity interests declined in 2001 following the buyout of minorities in Westfield America, Inc. by Westfield America Trust.

Westfield America Trust has in place a hedging program to hedge its US\$ income into A\$ in order to smooth the impact of currency movements. The following table summarises the impact of hedging on distributions since 2000:

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Westfield America Trust - Distributions				
	Year ended 31 December			
	2000 actual	2001 actual	2002 actual	2003 actual
Distribution per unit (US cents)	8.29	8.47	8.59	9.00
% growth		2.2%	1.4%	4.8%
Average exchange rate including hedges (A\$/US\$) (cents)	63.7	60.5	56.1	55.9
Distribution per unit (A cents)	13.01	14.01	15.30	16.11
% growth		7.7%	9.2%	5.3%
Average spot exchange rate (A\$/US\$) (cents) ³⁰	55.0	52.3	57.9	70.9
Distribution per unit at spot rate (A cents)	15.07	16.19	14.84	12.70
% growth		7.4%	-8.3%	-14.4%

Source: Westfield America Trust

The table shows how the hedging program has underpinned growth in distributions in A\$ compared to both US\$ terms and more particularly A\$/US\$ spot rates.

Under the hedging policy, hedges are maintained on a rolling five year basis with 80-95% of current year distributions hedged as at 31 December 2003. Westfield America Trust currently holds foreign exchange contracts covering US\$1.2 billion of income to December 2008 at an average rate of A\$1 = US\$0.53. Based on current exchange rates, the benefit of these hedges will flow through to distributions over the next several years.

Commentary on the assumptions underlying the Directors' forecast of performance for the three years ending 30 June 2006 is set out in Section 3.6 of the Explanatory Memorandum.

³⁰ The average spot exchange rate is the exchange rate at the date the relevant distributions were paid.



5.5 Financial Position

The financial position of Westfield America Trust as at 31 December 2003 is summarised below:

Westfield America Trust - Financial Position (\$ millions)	
	As at 31 December 2003 actual
Cash	173.9
Receivables and prepayments	103.0
Investment in properties	12,631.4 ³¹
Investments in joint ventures (equity accounted)	772.1 ³¹
Other assets	921.0
Total assets	14,601.4
Payables	365.2
Distributions payable	360.0
Borrowings	6,724.8
Other liabilities	719.2
Total liabilities	8,169.2
Net assets	6,432.2
Westfield America Trust unitholders' funds	4,968.1
Outside equity interests	1,464.1
Total unitholders' funds	6,432.2
<i>Statistics</i>	
<i>Net borrowings</i>	<i>\$6,550.9m</i>
<i>NTA per unit</i>	<i>\$1.35</i>
<i>Gearing (net borrowings/total assets less cash)</i>	<i>45.4%</i>
<i>Gearing (net borrowings/(net assets plus net borrowings))</i>	<i>50.5%</i>

Source: Westfield America Trust

As at 31 December 2003, Westfield America Trust's investment property assets (including joint ventures) totalled \$13.4 billion, including an amount of \$105 million for construction in progress.

Other assets includes unlisted investments at cost of \$109.7 million and a net receivable on gains from currency hedge contracts of \$623.7 million. This net receivable is offset by an equivalent liability representing deferred gains on foreign currency hedge contracts included in other liabilities.

Borrowings includes loans and notes of \$6,285.9 million, convertible redeemable preference shares of \$233.5 million and redeemable preference units of \$205.4 million. Loans and notes represent secured and unsecured loans from banks and insurance companies. Of the \$6,285.9 million, \$4,641.6 million, or around 74% of the loans and notes (around 70% of total borrowings) is secured debt which is secured by mortgages against specific properties. The loans and notes have an average remaining term of 8 years. Westfield America Trust has in place fixed interest rate hedges so that existing and anticipated US\$ denominated borrowings are at fixed interest rates. The convertible preference shares were issued by Westfield America, Inc. in August and December 1998 to raise US\$175 million for acquisitions. These shares are not quoted on any stock exchange, are entitled to receive annual preferred dividends and are convertible into common stock in Westfield America, Inc. in specified circumstances. The redeemable preference

³¹ The investment in properties and investments in joint ventures does not equal the book value of Westfield America Trust's property portfolio shown in Section 5.3 as the statement of financial position figures are in A\$, include costs associated with construction in progress, include the net assets of joint ventures (rather than the book value of property investments) and include 100% of consolidated property investments (rather than Westfield America Trust's ownership interest).

units of US\$153.9 million include units in two limited partnerships established as part of the Jacobs and Rodamco transactions.

Westfield America Trust's investment in properties is held in US\$ and is not hedged. Movements in the A\$/US\$ exchange rate can therefore have a significant impact on NTA in A\$ terms although the US\$ borrowings act as a partial hedge. From 31 December 2002 to 31 December 2003, NTA per unit increased by 8.5% in US\$ from US\$0.94 to US\$1.02. However, over the same period, A\$ equivalent NTA per unit declined from \$1.66 to \$1.35 made up of a \$0.41 decline due to the increase in the A\$/US\$ exchange rate offset by a \$0.10 increase from revaluations.

5.6 Capital Structure and Ownership

As at 20 April 2004, Westfield America Trust had the following securities on issue:

- 3,670,205,709 ordinary units;
- 105,344,437 units issued in February 2004 pursuant to Westfield America Trust's DRP; and
- 28,355,654 options over unissued units ("Special Options").

As at 31 December 2003, the top 10 unitholders in Westfield America Trust held in excess of 60% of the ordinary units on issue and are predominantly nominee companies. As at 20 April 2004, there were five substantial unitholders in Westfield America Trust:

Westfield America Trust – Substantial Unitholders as at 20 April 2004		
Unitholder	Number of Shares	Percentage Interest³²
Westfield Holdings	553,895,741	15.1%
Commonwealth Bank of Australia Limited	227,518,794	6.2%
National Australia Bank Limited Group ³³	191,759,545	5.2%
AMP Limited	183,870,850	5.0%
Macquarie Bank Limited	183,859,562	5.0%

Source: IRESS

Under the terms of the DRP, the 105,344,437 units issued in February 2004 will be entitled to a pro-rata distribution from 1 March 2004 in respect of the distribution for the half year ending 30 June 2004. In all other respects, the units rank equally with other ordinary units.

³² Substantial unitholder percentage interests are shown prior to taking into account any units issued under the DRP. As a result of Westfield Holdings not participating in the DRP, its interest in Westfield America Trust has fallen to 14.7%.

³³ National Australia Bank Limited Group ceased to be a substantial shareholder in Westfield America Trust on 21 April 2004.

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The Special Options consist of five tranches of options with varying exercise prices and terms:

Westfield America Trust – Special Options				
Class of Special Options	Number of Special Options	Number of Ordinary Units into which Special Options may be Exercised	Exercise Period	Exercise Price/Exercisable by Delivery of
Series F	52,500	55,072,500	1 June 2007 to 1 June 2020	US\$1,000 or 1 Series F Preferred Share in Westfield America, Inc.
Series G	694,445	160,478,115	September 2003 to 10 days prior to date of termination of Westfield America Trust	1 Series G Preferred Share in Westfield America, Inc.
Series G1	277,778	64,191,245		1 Series D Preferred Share in Westfield America, Inc.
Series H	14,070,072	286,003,761		1 common share in Westfield America, Inc.
Series I	13,260,859	279,503,103	May 2004 to 10 days prior to date of termination of Westfield America Trust	1 common share in Westfield America, Inc.
Total	28,355,654	845,248,724		

Source: Westfield America Trust

All of the Special Options are held by Westfield Holdings except for the Series G options which are held by Security Capital.

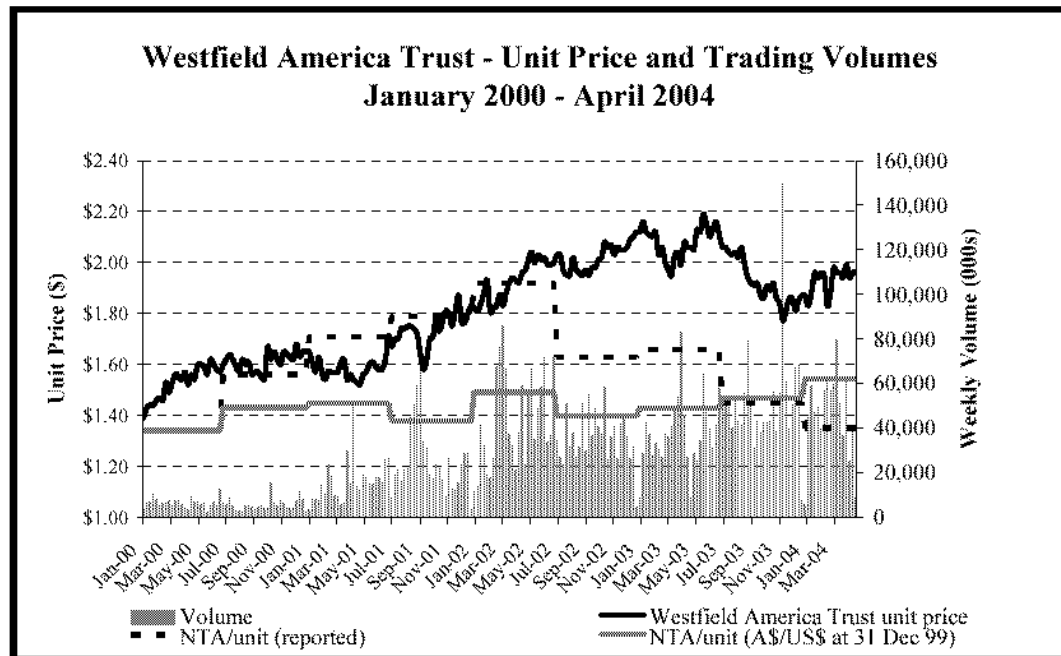
5.7 Unit Price History

A summary of the price and trading history of Westfield America Trust units since 1 January 2000 is set out below:

Westfield America Trust – Unit Price History					
	Unit Price (\$)			Average Weekly Volume (000s)	Average Weekly Transactions
	High	Low	Close		
Year ended 31 December					
2000	1.72	1.37	1.65	6,050	210
2001	1.88	1.50	1.86	20,752	471
2002	2.13	1.76	2.11	40,148	682
Quarter ended					
January - March 2003	2.19	1.91	2.01	37,284	728
April - June 2003	2.23	1.97	2.08	39,448	840
July - September 2003	2.09	1.86	1.86	48,869	1,322
October - December 2003	1.94	1.73	1.86	54,798	1,201
Month ended					
January 2004	1.97	1.80	1.94	46,523	1,242
February 2004	1.98	1.83	1.88	50,055	1,152
March 2004	2.02	1.87	1.98	55,727	1,197
April (to 20 April)	2.02	1.91	1.96	37,696	1,053

Source: IRESS

The following graph illustrates the movement in the Westfield America Trust unit price and trading volumes since January 2000:



Source: IRESS, Westfield America Trust

Units in Westfield America Trust traded in the range \$1.37 to \$2.23 over the past four years (prior to the announcement of the Proposed Merger). The trading range over the last twelve months has been \$1.73 to \$2.23. The unit price has typically dropped in February and August each year around the record date for distributions. The unit price generally increased from January 2000 to mid June 2003 during a period of significant growth in Westfield America Trust's property portfolio. The unit price declined in September 2001 following the terrorist attacks on the World Trade Centre on 11 September 2001. The unit price declined from \$2.22 in May 2003 to \$1.74 in November 2003 which may reflect the market's response to the weakening US\$ despite the relatively robust performance of the property portfolio in the context of a challenging United States retail market. Between November 2003 and 20 April 2004 the unit price strengthened to a high of \$2.02.

Units in Westfield America Trust are actively traded, with average weekly trading volumes over the past year in the range 1.5-2.0% of units on issue (excluding Westfield Holdings' 15.4% interest). The large volume of units traded on 12 November 2003 (approximately 108 million units representing 3.4% of issued units) reflected a reweighting by the Commonwealth Bank of Australia Limited of its portfolio.

Comparison of Westfield America Trust's unit price to its reported NTA is somewhat misleading due to the impact of movements in the A\$ against the US\$ and the timing of revaluations. Westfield America Trust's investment in properties is held in US\$ and is not hedged. In contrast, distributions are hedged and the unit price is impacted by Westfield America Trust's hedging profile on income. As a result, from mid 2002 onwards NTA in A\$ per unit has declined due to the appreciation of the A\$ against the US\$ whilst distributions have benefited from the hedging profile which includes the benefit of the lower A\$ prior to 2002 when the hedges were taken out. The above chart also shows reported NTA converted to A\$ at the exchange rate on 31 December 1999, which illustrates the underlying growth in net assets in US\$ without the impact of currency movements. The movement in NTA reflects the growth in assets through acquisitions, redevelopments and revaluations and the dilutionary effect of capital raisings and capital payments for distributions.

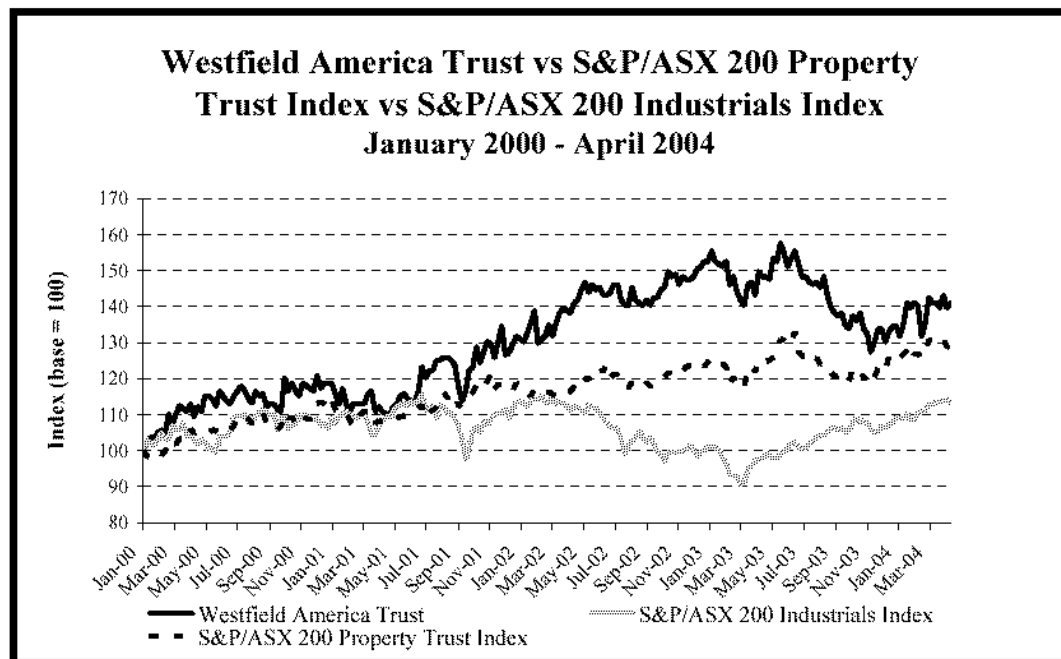
The difference between NTA and Westfield America Trust's unit price may also partly reflect the timing of valuations, which occur on a rolling three year basis. The capitalisation rates for United

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States regional shopping centres have fallen during 2003 as interest rates have fallen to record low levels. Consequently, Westfield America Trust's property portfolio may be undervalued and revaluations at current capitalisation rates would most likely imply a higher NTA.

The performance of Westfield America Trust units since 1 January 2000 relative to the S&P/ASX 200 Property Trust Index and the S&P/ASX 200 Industrials Index is illustrated in the following chart:



Source: IRESS

Westfield America Trust has outperformed the S&P/ASX 200 Property Trust Index and S&P/ASX 200 Industrials Index from mid 2001 to 2003 reflecting acquisition growth. From 2003, its performance relative to these indices declined principally due to the markets response to currency movements.

Westfield America Trust has performed ahead of Australian benchmarks over the past three months although its performance has been weaker over six to 12 months when based on a comparison of accumulation indices. However, this is not necessarily a valid performance measure because the nature of the investments are not comparable and there are currency issues (although there is an increasing underlying component of United States assets in the S&P/ASX 200 Property Trust Index).

Westfield America Trust – Comparison of Accumulation Indices						
	Accumulated Returns to 20 April 2004					
	one month	three months	six months	one year	three years (annual)	four years (annual)
Westfield America Trust	-	6.8%	8.5%	2.3%	17.1%	14.4%
S&P/ASX 200 Property Trust Index	-1.0%	3.7%	9.4%	11.0%	14.2%	13.5%
S&P/ASX 200 Industrials Index	1.2%	6.2%	7.6%	18.6%	4.4%	4.5%

Source: Bloomberg. Returns based on daily data except for three and four years which are based on weekly data.

6 Profile of the Westfield Group

6.1 Operations and Strategy

The Westfield Group will comprise three core businesses, property development and construction, property and asset management and property investment.

Approximately 90% of forecast distributable earnings will be derived from property investment (shopping centre ownership) and the remaining 10% of forecast distributable earnings will be derived from property development and construction and property and asset management.

The operating strategy of the Westfield Group will be:

- to maximise the operating performance of each shopping centre in its existing portfolio through intensive management and redevelopment while developing strong relationships with retailers and leveraging the benefits of the “Westfield” brand; and
- to expand the shopping centre portfolio through:
 - expansion in existing markets in which the Westfield Group operates (especially the United States and the United Kingdom); and
 - geographical expansion into new markets that offer opportunities to enhance investment returns (such as Canada and Continental Europe).

6.2 Directors and Management

Westfield Holdings, Westfield Management (the responsible entity of Westfield Trust) and Westfield America Management (the responsible entity of Westfield America Trust) will share a common board of directors. The board is expected to comprise the existing executive directors of Westfield Holdings, being Messrs Frank Lowy, Steven Lowy and Peter Lowy, together with a majority of non executive directors. A decision on the non executive directors of the Westfield Group will not be made until after the Proposed Merger has been implemented, but they will be drawn from the existing non executive directors of Westfield Holdings, Westfield Management and Westfield America Management.

There are no proposed changes to senior management as a result of the Proposed Merger.

6.3 Capital Structure and Ownership

Based on the number of securities on issue in each of Westfield Holdings, Westfield Trust and Westfield America Trust at 20 April 2004, if the Proposed Merger is implemented and an additional 2.6 million Westfield Holdings shares are issued as a result of the exercise of options by executive optionholders prior to the Proposed Merger becoming effective, the Westfield Group's capital structure will be as follows:

- 1,680.8 million stapled securities in Westfield Holdings, Westfield Trust and Westfield America Trust; and
- 49.0 million options over unissued stapled securities that are exercisable into 210.0 million stapled securities. Each option is exercisable into one stapled security except for:
 - 0.85 million options (converted from Westfield Trust options) which are exercisable into 63.5 million stapled securities; and
 - 28.4 million options (converted from Westfield America Trust options) which are exercisable into 126.8 million stapled securities.

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Based on the above:

- existing Westfield Holdings shareholders (excluding the Lowy family and its associates) will own 24.4% of the stapled securities in the Westfield Group;
- existing Westfield Trust unitholders will own 37.5% of the stapled securities in the Westfield Group;
- existing Westfield America Trust unitholders other than Westfield Holdings and the Lowy family and its associates will own 28.1% of the stapled securities in the Westfield Group; and
- the Lowy family and its associates will have a relevant interest in the Westfield Group of 10.0%.

The only other substantial securityholder in the merged group is expected to be Commonwealth Bank of Australia Limited, which will have a security holding of approximately 6%.

6.4 Financial Performance

The table below summarises the Directors' pro forma forecasts of the financial performance of the Westfield Group for the two years ending 30 June 2006:

Westfield Group - Pro Forma Forecast Financial Performance (\$ millions)		
	Year ending 30 June	
	2005 pro forma forecast	2006 pro forma forecast
Property investment revenue	2,925.4	3,158.0
Trading EBIT	2,059.1	2,231.6
Share of associates net profit after tax	181.2	184.8
Reported EBIT	2,240.3	2,416.4
Net interest expense	(495.7)	(607.8)
Profit before tax	1,744.6	1,808.6
Income tax expense	(100.9)	(116.6)
Net profit after tax	1,643.7	1,692.0
Outside equity interests	(62.4)	(70.7)
Net profit attributable to Westfield Group stapled securityholders	1,581.3	1,621.3
Property development and construction profits eliminated	146.8	227.7
Distributable income	1,728.1	1,849.0
Statistics		
<i>Basic earnings per stapled security (cents)</i>	94.1	96.5
<i>Distribution per stapled security (cents)</i>	103.0 ³⁴	110.0
<i>Distribution payout ratio</i>	109.3%	114.0%
<i>Amount of distribution franked</i>	8%	6%
<i>Tax deferred amount of distribution (cents)</i>	27.8	29.7
<i>Tax advantaged component of distribution</i>	27%	27%
<i>Interest cover (times)</i>	4.2	3.7

Source: Explanatory Memorandum

³⁴ Distribution per stapled security calculates to 102.8 cents but has been rounded up to 103.0 cents.

Ernst & Young TAS has reviewed the Westfield Group Forecasts. Its opinion is set out in Section 5 of the Explanatory Memorandum. The Westfield Group Forecasts are set out in detail in Section 3.5 of the Explanatory Memorandum.

The Westfield Group Forecasts are based on the Directors' forecasts of the financial performance of each of Westfield Holdings, Westfield Trust and Westfield America Trust prepared on a stand alone basis. The assumptions adopted in preparing the Stand Alone Forecasts are set out in Section 3.6 of the Explanatory Memorandum. The Westfield Group Forecasts have been prepared on the following basis:

- the Proposed Merger occurred on 1 July 2004;
- Australian Generally Accepted Accounting Principles apply throughout the period;
- the following inter entity transactions have been eliminated:
 - property management fees charged by Westfield Holdings to Westfield Trust and Westfield America Trust. Property management fees derived from external parties remain in Westfield Group's accounts;
 - asset management fees charged by Westfield Holdings to Westfield Trust and Westfield America Trust;
 - property development and construction profits recognised by Westfield Holdings on the redevelopment of properties owned by Westfield Trust and Westfield America Trust. Property development and construction profits derived from external parties (including Westfield Group's share of joint venture properties) remain in Westfield Group's accounts; and
 - equity accounted income from Westfield Holdings' investments in Westfield America Trust and Westfield America, Inc..
- the new financing and other arrangements that the Westfield Group expects to introduce on completion of the Proposed Merger are implemented, resulting in:
 - operating cost savings of \$20 million per annum;
 - suspension of the DRPs for both Westfield Trust and Westfield America Trust effective from 1 July 2004 for the duration of the forecast period;
 - net interest expense savings of \$140 million per annum from a restructure of the majority of the A\$ debt in the Westfield Group into US\$ debt;
 - further reductions in net interest expense reflecting the release of a \$518 million provision relating to the mark-to-market value of interest rate hedging arrangements that has been brought to account in the Westfield Group's pro forma financial position; and
 - tax expense savings of approximately \$60 million reflecting the internalisation of the management and development of the properties owned by the Westfield Group; and
- the property development and construction profits recognised by Westfield Holdings on the redevelopment of properties owned by Westfield Trust and Westfield America Trust that are eliminated on consolidation will result in a larger uplift in the value attributed to investments in shopping centres in the Westfield Group's balance sheet. It is proposed that an amount equivalent to the property development and construction profits that would have been reflected in Westfield Holdings' financial performance be included in calculating the Westfield Group's distributable income. Accordingly, the distribution per stapled security exceeds the earnings per stapled security.



Transaction costs associated with the Proposed Merger of \$95 million have been forecast to be incurred in the year ending 30 June 2004 and therefore do not appear in the forecasts for the years ended 30 June 2005 or 2006.

6.5 Financial Position

The pro forma financial position of the Westfield Group as at 31 December 2003 is summarised below:

Westfield Group - Pro Forma Financial Position (\$ millions)	
	As at 31 December 2003 pro forma
Cash	258.0
Investment in properties	25,140.0
Equity accounted investments	2,622.0
Other assets	1,662.0
Total assets	29,682.0
Creditors and accruals	1,160.0
Borrowings	12,498.0
Other liabilities	1,463.0
Total liabilities	15,121.0
Net assets	14,561.0
Outside equity interests	(645.0)
Equity attributable to Westfield Group stapled securityholders	13,916.0
Statistics	
<i>Net borrowings</i>	<i>12,240.0</i>
<i>NTA per stapled security</i>	<i>\$8.28</i>
<i>Gearing (net borrowings/total asset less cash)</i>	<i>41.6%</i>
<i>Gearing (net borrowings/securityholders' funds + net borrowings)</i>	<i>45.7%</i>

Source: Explanatory Memorandum

The Westfield Group Pro Forma Historicals and the underlying assumptions are set out in detail in Section 3.5 of the Explanatory Memorandum. Ernst & Young has reviewed the Westfield Group Pro Forma Historicals and its opinion is set out in Section 4 of the Explanatory Memorandum.

The pro forma financial position of the Westfield Group as at 31 December 2003 is based on the audited financial position of Westfield Trust and Westfield America Trust as at 31 December 2003 and the reviewed financial position of Westfield Holdings as at 31 December 2003. The pro forma financial position of the Westfield Group as at 31 December 2003 has been prepared on the following basis:

- the Proposed Merger occurred on 31 December 2003;
- Australian Generally Accepted Accounting Principles apply;
- the following inter entity assets, liabilities, income and expenses and equity balances have been eliminated:
 - the investment in Westfield America Trust by Westfield Holdings;
 - distributions receivable by Westfield Holdings from Westfield America Trust; and
 - receivable and payable balances between the entities on inter entity transactions arising from management fees, advisory fees, property management charges and construction revenues;

- the following fair value adjustments have been made to the assets and liabilities of Westfield Trust and Westfield America Trust:
 - net revaluation increments in property assets of \$980 million since 31 December 2003;
 - net mark-to-market decrements for interest and currency instruments of \$100 million; and
 - retranslation of the assets and liabilities of Westfield America Trust to the exchange rate at 21 April 2004, resulting in a \$132 million increase in net assets;
- transaction costs of \$95 million have been accrued; and
- the impact of the following post 31 December 2003 transactions has been reflected in the pro forma financial position of the Westfield Group as at 31 December 2003:
 - receipt of \$60 million by Westfield Trust from the sale of Arndale shopping centre in January 2004, which has been used to repay Westfield Trust debt;
 - draw down of \$634 million of borrowings to fund construction in progress (\$291 million by Westfield Trust and \$343 million by Westfield America Trust); and
 - receipt of \$105 million by Westfield America Trust from the sale of a 15% interest in Garden State Plaza to the outside equity interests (taking the investment from a 75% consolidated investment to a 60% equity accounted investment), which has been used to repay Westfield America Trust debt.

Based on the pro forma financial position at 31 December 2003, Westfield Group's gearing (defined as net borrowings/total assets less cash) will be 41.6% after implementation of the Proposed Merger. It is the current intention of the Westfield Group directors that the long term gearing of the Westfield Group will be within the range of 40-45% of total assets.

While the directors of the Westfield Group believe that the implementation of the Proposed Merger will not materially affect the ability of any of the entities to pay their creditors, Westfield Holdings, Westfield Trust and Westfield America Trust are putting in place a bridging facility with a number of financiers in case it is necessary to meet any refinancing obligations. Details of the proposed facilities are set out in Section 3.13 of the Explanatory Memorandum.

6.6 Distribution Policy

Distributions by the Westfield Group will comprise three components, a dividend from Westfield Holdings and a trust distribution from each of Westfield Trust and Westfield America Trust. Distributions are to be paid half yearly. It is proposed that the Westfield Group will distribute 100% of its reported profit after tax plus an amount equivalent to the property development and construction profits that Westfield Holdings would have reflected in its financial performance in the absence of the Proposed Merger. This will result in an overall distribution payout ratio for the Westfield Group of approximately 109% in the year ending 30 June 2005, increasing to 114% in the year ending 30 June 2006.

The introduction of International Financial Reporting Standards from 1 January 2005 will have an impact on reported profit after tax as a result of the inclusion in reported profit after tax of a number of items of a non cash flow nature (such as unrealised changes in the value of investment properties and non cash deferred tax charges in relation to these changes in value). These non cash flow items will not be taken into account for the purposes of calculating distributions by the Westfield Group.

6.7 Hedging Policies

The Westfield Group has exposures to interest rate fluctuations from borrowings denominated in A\$, US\$, £ and NZ\$. Following implementation of the Proposed Merger, it is intended that the majority of the Westfield Group's debt will be denominated in US\$. The Westfield Group will enter into fixed rate borrowings, interest rate swap agreements and interest rate options to hedge a portion of its underlying exposure against fluctuations in floating interest rates. The current fixed rate hedging program results in management of 92% of the Westfield Group's exposure to interest rate movements for the year ended 30 June 2004, with diminishing cover for the balance of the five year period.

The Westfield Group derives earnings denominated in US\$, £ and NZ\$ from its investments in the United States, the United Kingdom and New Zealand. The Westfield Group's policy is to enter into foreign exchange hedges to hedge a portion of its underlying exposure against fluctuations arising from exchange rate volatility.

The Westfield Group also owns assets denominated in US\$, £ and NZ\$ from its investments in shopping centres in the United States, the United Kingdom and New Zealand. To protect the A\$ value of the Westfield Group's net assets from the adverse affect of exchange rate fluctuations, the Westfield Group will hedge a portion of its foreign currency assets by funding such assets in the respective foreign currency or by entering into foreign currency swap arrangements.

7 Evaluation of the Proposed Merger

7.1 Approach

In Grant Samuel's opinion, the Proposed Merger can be properly regarded as a merger of the three entities. The reasons are:

- the proposal involves a direct swap by each shareholder or unitholder of part of their existing interest for an interest in the other two entities;
- the three entities are of broadly similar size in terms of market capitalisation with no single entity swamping the others. Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders will hold 33.8%, 37.5% and 28.7% respectively of the merged group. The ownership interests take into account the units held by controlled entities of Westfield Holdings in Westfield America Trust that will not participate in the stapling; and
- the proposal will not result in a change of control of any of the entities. Securities in the Westfield Group will be widely held. The interests of the Lowy family and associates will convert from 27.9% of Westfield Holdings and 2.0% of Westfield America Trust to 10.0% of the Westfield Group. No other individual securityholder will have an interest in the Westfield Group in excess of approximately 6%.

Because it is a merger, Grant Samuel believes that the assessment of whether the Proposed Merger is in the best interests of Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders has four elements:

- consideration of whether the proportion of the merged group to be held by each group of securityholders is equitable;
- consideration of the financial impact of the Proposed Merger on each group of securityholders;
- consideration of the advantages, benefits, costs, disadvantages and risks of the Proposed Merger; and
- consideration of the alternatives realistically available to Westfield Holdings, Westfield Trust and Westfield America Trust.

The principal financial criterion for assessing whether the proportions of the merged group received by each securityholder is equitable has been addressed by comparing the proportion received with the relative contribution of Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders in terms of:

- the market value based on security prices (see Section 7.2); and
- the estimated underlying value of each entity's businesses and assets (see Section 7.3).

The second element of the assessment involves analysis of the impact of the Proposed Merger on each group of securityholders in terms of financial parameters such as earnings, distributions, net asset backing and financial gearing. This involves a comparison of the position of Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders assuming the Proposed Merger is implemented with the position if it is not (see Section 7.4).

The third element of the analysis is set out in Sections 7.5 and 7.6 and involves consideration of a wide range of other factors including:

- the expected benefits of the Proposed Merger in terms of strategic and competitive position, capital support for business operations, market and growth opportunities, cost savings and financial strength;
- the impact on the market for securities in the merged group including its liquidity, market rating and its attractiveness to investors;

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- the impact on the management and development and construction arrangements between Westfield Holdings and each of Westfield Trust and Westfield America Trust;
- the change in the nature of the underlying investment held by each group of securityholders in terms of earnings prospects, business risk, development and growth opportunities, diversification of activities and financial risk; and
- the expected tax consequences of the Proposed Merger.

In a transaction of this nature there will be advantages and disadvantages. It is necessary to form an overall view of the trade off for securityholders. These will differ between the securityholders in each entity. Even within a single entity, they do not necessarily apply equally to all securityholders.

Finally, it is necessary to consider whether the Proposed Merger will be likely to preclude alternative transactions that could be more advantageous to securityholders (see Section 7.7).

In Grant Samuel's opinion, the Proposed Merger will be in the best interests of Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders if:

- the financial terms of the Proposed Merger are equitable;
- the benefits and advantages of the Proposed Merger outweigh any disadvantages; and
- the Proposed Merger does not preclude alternative transactions which are likely to occur and which would be more advantageous.

Grant Samuel's assessment as to whether the Proposed Merger is in the best interests of Westfield Trust optionholders and Westfield America Trust optionholders other than Westfield Holdings is set out in Section 7.9 of this report.

7.2 Relative Contributions based on Market Values

The sharemarket provides an objective measure of the value of the equity in each entity. Although the share price reflects only marginal trades in portfolio interests, the price incorporates the influences of all available information on the company's prospects, future earnings and risk. Prima facie it is a fair basis for setting merger terms as long as there is a generally well informed market and prices do not reflect any other unsustainable factors such as takeover speculation.

Shares and units in Westfield Holdings, Westfield Trust and Westfield America Trust are well traded and each entity is extensively followed by analysts. This can be evidenced by the level of turnover on the ASX and by the range of analyst reports. The market capitalisation of each is over \$7 billion so they are inevitably closely scrutinised. It is reasonable to assume that the share prices represent assessments of value by a reasonably well informed market. The market prices of the three entities do not appear to be affected by any unsustainable factors. Management has advised that it believes there is no price sensitive information that has not been disclosed to the market in respect of any of the three entities (all of which are, in any event, subject to the ASX continuous disclosure rules). Grant Samuel has also compared the Stand Alone Forecasts for each of the entities to consensus forecasts from a range of analysts. This analysis does not disclose any material differences. Accordingly, Grant Samuel believes the analysis of relative market value contributions to be a fundamental test of the fairness of the exchange ratio in any merger as it reflects unbiased estimates of value. Arguably, it is the most appropriate measure of the value contributed, certainly in comparison to subjective estimates of value.

The contribution of each group of securityholders in terms of the market value of the equity they currently hold can be compared with the proportion of the merged group that each group will hold after the merger. The ownership interest of each group of securityholders is shown in the following table:

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Ownership Interests in the Westfield Group						
Issued Shares/Units at 31 March 2004	Before Proposed Merger (millions)	After Conversion (millions)	New Shares/Units Issued (millions)	Total Issued Securities (millions)	Westfield Group	
					Number of Stapled Securities (millions)	Ownership
Westfield Holdings	568.0	568.0	1,112.8	1,680.8	568.0	33.8%
Westfield Trust	2,248.6	629.6	1,051.2	1,680.8	629.6	37.5%
Westfield America Trust	3,221.7	483.2	1,197.6	1,680.8	483.2	28.7%
Merged entity issued securities					1,680.8	100.0%

The 568.0 million Westfield Holdings shares before the Proposed Merger includes 2.6 million Westfield Holdings shares expected to be allocated or issued to executive optionholders on the exercise of executive options prior to the date that the Proposed Merger becomes effective. These executive optionholders will participate in the Proposed Merger as Westfield Holdings shareholders.

The number of securities for Westfield Trust and Westfield America Trust includes the units issued under the respective DRPs in February 2004.

Westfield Holdings holds 553.9 million units in Westfield America Trust. These units were taken into account as an asset of Westfield Holdings when the relative ownership interests in Westfield Group were determined. The 553.9 million units in Westfield America Trust will be consolidated into 83.1 million consolidated units in Westfield America Trust on the same basis as the consolidation of other units in the trust. However, these units will not participate in the issue of securities prior to stapling and have been excluded from the above table.

Market values across a range of periods have been considered as the security price on a particular day may be affected by a number of one off factors. The relative contributions are summarised below:

Westfield Group - Market Value Contributions ³⁵			
Date/Period	Westfield Holdings	Westfield Trust	Westfield America Trust
Percentage ownership of merged group	33.8%	37.5%	28.7%
As at close of business on 20 April 2004	35.7%	35.9%	28.4%
Volume Weighted Average for periods up to and including 20 April 2004:			
1 week	35.4%	36.3%	28.3%
1 month	34.2%	37.1%	28.7%
3 months	34.2%	37.2%	28.6%
6 months	35.4%	36.6%	28.0%
12 months	36.2%	35.5%	28.3%
Simple Daily Average for periods up to and including 20 April 2004:			
1 week	35.4%	36.2%	28.4%
1 month	34.3%	37.0%	28.7%
3 months	34.2%	37.1%	28.7%
6 months	35.1%	36.1%	28.8%
12 months	36.2%	35.4%	28.4%
Range – daily prices over past three months			
Minimum	32.8%	36.0%	27.6%
Maximum	35.6%	38.1%	29.4%

Source: IRESS and Grant Samuel analysis

³⁵ The market value contributions are based on the issued shares and units of each entity as at 20 April 2004. Any subsequent share or unit issues have been ignored for the purposes of this analysis. In addition no account has been taken of:

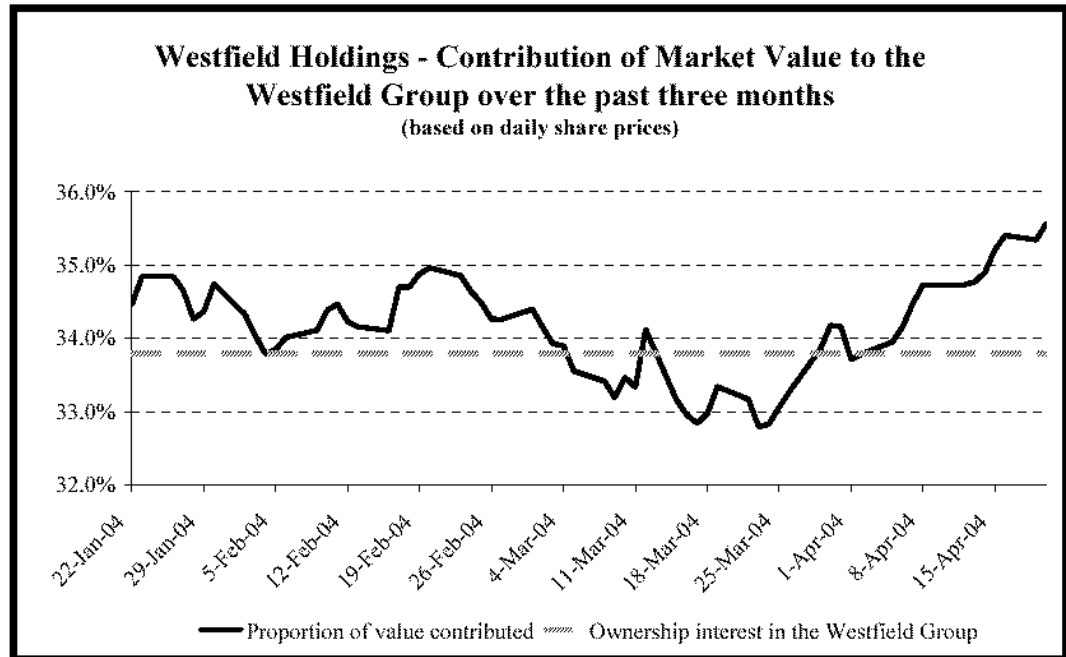
- the 0.9 cents per unit special distribution paid to Westfield America Trust unitholders; or
- the payment of distributions/dividends for the period to 30 June 2004 for each entity which will be made prior to implementation of the Proposed Merger.

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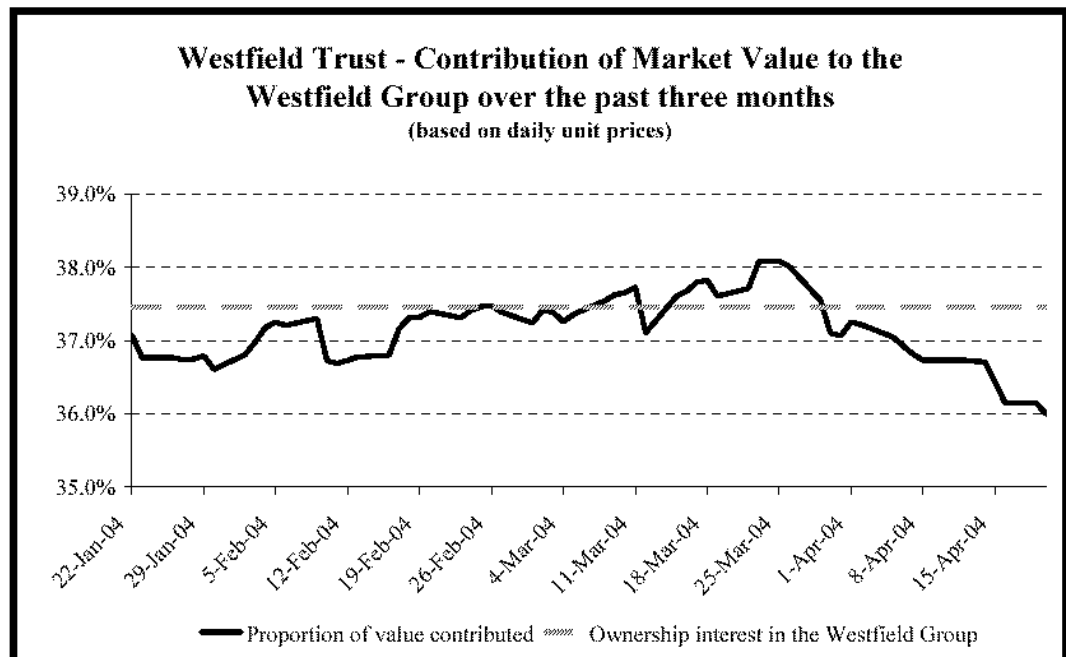


The date of 20 April 2004 has been used as the reference point for the market value analysis as this was the last trading day prior to the announcement of the Proposed Merger. The average prices have been calculated on both a volume weighted average price basis and a simple daily average. While volume weighted averages properly reflect the concentration of trading prices, simple averages can, in some circumstances, better reflect prices over a time period (as they will not be distorted by unusually heavy trading in a short period).

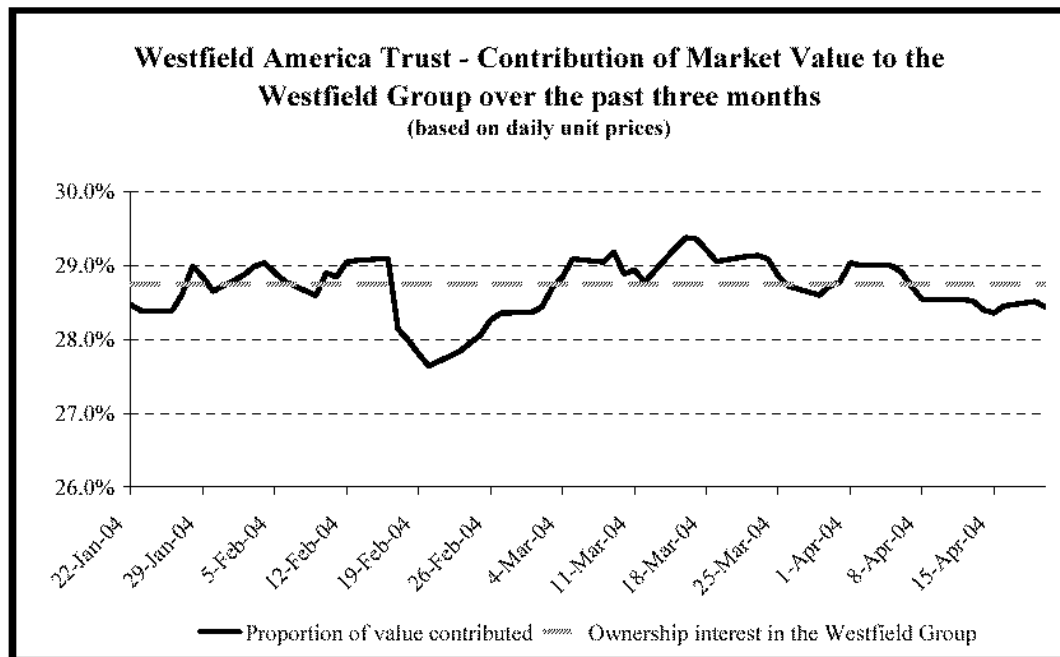
The contributions in terms of market value by each group of securityholders based on weighted average daily market prices over the past three months are illustrated in the following graphs:



Source: IRESS and Grant Samuel analysis



Source: IRESS and Grant Samuel analysis



Source: IRESS and Grant Samuel analysis

The contribution of each group of securityholders in terms of market value has remained in a relatively small band when considering sharemarket prices over the past three months. The minimum and maximum contribution is within a range of 2.8% for Westfield Holdings shareholders and 2.1% for Westfield Trust unitholders. For Westfield America Trust unitholders the range is around 1.8%. The slightly narrower contribution range for the two trusts relative to Westfield Holdings reflects the relatively low volatility of property trust unit prices on the sharemarket. In the overall scheme of things these ranges are relatively narrow.

The above analysis shows that the 33.8% ownership of the Westfield Group by Westfield Holdings shareholders is slightly below their contribution to value based on the most recent market prices and therefore disadvantages Westfield Holdings shareholders. Alternatively, based on the closing prices on 20 April 2004, there is a slight premium in favour of Westfield Trust unitholders and Westfield America Trust unitholders:

Westfield Group – Implied Prices				
Entity	Closing Price on 20 April 2004 (\$)	Exchange Ratio	Implied Value based on Exchange Ratio (\$)	Implied Premium (%)
Westfield Holdings	13.96	1.00	13.96	-
Westfield Trust	3.55	0.28	3.91	+10.1
Westfield America Trust	1.96	0.15	2.09	+6.6

However, the Westfield Holdings share price rose in the three weeks prior to the announcement. The rise in the share price in April 2004 is undeniable and needs to be considered but its causes are uncertain. Based on prices for the three months to 20 April 2004 the proportion of the merged group is closer to being in line with the contribution of market value. The average contribution over the period of 34.2% is only slightly above 33.8%. In Grant Samuel's view this is not a material difference having regard to the nature of the exercise. The daily price graph shows that the ratio is a reasonable "middle ground".

Westfield Trust unitholders will own 37.5% of the Westfield Group which is slightly below their contribution based on daily market prices and market prices over various periods during the past three months and therefore slightly favours Westfield Trust unitholders. This position reflects the effects of the largely static Westfield Trust unit price in April 2004 compared to the rise in

Westfield Holdings' share price. Again, the daily price graph indicates that the ratio is a reasonable reflection of recent trading.

For Westfield America Trust unitholders, their 28.7% ownership of Westfield Group is almost exactly in line with their contribution in terms of market value to value based on the most recent market prices (apart from a period in late February).

In summary, Grant Samuel believes that Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders are receiving an equitable share of the merged group relative to their contributions of market value. There will always be some discrepancies depending on which particular date or period is examined but in overall terms and taking into account prices over several months, the merger ratios are consistent with market values.

7.3 Relative Contributions based on Underlying Values

7.3.1 Overview

Analysis of relative contributions of the three entities based on sharemarket values is objective. However:

- the market value does not necessarily reflect non public information such as:
 - detailed long term forecasts beyond 2005; and
 - management strategies and current initiatives; and
- the discount from (or premium to) underlying value at which securities of the three entities trade on the stock exchange may be different.

Accordingly, Grant Samuel has, for the purposes of this report, used alternative value parameters (estimated asset or business values) for Westfield Holdings, Westfield Trust and Westfield America Trust in order to compare the relative contributions of the respective shareholder/unitholder groups. The analysis is both subjective and theoretical in as much as the assets are not intended to be sold and, in any event, there is a high level of economic interdependence.

7.3.2 Asset/Business Values

The analysis was undertaken as follows:

- values were calculated for Westfield Holdings by estimating separate values for each of its three operating businesses:
 - property development and construction and property and funds management were valued using discounted cash flow analysis. Multiples of earnings have been used as a secondary check on the discounted cash flow valuation; and
 - the investments in Westfield America Trust, Westfield America, Inc. and the United Kingdom limited partnerships were valued on the basis of the recent independent property valuations. The market value of units in Westfield America Trust was also taken into account.

The gross value of the businesses was then adjusted for:

- net borrowings at 31 December 2003, translated at the spot rate;
- the net mark-to-market value of all interest rate and currency swaps at 20 April 2004;



- the payment of the interim dividend on 30 March 2004;
- the cash paid to Possfund on the exercise of options;
- earnings for the six months ending 30 June 2004 less the final dividend of 13.56 cents per share to be paid to Westfield Holdings shareholders prior to the Proposed Merger; and
- other non-trading assets and liabilities.

The value contribution has not been adjusted for executive options on the grounds of materiality.

On this basis, the estimated underlying value contribution of Westfield Holdings is in the range \$6,890-8,510 million. The valuation is set out in more detail in Section 8 of this report;

- the value contribution of Westfield Trust unitholders was estimated based on its aggregate net asset value, calculated as follows:

Westfield Trust – Estimated Net Asset Value (\$ millions)		
	Low	High
Net tangible assets attributable to ordinary unitholders at 31 December 2003 (per audited accounts)	7,199	7,199
Capital raised since 31 December 2003	169	169
Value of hedge book at 20 April 2004	56	56
Allowance for increases in property values over book values at 31 December 2003	427	549
Underlying value	7,851	7,973
Number of issued units (millions)	2,248.6	2,248.6
Underlying value per unit	\$3.49	\$3.55

The estimated net asset value of Westfield Trust has not been adjusted for the impact of the 0.85 million options to acquire Westfield Trust units held by Deutsche Bank as these options are out of the money. The options have a strike price of \$3.75, which is above both the pre announcement trading price of Westfield Trust units and the underlying value contribution per Westfield Trust unit; and

- the value contribution of Westfield America Trust unitholders was also estimated based on its aggregate net asset value, calculated as follows:

Westfield America Trust – Estimated Net Asset Value (\$ millions)		
	Low	High
Net tangible assets attributable to ordinary unitholders at 31 December 2003 (per audited accounts)	4,968	4,968
Adjustment for movement in A\$/US\$ exchange rate from 31 December 2003 to 20 April 2004	93	93
Capital raised since 31 December 2003	187	187
Value of hedge book at 20 April 2004	299	299
Allowance for increases in property values over book values at 31 December 2003	412	550
Increase in interest in Westfield America, Inc. through Westfield Holdings and Security Capital exercising options	1,225	1,248
Underlying value	7,184	7,345
Number of issued units and unit equivalents (millions)	4,620.8	4,620.8
Underlying value per unit and unit equivalent	\$1.55	\$1.59

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The estimated net asset value of Westfield America Trust has been adjusted for the impact of the 28.4 million Special Options to acquire Westfield America Trust units held by Westfield Holdings and Security Capital as these options are in the money. The Special Options are exercisable on delivery of units of common stock or common stock equivalents in Westfield America, Inc. and have an average cash equivalent exercise price of \$1.43-1.47 (based on the underlying value of units in Westfield America, Inc.), which is below both the pre announcement trading price of Westfield America Trust units and the underlying value contribution per Westfield America Trust unit. The 28.4 million Special Options are exercisable into 845.2 million Westfield America Trust units, increasing the fully diluted issued capital of Westfield America Trust to 4,620.8 million units.

Westfield Holdings owns 553.9 million ordinary units in Westfield America Trust and 27.7 million Special Options in Westfield America Trust (which are exercisable into 684.7 million units in Westfield Trust), which have been taken into account in the valuation of Westfield Holdings. Security Capital owns 0.69 million Special Options in Westfield America Trust (which are exercisable into 160.5 million units in Westfield America Trust). Grant Samuel has estimated the underlying value contribution of the remaining 3,221.7 million units in Westfield America Trust (representing a fully diluted 69.7% interest) to be in the range \$5,009-5,121 million.

The starting point for the net asset value of each entity was the current valuations of each of the properties undertaken by independent valuers and were incorporated into the carrying values of the assets in the accounts as at 31 December 2003. Grant Samuel relied on these valuations for the purposes of its report and did not undertake its own valuations of the properties. Given the nature of the evaluation, Grant Samuel does not have any reason to believe that it is not reasonable to rely on these independent valuations for this purpose.

However, Grant Samuel Property has reviewed these valuations for reasonableness. The review was on a "desktop" basis. It did not undertake a detailed investigation or verification exercise and did not interview the valuers. Based on this review, Grant Samuel:

- believes that the valuers were of appropriate standing;
- is satisfied that there were no restrictions in the scope of their engagement or other terms which may have impacted on the quality of the valuation; and
- became aware of nothing that suggested the assumptions, valuation parameters (eg. capitalisation yields) or overall values represented anything other than the valuer's best estimate of the fair market value of the respective properties, except as adjusted for below.

However, this does not imply that the valuations have been subject to any form of audit or due diligence.

Not all valuations reflected in the accounts were prepared as at 31 December 2003. Many are up to two years old as the trusts undertake their valuations on a three year rolling basis. Accordingly, it is appropriate to make some allowance for the increase in asset values since the valuations were completed (on average the valuations are 12 months old). This is necessarily imprecise but in the overall scheme of things unlikely to make a material difference to the analysis. Grant Samuel made a one off adjustment to bring the asset values up to date, having regard to:

- internal analysis undertaken by Westfield Holdings for carrying value purposes at 31 December 2003 and as at the date of the Explanatory Memorandum. The value of each asset (including those valued at 31 December 2003 in the case of the internal analysis undertaken for the purposes of the Explanatory Memorandum) was assessed

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by management. Advice was sought from independent property valuers in relation to capitalisation yields and applied to current income levels;

- market evidence available to Grant Samuel as to movements in capitalisation yields since the valuation date; and
- the track record of valuation increments across the portfolio.

The adjustments have been made by increasing the value of the portfolios of each entity by the following percentages:

Property Portfolios – Valuation Increments		
Entity	Low	High
Westfield Holdings (United Kingdom properties)	3.0%	4.0%
Westfield Trust	3.5%	4.5%
Westfield America Trust	3.0%	4.0%

The mark-to-market value of the hedge books has been calculated by Westfield Holdings management. Any value reflected in the net assets calculations at 31 December 2003 has been excluded in the adjustment for the trusts.

No adjustment was made in respect of the trusts for retained earnings for the six months to 30 June 2004 on the grounds that this is expected to be minimal as an interim dividend will be paid prior to the Proposed Merger being implemented.

In Grant Samuel's opinion this valuation represents the full underlying value of each of the trust's assets. There is no additional general "control premium" over and above these values. To the extent any acquirer would be prepared to pay a price in excess of these values it would represent views about the scope to improve management of existing assets or to find additional redevelopment opportunities within the portfolio. This would arise only on a case by case basis.

The net asset value, however, is a limited analysis in so far as it does not capture the extent to which sharemarket investors may attribute a higher value than the asset value to reflect expectations about future actions or decisions such as acquisitions, redevelopments, currency hedging or currency movements. Markets tend to value property trusts primarily on yield (and yield growth) rather than asset backing.

The values adopted for the purposes of this report can be compared to the market value:

Underlying Value Compared to Market Price				
Entity	Market Price at 20 April 2004 (\$)	Underlying Value (\$ millions)	Underlying Value per Security (\$)	Underlying Value Premium/ (Discount) to Market Price (%)
Westfield Holdings	13.96	6,890-8,510	12.19-15.05	(12.7)-7.8
Westfield Trust	3.55	7,851-7,973	3.49-3.55	(1.6)-nil
Westfield America Trust	1.96	5,009-5,121	1.55-1.59	(20.7)-(18.9)

The above table indicates that:

- the net present value range for Westfield Holdings spans the trading price of Westfield Holdings on the day prior to the announcement of the Proposed Merger. The Westfield Holdings share price increased considerably (by almost 5%) in the two

weeks prior to the announcement of the Proposed Merger. Nevertheless, the share price on 31 March 2004 also falls within the range;

- Westfield Trust is trading at around its estimated underlying value; and
- Westfield America Trust is trading at a substantial premium of around 20% to its estimated underlying value. This premium reflects the pricing of the units on the basis of yield rather than NTA backing, the impact of current hedging arrangements which shields the current and near term distribution from the full effect of the current A\$/US\$ exchange rate and the expectation of future acquisitions in the fragmented United States shopping centre market.

7.3.3 Contribution Analysis

The contribution to the merged group in terms of underlying value is summarised below:

Westfield Group – Underlying Value Contributions			
	Estimated Value Contribution	Contribution to Merged Group³⁶	Ownership of Merged Group
	(\$ millions)	(%)	(%)
Westfield Holdings	6,890-8,510	34.5-39.8	33.8
Westfield Trust	7,851-7,973	36.5-40.1	37.5
Westfield America Trust	5,009-5,121	23.3-25.8	28.7
Merged group	19,752-21,604		100.0

The analysis indicates that:

- Westfield Holdings shareholders contribute more than the 33.8% interest they receive;
- Westfield Trust unitholders receive a share in line with their contribution of value; and
- Westfield America Trust's unitholders contribute less than the 28.7% interest they receive.

However, in considering this analysis it is important to take the following into account:

- the analysis is necessarily subjective and relies on judgements as to important assumptions, particularly about future asset growth and acquisitions (at least for Westfield Holdings);
- Westfield Holdings shareholders need to recognise that:
 - there is considerably higher risk in relation to Westfield Holdings' future cash flows and value. For example, there is no certainty that the assumed level of acquisitions of US\$400-500 million per annum will be achieved. While this level is considered reasonably achievable, there are constraints arising from the current structure of the group. The value of Westfield Holdings would be materially lower if no acquisitions were assumed; and
 - Westfield Holdings shareholders receive by far the greatest uplift in distributions (a 200% increase);
- the value contribution of Westfield America Trust based on net assets may be understated to the extent that it does not fully capture its potential value. The

³⁶ In each case, the range is calculated as the low value contribution of each entity against the high value contribution of the other two entities and as a result, the percentage ranges do not add to 100%.

mismatch primarily arises because the net assets of Westfield America Trust are substantially below its sharemarket price. A higher sharemarket price may reflect expectations about future value increments from acquisitions or redevelopments (although redevelopments are reflected to some extent in the net assets). It is certainly reasonable to expect that future acquisitions are far more likely to be undertaken by Westfield America Trust rather than Westfield Trust. Taking this potential into account would be appropriate but cannot realistically be captured in net asset values. Currency issues may also be a factor. The rise in the A\$ against the US\$ has had a substantial impact on net asset values. The market price effect appears to have been softened by the hedging of income. This is one reason why contributions of market value should be given considerable weight. In any event, any probable adjustment to allow for these factors would not be sufficient to alter the analysis of relative contributions to the point where Westfield America Trust unitholders were receiving less than their contribution of value; and

- while Westfield America Trust does appear to be being advantaged this must be weighed against the mixed impact of the Proposed Merger on distributions for Westfield America Trust. Distributions for the first couple of years for the merged group are less than Westfield America Trust unitholders would have received on a standalone basis. In contrast, distributions will be higher for both Westfield Trust unitholders and Westfield Holdings shareholders (substantially in the latter case).

In summary, Grant Samuel's view is that having regard to the issues outlined above and the imprecise nature of the analysis, the relative contributions of underlying value are not unreasonable compared to the relative share in the merged entity received by investors in each entity. When taken together with the relative contributions of market value, the exchange ratios represent a fair balance of competing interests.

7.4 Financial Impact of the Proposed Merger

7.4.1 Earnings

The pro forma forecast financial performance of the Westfield Group for the years ending 30 June 2005 and 2006 on the basis that the Proposed Merger had been implemented on 1 July 2004 is included in Section 3.5 of the Explanatory Memorandum and is summarised in Section 6.4 of this report.

The pro forma forecast earnings per Westfield Group stapled security for the year ending 30 June 2005 is 94.1 cents and for the year ending 30 June 2006 is 96.5 cents. These earnings figures are before the estimated internal property development and construction profits which are added back for distribution purposes.

The effect of the Proposed Merger on earnings per security for each of the merging entities is demonstrated by calculating the pro forma forecast earnings per security for the years ending 30 June 2005 and 2006 on the basis that the Proposed Merger was implemented on 1 July 2004:

Westfield Group - Pro Forma Impact on Forecast Earnings per Security				
Period	No Merger (cents)	Pro Forma Assuming Proposed Merger Implemented		
		cents	Change	
			cents	%
Year ending 30 June 2005				
Westfield Holdings	65.9	94.1	+28.2	+42.8%
Westfield Trust	26.1	26.3	+0.2	+0.8%
Westfield America Trust	17.3	14.1	-3.2	-18.5%
Year ending 30 June 2006				
Westfield Holdings	77.4	96.5	+19.1	+24.7%
Westfield Trust	27.1	27.0	-0.1	-0.4%
Westfield America Trust	17.9	14.5	-3.4	-19.0%

Based on pro forma forecast earnings for the year ending 30 June 2005, both Westfield Holdings shareholders and Westfield Trust unitholders will benefit from an increase in pro forma earnings per security. The uplift received by Westfield Holdings shareholders is significant at approximately 28 cents per share or 43%. The uplift received by Westfield Trust unitholders is marginal at 0.2 cents or approximately 1%. Westfield America Trust unitholders suffer a decline in pro forma earnings per security of approximately 3 cents per unit or 19%.

The impact based on pro forma forecast earnings for the year ending 30 June 2006 is similar except that the uplift received by Westfield Holdings shareholders is less substantial at approximately 19 cents per share or 25%. The marginal uplift received by Westfield Trust unitholders in the year ending 30 June 2005 becomes a very marginal decline in earnings per security in the year ending 30 June 2006. Westfield America Trust unitholders suffer a similar decline in earnings per security as in the prior year.

However, it should be noted that the fall in pro forma earnings per security suffered by Westfield Trust and Westfield America Trust is in part a result of the elimination on consolidation of property development and construction. These would have been earnings reported by Westfield Holdings.

7.4.2 Dividends and Distributions

If the Proposed Merger is implemented, Westfield Holdings shareholders, Westfield Trust unitholders and Westfield America Trust unitholders will become securityholders in Westfield Group. Dividends and distributions paid will depend on the performance of each of the entities in the merged group. The pro forma forecast distribution per stapled security for the year ending 30 June 2005 (assuming that the Proposed Merger was implemented on 1 July 2004) is 103 cents and for the year ending 30 June 2006 is 110 cents.

The effect of the Proposed Merger on distributions per security for each of the merging entities is demonstrated by comparing the Stand Alone forecasts for the years ending 30 June 2005 and 2006 to the pro forma forecast dividend/distribution per stapled security (converted to the equivalent pre merger securities) for the same period:

Westfield Group - Pro Forma Impact on Forecast Distribution per Security				
Period	No Merger (cents)	Pro Forma Assuming Proposed Merger is Implemented		
		Cents per pre merger security	Change	
			cents	%
Year ending 30 June 2005				
Westfield Holdings	32.9	103.0	+70.1	+213.1%
Westfield Trust	26.1	28.8	+2.7	+10.3%
Westfield America Trust	17.3	15.4	-1.9	-11.0%
Year ending 30 June 2006				
Westfield Holdings	38.7	110.0	+71.3	+184.2%
Westfield Trust	27.1	30.8	+3.7	+13.7%
Westfield America Trust	17.9	16.5	-1.4	-7.8%

Note: Assumes that the Proposed Merger was implemented on 1 July 2004.

Based on pro forma operating profit after tax for the years ending 30 June 2005 and 2006 and including in distributable income the property development and construction profit that would have been earned by Westfield Holdings in the absence of the Proposed Merger, Westfield Holdings shareholders and Westfield Trust unitholders benefit from an increase in distribution per share or unit on a pro forma basis. However, the increase is not equal with Westfield Holdings shareholders benefiting from a substantial increase in pro forma forecast distribution per security of 70.1 cents per share (213%) in 2004/05 and 71.3 cents per share (184%) in 2005/06. The benefit to Westfield Trust unitholders is more modest at 2.7 cents per unit (10%) and 3.7 cents per unit (14%) respectively.

Based on the above analysis, Westfield America Trust unitholders will suffer a decline in distribution per unit of 1.9 cents per unit (11%) in 2004/05 and 1.4 cents per unit (8%) in 2005/06 relative to the position if the Proposed Merger does not occur. However, it is proposed that as part of the Proposed Merger, Westfield America Trust will pay a special distribution of 0.9 cents per Westfield America Trust unit (totalling approximately \$29 million) prior to the Proposed Merger being implemented to compensate Westfield America Trust unitholders for this expected decline in distribution per unit. The \$29 million distribution will be treated as a cost of the Proposed Merger.

The 0.9 cents per unit special distribution increases the pro forma distribution to Westfield America Trust unitholders for the year ending 30 June 2005 to 16.3 cents per unit, which is still 1.0 cents per unit below what Westfield America Trust unitholders would have received if the Proposed Merger was not implemented.

However, it should also be recognised that Westfield America Trust's current level of distributions on a stand alone basis is underpinned by the currency hedging program. As these hedges roll off (after 2006), distributions would probably decline in A\$ terms if the A\$/US\$ rate remains where it is today, notwithstanding growth in the underlying US\$ earnings. For example, the distribution of 16.1 cents per unit paid in the year ended 30 June 2003 would have been 12.7 cents per unit in the absence of the hedges. Accordingly, in future years Westfield America Trust unitholders are likely to be better off in terms of distributions under the Proposed Merger.

The majority of the increase in distributions is due to a proposed increase in Westfield Holdings' dividend payout ratio rather than as a result of gains from the Proposed Merger. The composition of the forecast distribution for the year ending 30 June 2005 is set out below:

Westfield Group - Composition of Forecast Distribution	
Component	Contribution to Distribution (cents)
Existing level of distributions (Stand Alone)	85.9
Increase in distribution payout ratio	11.1
Other impacts of Proposed Merger (cost savings, tax etc)	6.0
Total distribution	103.0

Without the increase in the distribution payout ratio, the pro forma distribution per security for the Westfield Group for the year ending 30 June 2005 would be 11.1 cents lower at 91.9 cents per stapled security. Under these circumstances:

- Westfield Holdings shareholders would still benefit from a substantial increase in distributions from the Westfield Group compared to the distributions if the Proposed Merger was not implemented;
- Westfield Trust unitholders would suffer the equivalent of a 3.1 cent fall in distribution per unit to 25.7 cents per unit and would receive a lower distribution from the Westfield Group than if the Proposed Merger was not implemented; and
- Westfield America Trust unitholders would suffer the equivalent of a 1.6 cent fall in distribution per unit to 13.8 cents per unit and would receive a distribution from the Westfield Group that was 3.5 cents per unit lower than if the Proposed Merger was not implemented (compared to 1.9 cents lower with the increase in the distribution payout ratio).

The distributions paid by Westfield Trust and Westfield America Trust carry tax deferred and taxable components. The dividends paid by Westfield Holdings are partially franked to 50%. If the Proposed Merger is implemented, securityholders in the Westfield Group will receive a distribution that is made up of a partially franked dividend, a tax deferred distribution amount and a taxable distribution amount. The post tax position of individual securityholders will vary depending on their marginal tax rate and their ability to utilise the tax deferred component of any distribution. However, it should be noted that:

- for Westfield Holdings shareholders, the vast majority of the distribution will comprise taxable income (but with tax deferred components) whereas previously Westfield Holdings had paid a dividend franked to 50% (which adds approximately 7 cents in 2004/05 when "grossed up");
- the distributions of Westfield Trust unitholders and Westfield America Trust unitholders will now include a partly franked dividend. However, this will be a small proportion of the total distribution (6-8% in the first two years); and
- Westfield America Trust unitholders will suffer a significant decline in the proportion of their distribution that is tax advantaged (from 60-75% to around 30%). For Westfield Trust investors, the proportion remains substantially the same.

7.4.3 Financial Position and Net Tangible Asset Backing

The pro forma financial position of the Westfield Group as at 31 December 2003 on the basis that the Proposed Merger was implemented on that date is included in Section 3.5 of the Explanatory Memorandum and is summarised in Section 6.5 of this report. The impact of the Proposed Merger on pro forma NTA backing and gearing ratios is set out below:


Westfield Group - Pro Forma Impact on Financial Position at 31 December 2003

Parameter	Before Proposed Merger	Pro Forma After Proposed Merger		
		Amount	Change	
			Amount	Proportion
NTA per existing security				
Westfield Holdings	\$3.00	\$8.28	+\$5.28	+176.0%
Westfield Trust	\$3.27	\$2.32	-\$0.95	-29.1%
Westfield America Trust	\$1.35	\$1.24	-\$0.11	-8.1%
Gearing (Net borrowings/Total assets - cash)				
Westfield Holdings	28.0%	41.6%	+13.6%	+48.6%
Westfield Trust	36.7%	41.6%	+4.9%	+13.3%
Westfield America Trust	45.4%	41.6%	-3.8%	-8.4%
Gearing (Net borrowing/(Net borrowing + securityholders' equity))				
Westfield Holdings	34.5%	45.7%	+11.2%	+32.4%
Westfield Trust	38.7%	45.7%	+6.9%	+17.9%
Westfield America Trust	50.5%	45.7%	-4.8%	-9.5%

The financial positions of the individual entities as at 31 December 2003 have not been adjusted to reflect fair value adjustments (in relation to property revaluations, the mark-to-market of hedging arrangements and the movement in exchange rates since 31 December 2003), the impact of post 31 December 2003 transactions (such as the receipt of proceeds from the sale of assets and draw downs of borrowings to fund construction in progress) and the payment of interim dividends/distributions and participation in DRPs. All of these adjustments have been reflected in the pro forma financial position of the Westfield Group as at 31 December 2003. Accordingly, the changes shown above are not on a completely "like for like" basis but are nevertheless indicative of the impact.

The Proposed Merger results in a substantial increase in Westfield Holdings' pro forma NTA backing, whereas the pro forma NTA backing of Westfield Trust and Westfield America Trust falls, particularly in the case of Westfield Trust where unitholders suffer a decline in NTA backing of 29%. The movements in pro forma NTA backing are a result of a combination of factors. In particular:

- the percentage ownership interests of each entity in the Westfield Group; and
- the discount or premium to NTA at which the merging entities currently trade.

Westfield Holdings' pro forma NTA backing increases substantially because Westfield Holdings shareholders in effect give up part of their Westfield Holdings interest (which trades at a substantial premium to NTA) and replaces it with interests in Westfield Trust and Westfield America Trust (which, in comparison, trade at prices much closer to NTA). The pro forma NTA backing of Westfield Trust and Westfield America Trust fall for the same reason. The pro forma NTA backing of Westfield America Trust falls by less than Westfield Trust's as a result of the higher premium to NTA at which Westfield America Trust trades.

7.5 Advantages and Benefits of the Proposed Merger

7.5.1 Enhanced Capacity to Pursue Growth Opportunities

The principal rationale put forward for the Proposed Merger is the enhanced financial capacity to pursue growth opportunities on a global scale but particularly in the United States and Europe.

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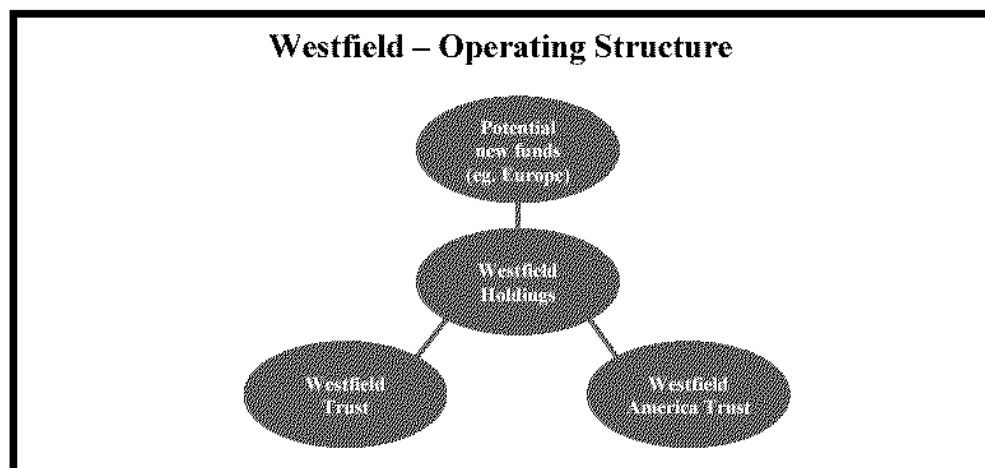


Management believes that Westfield Holdings' competitive advantage lies in its:

- intensive management of shopping centres;
- ability to recognise expansion and redevelopment opportunities; and
- skills in executing and optimising redevelopment projects.

Acquisitions (and the ensuing redevelopments) have been critical to the success of the Westfield group and to the growth in earnings and distributions of, and superior returns delivered by, each of Westfield Holdings, Westfield Trust and Westfield America Trust over many years. This is perhaps most obvious for Westfield Holdings but it is equally applicable to the trusts. If they simply relied on returns from a static portfolio of centres, the growth in distributions would have been lower. Continuing to grow by acquisition is therefore a core part of Westfield Holdings management's strategy for increasing returns to investors in each of the entities.

The current model of separating ownership and management has been extraordinarily successful over a 25 year period. Westfield Holdings is at the centre of the group's activities, acting as the manager of existing assets, examining new opportunities, managing development projects and developing new funds. Passive investment vehicles have been spun off holding portfolios of assets targeted at specific investor groups (eg. on a geographic basis):



This model has:

- provided flexibility to allow Westfield Holdings to pursue new ventures, establishing a foothold in new markets until an "investable" portfolio can be structured and sold to investors. Westfield Holdings takes on risks in these pursuits. This can be done without impacting on the returns of, and risks faced by, those investors looking for a steady income from property assets. Similarly, these investors are insulated from the construction risks of redevelopment projects which are also taken on by Westfield Holdings;
- generated growth by allowing capital markets to be accessed for ongoing ownership of portfolios once they reach sufficient maturity. This has allowed Westfield Holdings to recycle its capital into new growth opportunities and minimise its capital outlay while retaining a share of the future returns from these assets through management fees and development and construction activities;
- enabled investors to choose a vehicle which matches their risk/return profile, investing in the trusts if they want stable, secure earnings and high distributions or investing in Westfield Holdings if they are seeking higher returns (and risk); and



- allowed for the establishment of geographically focussed investment vehicles such as Westfield America Trust and the planned European fund(s) which provide flexibility to investors to manage their exposure to different markets.

Each of the entities is now substantial in its own right and has a market capitalisation of more than \$7 billion. Moreover, each has enjoyed strong growth over the past five years and amply demonstrated an ability to make substantial acquisitions in its own right:

Westfield Entities – Growth History				
Entity	Total Assets at 31 December (A\$ billions)		Major Acquisitions	
	1998	2003		
Westfield Holdings	1.3	3.2	2000	Broadmarsh (£53 million)
			2000	Wilmslow (£344 million)
Westfield Trust	5.4	12.6	2003	Sydney Central Plaza (\$401 million)
			2003	AMP Shopping Centre Trust (\$1.9 billion)
Westfield America Trust	7.4	14.6	2002	Rodamco – 14 centres (US\$2.6 billion)
			2002	Jacobs – 9 centres (US\$0.7 billion)
			2003	5 centres (US\$542 million)

Westfield is now a leader in retail property markets in Australasia and the United States and is seeking to do the same in Europe. Management believes that it has such a significant presence that it will be invited to participate in the sale of any major shopping centre in any of these markets.

However, management believes that the group's development has reached a point where the current structure is emerging as an impediment to growing the business in an optimal fashion. These impediments include the following:

- the size of potential acquisition targets in the United States and Europe. Each of the entities has made substantial acquisitions in recent years (eg. AMP Shopping Centre Trust, Rodamco). Even in these transactions the group was hampered by size issues. Management points to the recent Rodamco transaction as a concrete example where the outcome was suboptimal and that having the financial capacity of the merged group would probably have led to a better result for investors in Westfield America Trust and Westfield Holdings. In this case, the merged group could have bid for Rodamco in its own right rather than jointly with others and would have ended up with more than the 14 properties (representing 42% of the portfolio by value) that it did.

Similarly, it has entered a number of partnerships in relation to ownership of certain assets to share the funding burden. It may not have done so in some case if the capital had been more readily available.

Looking forward, and despite the fragmentation of ownership in the shopping centre industry, there are a number of potential targets in both Europe and the United States which are of sufficient size to be difficult for Westfield Holdings, Westfield America Trust or any new vehicle to digest even if, as occurred in the Rodamco transaction, Westfield Holdings can provide additional equity to the trust. There are nine United States REITs with market capitalisation of more than US\$1.5 billion and a number of larger privately held portfolios in investment institutions (although, at present, the economics do not "stack up" as United States REITs are generally highly rated because of the interest rate environment, but at different times in the cycle there may be opportunities);



- the three Westfield entities, if treated as a unified group, represent the world's largest shopping centre business. The Westfield group's activities are now of such a scale and spread that it has the opportunity to build a truly global operator in what has traditionally been an essentially domestic industry which continues to be very fragmented in terms of ownership in most countries (but not in Australia or New Zealand). For example, in the United States it is estimated that there are approximately 1,100 regional and super regional shopping centres. The seven largest owners only hold around 50% of these centres.

However, the current structure forces a sequential rather than parallel approach to development of new markets. Westfield Holding's primary business is generating management fees and development and construction profits. The growth potential and the low capital requirements have been fundamental to the high market rating attributed to Westfield Holdings. Yet, to enter new markets, Westfield Holdings has to build a portfolio to a point of critical mass before it can recapitalise. This may take several years. The market pressures on Westfield Holdings not to maintain substantial capital investments means that it needs to release capital from existing positions before it can aggressively pursue new markets.

This inhibits the group's ability to move quickly into new geographical areas. The step by step, country by country approach is no longer necessary in view of the scale that the group has now reached. There is a clear market opportunity over the next few years to build significant positions across continental Europe as well as the United Kingdom and in other regions such as Asia and South America. Westfield Holdings cannot realistically pursue all of these on its own;

- Westfield America Trust has a relatively high cost of capital compared to its peers in the United States. This is typically measured by the distribution yield. Based on the closing price on 20 April 2004 of \$1.96, Westfield America Trust was trading on a historical 2003 yield of 8.2% and a 2003/04 yield of 8.3%³⁷.

In contrast, the major United States REITs are trading at current yields of under 5%. In addition, a number of them use floating rate debt funding which results in much lower funding costs (albeit with associated risks). As a result, Westfield America Trust has found it increasingly difficult to be competitive in pursuing acquisitions in the United States. This has been exacerbated by the reduction in yields evident in shopping centre transactions which is being driven by the low interest rate environment;

- Westfield Trust is the pre-eminent shopping centre owner in Australia and New Zealand. It has a total of 38 centres in Australia and 11 in New Zealand. There are limitations on its ability to achieve substantial growth through acquisition in these markets. It is true that:
 - although future limitations may arise, to date acquisition opportunities have not been materially impeded by regulatory issues such as under the Trade Practices Act;
 - in the past two years Westfield Trust has made substantial acquisitions such as AMP Shopping Centre Trust at a time when many had even then assumed that such opportunities were unavailable or unlikely;
 - there are new areas for growth such as CBD malls which Westfield Trust has only just entered through acquisition of Sydney Central Plaza and Centrepoin; and

³⁷ It should however be noted that the yield based on spot exchange rates is substantially lower (i.e. if there was no hedging). The historical 2003 yield is 6.5%.

- the current development pipeline is the largest in Westfield Trust's history.

Nevertheless, it is realistic to assume that future acquisitions of a sufficient size to have a material impact (as opposed to the occasional additional centre) are relatively unlikely. The development pipeline is also expected to fall away over time in the absence of acquisitions. This scenario will have an adverse impact on the long term growth in distributions for Westfield Trust;

- Westfield Trust and Westfield America Trust are each effectively restricted in their investment mandate. Westfield Trust is positioned as a focussed Australian and New Zealand investment. Westfield America Trust is positioned as solely investing in the United States. The development of the United Kingdom/European business would require the establishment of a new vehicle;
- Westfield Holdings has a foothold in the United Kingdom market and plans to expand its presence rapidly. For some time it has been exploring ways to create a separate vehicle (either a wholesale fund or a public listed entity) to hold these assets and fund a redevelopment and acquisition program under the current *modus operandi*. This is a fundamental requirement for the group to be able to move forward with its business in the United Kingdom. For a variety of reasons this has not been able to be achieved to date. The timing of establishing such a fund is uncertain; and
- the external management model has become increasingly unpopular with investors in recent years driven by perceptions of conflicts of interest, the main one being that the manager has a primary interest in achieving asset growth even at the expense of returns. In Australia there has been a significant trend to "internalise" management in the last five years with stapling transactions being undertaken by Mirvac Group, Centro Properties Group, Investa Property Group, Ronin Property Group and Australand Property Group. Similarly, new listings such as Multiplex Group have also adopted the stapled structure.

It appears that United States investors in particular have an aversion to externally managed entities. Westfield Holdings management believes that this has adversely impacted on demand for Westfield America Trust and was one reason for the weak performance of Westfield America, Inc. in the period it was listed on the New York Stock Exchange.

The Proposed Merger overcomes these issues. It creates a group with enormous financial capacity. Westfield Group will be the world's largest listed retail property group with:

- pro forma market capitalisation of approximately \$25 billion;
- pro forma total assets of \$30 billion and net tangible assets of \$14 billion; and
- pro forma forecast net profit after tax of \$1.6 billion.

Flexing the capital structure will provide substantial funding capacity. For example, a 5% lift in gearing (defined as net debt/total assets less cash) would provide cash of \$1.5 billion. Similarly, a 10% placement combined with 50% gearing would provide funding of approximately \$5 billion.

The merged group should therefore have the financial capacity to pursue almost any acquisition target. It will also have the financial resources and the more open mandate (ie. asset investment on a global basis) to move aggressively into new geographic regions such as continental Europe if opportunities arise. It will be able to build positions in several regions at once. In short, growth plans should be able to be accelerated.

The size, market leadership, international diversity, liquidity, strong yield, growth profile and unified nature of the merged group will give it a much more attractive "currency" to

offer as consideration in any scrip based acquisition transactions than any of the existing entities.

In addition, the potential re-rating and lower cost of capital will assist its competitiveness particularly in the United States. However, the cost of capital (as measured by distribution yield) is still likely to be higher than that of the major United States REITs which are trading at yields of less than 5%. In any event, it is a moot point as to whether the lower cost of capital would actually change management behaviour as to what represented the right price to pay for acquisitions.

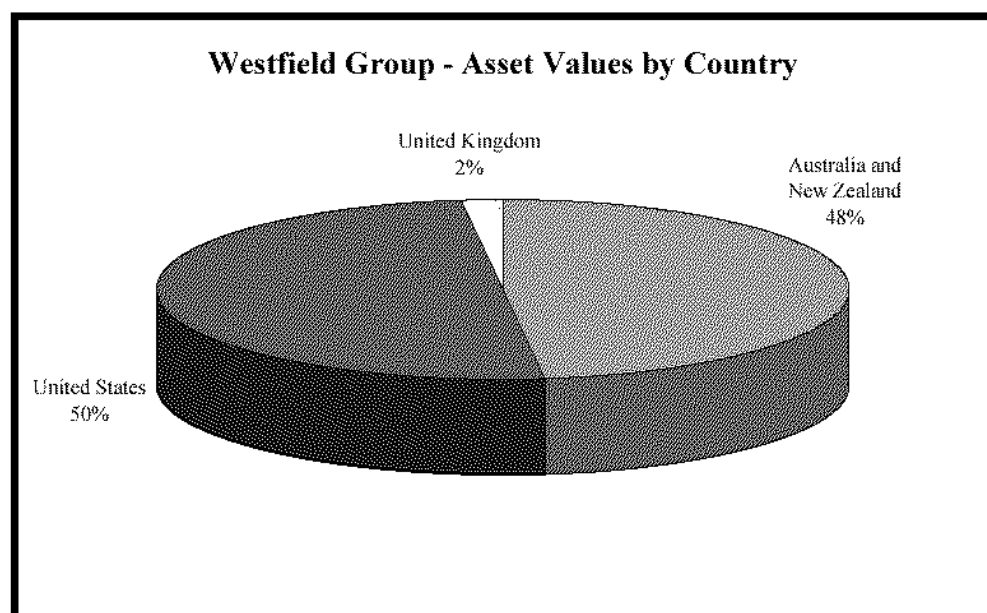
At the same time:

- future opportunities are merely conjecture. There is no certainty that opportunities that do arise would not have been able to be exploited within the existing group structure;
- individual acquisitions which might have made a material difference to one of the entities on its own will now have a more diluted effect as part of the merged group; and
- not all investors are focussed on growth. There may be investors particularly in Westfield Trust who are more concerned with the stability of income and the level of risk and would prefer a lower growth strategy in their home markets. In this case, the growth constraints are not an issue for them.

7.5.2 Exposure to New Markets and Activities

Westfield Group will be Australia's largest listed property group with a geographically diverse property portfolio and associated development activities.

The property portfolio will have a value of approximately \$28 billion (of which \$25 billion is directly owned with the balance held through joint ventures and partnerships) and comprise 123 shopping centres across Australia, New Zealand, the United States and the United Kingdom. The split of assets by book value is:



Source: Westfield Group Pro Forma Statement of Financial Position as at 31 December 2003

Westfield Group expects that the proportion of assets in the United States and Europe will increase over time due to greater growth opportunities in those markets compared to Australia and New Zealand.

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The Westfield Group will be regarded by the market primarily as a property owner but it will also have substantial property management and development activities which span the globe and make a meaningful contribution to earnings (approximately 10%).

This change in the asset and business mix has a number of benefits for investors but these vary as between the entities:

- Westfield Trust investors gain an exposure to assets and activities with higher growth prospects than its current portfolio of purely Australian and New Zealand assets. These include:
 - the United States market through both the current portfolio and the capacity to grow it in what is a relatively fragmented market (but one where Westfield Group will have a strong existing market position);
 - the United Kingdom assets owned by Westfield Holdings and the potential to grow this substantially. The United Kingdom is seen as a relatively underdeveloped market and rapid expansion is planned;
 - the new markets that Westfield Group could enter over time such as mainland Europe, Asia, Canada and South America; and
 - the property management and development and construction operations of Westfield Holdings.

The growth profile of Westfield Group should be much higher than that of Westfield Trust. In this context:

- Westfield Trust's expected distribution growth over the medium term in the absence of the Proposed Merger is in the order of 3-4% per annum; while
 - Westfield Group is targeting growth of around 7% per annum, assuming a reasonable level of acquisition activity. The distribution in 2005/06 is forecast to increase by 7% over 2004/05.
- Westfield America Trust investors will shift from a purely United States exposure to a geographically diverse portfolio that also encompasses:
 - the high growth potential of the United Kingdom market where Westfield Group will inherit Westfield Holding's existing portfolio; and
 - the Australian and New Zealand market where the group will have a pre-eminent position with a portfolio of high quality well positioned centres.

In addition, investors will have:

- the potential to enter new markets such as Europe, Asia, Canada and South America; and
 - exposure to the property management and development and construction operations of Westfield Holdings; and
- Westfield Holdings investors will experience a substantial change in the nature of their investment. The primary benefit for them (apart from the increased levels of income) is that their income stream will have much greater security and stability as over 90% of Westfield Group's income will be rental income and the vast bulk of it from assets within well established portfolios. The relative exposure to the more risky development and construction activities is substantially reduced.

This diversification of assets and income can also be expected to bring benefits in terms of the stability of earnings for the group and provides the potential for the effects of economic cycles in different countries to be evened out. It also diversifies the exposure to factors such as currency, tax, regulation and other risks.

On the other hand, it is arguable that the benefits of diversification into other markets can be achieved more efficiently and with greater flexibility by individual investors holding securities in a number of companies or trusts. They can adjust weightings at their choice and do not have, for example, geographic allocations or currency exposure decisions effectively forced on them by management. In this context, it appears that a number of investors currently hold securities in more than one of the Westfield group of entities (and in some cases all three).

Accordingly, while the Proposed Merger brings diversification benefits it also results in a loss of flexibility for investors as to the type and mix of investments they make. In effect, decisions as to geographic asset allocation, currency risk and other factors have been taken out of their hands and passed to the management and directors of Westfield Group.

7.5.3 Alignment of Interests

The current structure of the Westfield group of entities involves inherent conflicts of interests (as does any external management arrangement). The trusts are effectively captive clients of Westfield Holdings. Westfield Holdings' objective is to increase assets under management and generate income from development and construction activities, with the main sources of this revenue being Westfield Trust and Westfield America Trust. There is potential for the trusts' best interests not being served by acquiring particular assets or pursuing certain redevelopments. There are financial incentives to minimise this problem (eg. the fee structure in Westfield Trust) and there are well established rules and structures (including independent directors on the boards of the responsible entities for the trusts) to manage the conflict issues. Nevertheless, there is inevitably a natural tension.

The structure can also create an impediment to pursuing some acquisition opportunities. For example, there may be assets which, on their own, would make sense for the trusts (ie. meet their minimum return criteria) but do not do so after allowing for the management fees payable to Westfield Holdings.

The Proposed Merger will eliminate this conflict of interest as there will be only one profit pool in which all investors share on the same basis.



7.5.4 Liquidity and Index Inclusion

Each of the three entities is large and well traded:

Westfield Entities – Trading and Liquidity			
Entity	Market Capitalisation on 20 April 2004 (\$ billions)	Turnover for 12 months ended 20 April 2004 as % of Free Float ³⁸	Key Index Inclusion
Westfield Holdings	7.9	74%	S&P/ASX 20 MSCI Australia
Westfield Trust	8.0	66%	S&P/ASX 20 S&P/ASX 200 Property Trust Index MSCI Australia
Westfield America Trust	7.4	80%	S&P/ASX 50 S&P/ASX 200 Property Trust Index

Although the entities are included in key indices:

- Westfield America Trust is not included in the MSCI Australia index because it is regarded as a United States REIT. As a United States REIT, it is not large enough to achieve index inclusion;
- the index inclusions for both S&P/ASX and MSCI indices have been reduced for:
 - Westfield America Trust (to 85%) because of Westfield Holdings' 14.7% interest in Westfield America Trust; and
 - Westfield Holdings (to 72%) because of the Lowy family and associates 27.9% interest in Westfield Holdings.

The Proposed Merger will combine all of the trading into a much larger single pool which should enhance the overall liquidity of securities trading. The benefit should be seen in lower buy/sell spreads and greater depth of trading. Based on advice from its financial advisers, Westfield Group expects that there will be several important changes to the basis of index inclusion which should lead to increased buying by index funds and other investors who benchmark themselves against the relevant indices (such as property securities funds):

- Westfield America Trust's value is expected to be included in calculating the MSCI Australia index. The Westfield Group will represent approximately 1.3% of the MSCI for Australia compared to 0.9% of the index (on a combined basis) at present;
- Westfield Holdings value is expected to be included in the S&P/ASX Listed Property Trust index, increasing the group's weighting in this index from a combined 27.1% at present to approximately 35% (depending on market prices at the time); and
- Westfield Group is likely to have an initial 90% weighting in both the S&P/ASX and the MSCI indices as the Lowy family and associates interest will own 10.0% of the merged entity. Over time, it is possible that Westfield Group may move to a 100% weighting.

³⁸ The free float has been calculated on the same basis as the indices.

However:

- there is some evidence that index related buying generally only has a short term effect reflecting the rebalancing of investors' portfolios; and
- for some investors (at least those tracking the S&P/ASX Listed Property Trust index) there may be concerns about overconcentration in one entity and they may seek alternatives.

In any event, there should be a more general increase in investor demand which may help underpin the market value of the merged group's securities. The sheer size of the merged group should attract new domestic and international investors:

- Westfield Group will be the eighth largest entity on the ASX (by market capitalisation) after The News Corporation Limited, Telstra Corporation Limited, BHP Billiton and the four main trading banks. As such it should attract much greater attention from general equity investors who may have been less inclined to invest in the three separate entities.

However, it should be recognised that this may lead to greater price volatility, at least relative to Westfield Trust and Westfield America Trust. General equity investment flows are more volatile and as the eighth largest market participant it will inevitably be judged relative to other large capitalisation stocks. This is likely to see the Westfield Group price influenced by a wider range of factors than, say, the two trusts. For example, a primary driver of Westfield Trust's price is interest rates. It is unlikely to be as affected by movements in market PE ratios or currency movements;

- as the world's largest retail property company, Westfield Group should attract interest from offshore investors. At present, offshore investors represent a small proportion of the larger investors. Offshore interests comprise approximately 13% of Westfield Holding's register, 15% of Westfield Trust and 5% of Westfield America Trust. There is considerable scope for the offshore holdings to increase. The world's larger international investment institutions are increasingly investing on a global basis and focussing only on the leading participants in each sector allocating funds to the few companies which have global scale and excellent liquidity. As the global leader, Westfield Group will attract their attention as well as that of any significant international investor focussed on the property sector. There is also likely to be some flow from general offshore equity investors in Australia by virtue of the position as the eighth largest listed entity.

The internalisation of management may also assist in attracting investors from the United States and elsewhere. It is believed there is some resistance to the current external management structure for the trusts, largely Westfield America Trust. On the other hand, there may be factors which limit their interest:

- the reduced level of exposure to United States assets (they represent only 46% of the merged group's asset value); and
- the increased hedging of United States assets. The planned switch of debt currency to US\$ virtually eliminates US\$ risk in terms of asset values.

7.5.5 Operating Cost Savings

The Proposed Merger is expected to result in some operating cost savings. Potential savings have been identified in such areas as:

- directors remuneration;
- annual reports and shareholder communication;



- company secretarial;
- audit; and
- compliance (internal processes and governance).

Management has forecast total operating cost savings of approximately \$20 million per annum, which has been reflected in the pro forma financial forecasts.

At the same time, it should be recognised that these savings are relatively small, representing slightly more than 1% of net profit before tax.

7.5.6 Financial Flexibility and Efficiency in Debt Structuring

The Proposed Merger will create additional flexibility in funding the group's activities which should, in turn, lead to lower funding costs.

At present, the fragmented group structure means that:

- Westfield America Trust's debt (equivalent to approximately 45% of its total assets) needs to be in US\$ to hedge the US\$ denominated asset base; and
- Westfield Trust debt needs to be in A\$.

The equity in Westfield America Trust is effectively unhedged although there is hedging of future distributions. This structure constrains the ability to manage currency exposures for maximum efficiency.

In contrast, the merged group can utilise the entire asset base and switch currencies to secure the lowest interest rates while still maintaining appropriate currency exposures (ie. hedging asset positions). For example, the Westfield Group plans to switch all of the current debt attributable to Westfield Trust and Westfield Holdings from A\$ to US\$ up to a maximum level equal to the total United States assets to take advantage of lower United States interest rates (to be achieved by swaps rather than refinancing of actual facilities in the short term). Comparative rates are set out below:

Comparative Interest Rates on Government Bonds			
Term	Australia	United States	Differential
3 years	5.52%	2.76%	2.76%
5 years	5.78%	3.61%	2.17%
10 years	5.92%	4.50%	1.42%

Source: Bloomberg

At the same time, this would not add to currency risk from an Australian investor perspective as the total US\$ debt would be no more than the total US\$ asset base and would be consistent with a policy of generally hedging foreign currency exposures.

Westfield management has estimated that the interest savings from the switching of debt to US\$ will be approximately \$140 million per annum. The saving has now been "locked in" through option contracts and has been reflected in the forecasts for the merged group.

At the same time, it should be recognised that this saving reflects the current interest rate differentials. This gap may not always be as large.

7.5.7 Taxation Savings

The Directors have forecast taxation savings of approximately \$40 million per annum, largely due to the internalisation of property and funds management, which has been reflected in the financial forecasts. The saving is expected to increase over time.

In addition, the Directors have forecast further tax savings of approximately \$20 million in 2004/05 and 2005/06 from the release of a corporate tax provision reflecting changed circumstances flowing from the transactions and arrangements related to the Proposed Merger.

Notwithstanding these savings, investors in the merged group may be in no better position as a result of the tax savings to the extent that:

- the investor would pay tax on the increased distributions flowing out of the trusts arising from the tax savings;
- Westfield Holdings would have derived franking credits from any Australian tax payments;
- the franking credits would have been distributed to securityholders through dividend payments; and
- securityholders are able to use the franking credits to offset their tax liabilities.

7.5.8 Control

At present, the Lowy family and associates have a 27.9% interest in Westfield Holdings. Westfield Holdings in turn owns 15.1% of Westfield America Trust and 14.3% of Westfield America, Inc. directly and manages both Westfield Trust and Westfield America Trust.

While the Lowy family and associates holding is not a controlling interest as such, it is arguable that it confers significant influence over Westfield Holdings. The next largest shareholder has an interest of around 6%.

If the Proposed Merger is implemented, the Lowy family and associates will own a 10.0% interest in the Westfield Group. This dilution changes the control situation. The Lowy family and associates level of influence will reduce, although it will still have considerable influence as the largest single securityholder and through its presence on the board.

The Westfield Group will have a widely dispersed register which opens up the theoretical possibility of investors receiving a control premium through a takeover at some future date. At the same time, it needs to be recognised that the prospects of receiving such an offer are fairly remote. The sheer size of the Westfield Group will represent a significant impediment to takeover. It will be the largest listed pure property company in the world and its market capitalisation of approximately \$25 billion puts it beyond the reach of most potential acquirers.

There is a second element to the control issue. The two trusts are, from an investor's perspective, "controlled" in so far as they are managed by an external party (Westfield Holdings) that has effective decision making control. By internalising management, control is returned to investors. Management and directors are directly accountable to all investors in the merged group.

7.5.9 Potential for Re-rating

The Proposed Merger may lead to re-rating of the equity in the merged group and an uplift in value for securityholders in each of Westfield Holdings, Westfield Trust and Westfield America Trust.

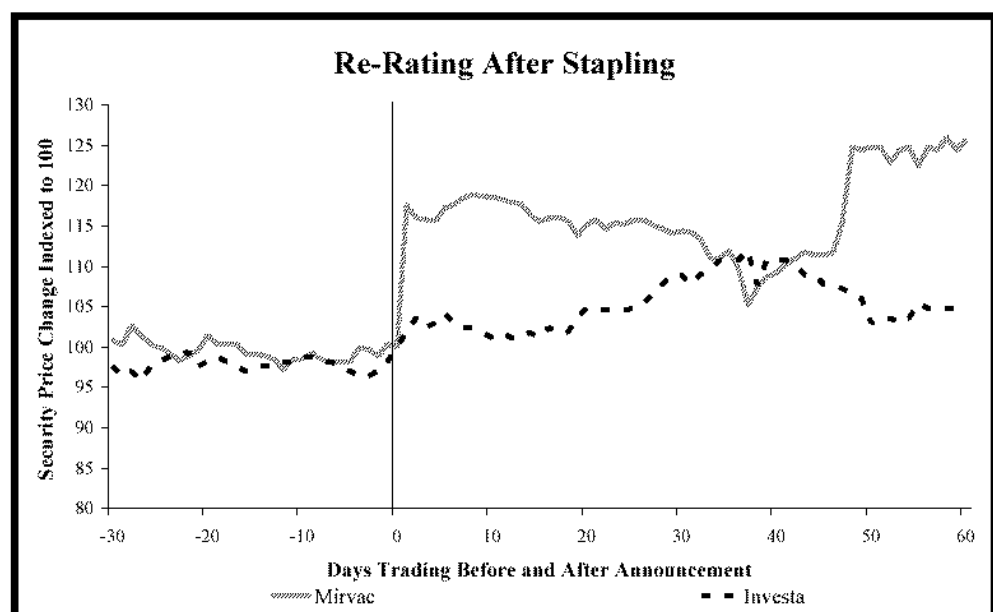
There are a number of factors which should be positive for the market price of securities in the Westfield Group, including:

- the improved growth prospects for the merged group;
- the size and scale of the merged group and the improved liquidity through the merging into a single pool (although there is reasonable liquidity in the existing entities);
- an increase in interest by domestic and international investors;
- the increased inclusion in various indices, although this may only have a temporary effect;
- the reduction in Lowy family and associates interest to 10.0%;
- the increment to earnings through operational costs savings, interest expense savings and reduced taxation expense (albeit of arguable net benefit); and
- the higher levels of distributions even if due largely to the increased payout ratio.

This potential is supported by the evidence from previous staplings/mergers in the Australian listed property trust sector. Two significant examples are:

- the 1999 merger of Mirvac Limited, Capital Property Trust and Mirvac Property Trust; and
- the transactions in 2000 through which unitholders in Westpac Property Trust acquired its responsible entity from Westpac Banking Corporation and formed Investa Property Group.

The following chart shows that there was significant uplift in equity values at the time of announcement which was subsequently sustained:



On the other hand, the Mirvac entities were each relatively small prior to the merger (market capitalisation of each was \$400-500 million) and the merger had the effect of radically changing the market positioning of the group. It moved from being in a pack of trusts of similar size to being the third largest listed property trust in Australia. This had a material impact on institutional interest in the group and its liquidity. In contrast, Westfield Trust and Westfield America Trust are already two of the largest listed property trusts in Australia. The Proposed Merger is unlikely to have the same dramatic effect as in the Mirvac case.

There have been several other staplings (Ronin Property Group, Australand Property Group and Centro Properties Group) where the market response was far more muted, although there may have been other factors influencing the market price at the time.

Where the market price of Westfield Group securities might settle is uncertain. The Westfield Group is likely to be rated by the market primarily as a property trust. Net rental income will still represent approximately 90% of EBIT. A key driver of equity prices for property trusts is distribution yield. A consensus appears to be developing amongst analysts that Westfield Group should trade at a prospective 2004/05 yield of around 6.5-7.0%.

The following tables show the implied yields based on market prices at 20 April 2004 for:

- other major listed Australian property trusts including Westfield Trust, Westfield America Trust as well as the various stapled groups;
- United States REITs specialising in retail property; and
- United Kingdom and European property companies.

Australian Listed Property Trusts ³⁹					
Company (retail % of property portfolio)	Market Capital- isation (millions)	Premium to NTA (%)	Distribution yield (%)		
			2002/03 actual	2003/04 forecast	2004/05 forecast
Stapled Securities		AS			
Stockland Trust Group (4%)	7,102.9	+53.8	5.7	6.4	6.7
Mirvac Group (25%)	3,116.3	+46.8	6.5	7.2	7.4
Investa Property Group (0%)	2,814.2	+13.0	7.9	8.4	8.4
Centro Properties Group (100%)	2,737.5	+48.9	6.4	7.2	7.5
Ronin Property Group (0%)	1,023.2	+2.8	8.2	8.5	8.5
James Fielding Group (24%)	408.2	+24.0	8.0	8.3	8.3
Valad Property Group (0%)	248.1	+19.6	4.8	9.9	10.0
Retail Property Trusts (100%)					
Australian Property					
Westfield Trust	7,982.5	+8.3	6.8	7.1	7.4
CFS Gandel Retail Trust	2,742.4	+9.3	6.7	7.0	7.2
Macquarie Countrywide Trust	1,099.3	+24.1	7.7	8.1	8.3
United States Property					
Westfield America Trust	7,400.1	+43.5	8.0	8.3	8.8
Macquarie DDR Trust	481.1	+23.3	-	5.0	8.6
Galileo Shopping America Trust	292.0	-22.4	-	6.3	11.8

³⁹ All trusts have a 30 June year end except for General Property Trust, Westfield Trust and Westfield America Trust. Analysis for Westfield Trust and Westfield America Trust is based on proforma 30 June year ends as disclosed in the Explanatory Memorandum.



Australian Listed Property Trusts ³⁹					
Company (retail % of property portfolio)	Market Capital- isation (millions)	Premium to NTA (%)	Distribution yield (%)		
			2002/03 actual	2003/04 forecast	2004/05 forecast
Diversified Property Trusts					
General Property Trust (50%)	5,969.5	+8.8	7.2	7.4	7.7
Deutsche Diversified Trust (34%)	1,133.0	-3.0	8.0	8.0	8.1

Source: IRESS, company reports and presentations

International Listed Property Trusts ⁴⁰					
Company (retail % of property portfolio)	Market Capital- isation (millions)	Premium to NTA ⁴¹ (%)	Distribution yield (%)		
			2003 actual	2004 forecast	2005 forecast
United States Retail REITs (100%)					
	US\$				
Simon Property Group Inc	10,341.9	+250.5	4.9	5.3	5.6
General Growth Properties Inc	5,930.9	+273.0	2.9	4.6	4.9
Kimco Realty Corp	4,852.4	+117.1	5.2	5.5	5.7
The Rouse Company	4,525.7	+228.2	3.9	4.3	nc
Developers Diversified Realty Corp	3,534.8	+53.3	5.2	5.3	5.6
The Macerich Company	2,671.7	+178.8	5.4	5.7	6.0
The Mills Corporation	2,541.4	+224.0	5.3	5.6	6.0
CBL & Associates Properties Inc	1,599.4	+82.9	5.3	5.9	6.3
Taubman Centres Inc	1,274.8	+197.7	5.1	5.8	6.1
European Listed Property Companies					
	£				
Land Securities Group Plc (52%)	5,211.3	-9.5	3.2	3.3	3.5
The British Land Company Plc (49%)	3,176.1	-24.5	2.1	2.2	2.4
Rodamco Europe NV (84%)	3,058.4	+7.4	5.5	5.6	5.7
Liberty International Plc (88%)	2,413.7	-17.1	3.3	3.4	3.6
Slough Estates Plc (17%)	2,080.8	-6.0	3.0	3.2	3.4
Hammerson Plc (68%)	1,879.5	-13.3	2.5	2.6	2.8
Peel Holdings Plc (74%)	1,003.3	+20.0	1.7	nc	nc
Chelsfield Plc (45%)	892.8	-3.0	0.6	1.6	1.6
Pillar Property Plc (74%)	656.9	-0.7	1.4	1.5	1.5

Source: Bloomberg, company reports and presentations

In comparing a 6.5-7.0% yield for Westfield Group to other listed property groups it is necessary to take into account the respective characteristics and outlook as well as other factors:

- 6.5-7.0% is less than the pre merger yields for both Westfield Trust and Westfield America Trust but Westfield Group is larger and has better growth prospects;
- part of the Westfield Group distribution represents the add back of the eliminated internal development and construction profits on redevelopments. While this was clearly valuable (and measurable) as part of a separate Westfield Holdings the market may be more cautious where it is a purely internal calculation (even if calculated on the same basis as prior to the merger). Technically, it is an annual return of capital;

⁴⁰ All international trusts and REITs have a 31 December year end except for The British Land Company Plc, Land Securities Group Plc, Pillar Property Plc and Peel Holdings Plc which have 31 March year ends. Forecast multiples for entities with 31 March year ends are based on the years ending 31 March 2004 and 2005, respectively.

⁴¹ The very high premium to NTA for the United States REITs reflects the fact that properties are generally carried at historical cost.



- the yield is slightly below that of Stockland Trust Group and Mirvac Group (for 2004/05) although the mix of assets is different and both of these groups have substantial external development activities. Other listed stapled groups are generally trading on higher yields; and
- the yield is above that of forecast yields for United States REITs which are generally in the range of 5-6%.

Based on the pro forma forecasts for Westfield Group for the year ending 30 June 2005 and assuming a 7% distribution yield, the theoretical stockmarket price of one Westfield Group stapled security is \$14.71. At this price there would be a material uplift in value for investors in each of the entities:

Westfield Group – Theoretical Value Uplift					
Entity	Theoretical price of one Westfield Group security	Number of Westfield Group securities per existing share/unit	Implied value per existing share/unit	Uplift over price	
				At 20 April 2004	Month ended 20 April 2004
Westfield Holdings	14.71	1.00	14.71	+5.4%	+6.9%
Westfield Trust	14.71	0.28	4.12	+16.0%	+15.8%
Westfield America Trust	14.71	0.15	2.21	+12.7%	+13.7%

7.6 Costs, Disadvantages and Risks

7.6.1 Change in Investment Characteristics

The most significant disadvantage of the Proposed Merger is that existing shareholders in Westfield Holdings and unitholders in Westfield Trust and Westfield America Trust will become exposed to an investment with markedly different characteristics to their current investment.

The Proposed Merger changes the risk and return profiles of the existing investors in Westfield Holdings, Westfield Trust and Westfield America Trust. They will have a much more diversified exposure in terms of geography (and currency) and business activities. However, there may be shareholders and unitholders who do not welcome such diversification or change in their risk/return profile (exposure to other geographies or development risks). The impact on each class of investor is different and is considered below.

Westfield Holdings Shareholders

Westfield Holdings shareholders will be investors in a very different vehicle following the Proposed Merger and are the most affected by the Proposed Merger. Their risk profile will be substantially reduced due to exposure to the more stable income stream from property ownership and distributions will increase substantially. However, at the same time the growth prospects of the investment will also be substantially lower and there may be greater calls on capital.

Westfield Holdings is highly rated by the market due to its high growth from management fee income and development and construction income and the relatively low capital requirements of these businesses (although it does now have a significant element of property ownership). Westfield Holdings has shown earnings per share growth of almost 20% over the last five years and analyst projections generally indicate expectations in the range of 13-15% over the next five years. Despite the substantial capital investments in the United Kingdom and the United States, the bulk of the value is in the fee based businesses which are leveraged to growth as assets under management.

In contrast, Westfield Group is essentially a property owner. Property income represents over 90% of Westfield Group's income. There will be a growth element through the increased scope for accretive acquisitions and the enhanced ability to enter new markets but the growth profile is much lower than for Westfield Holdings. The directors have forecast a 7% increase in distributions in 2005/06 and this is also the medium term target growth rate (assuming a reasonable level of acquisition activity).

In essence, Westfield Holdings shareholders are swapping a low yield/high growth investment for a higher yield/lower growth one.

This change in profile may not be attractive to some shareholders, particularly those who have invested for the capital growth potential. However, this issue is effectively one of personal preference. It is not possible to determine at this point whether the total return will be higher or lower, certainly on a risk adjusted basis.

It should also be noted that as Westfield Group is essentially a property investor, and one that intends to grow aggressively, there may also be greater calls for additional equity capital than there would have been as a Westfield Holdings investor.

Westfield Trust Unitholders

The underlying investment of unitholders in Westfield Trust is retail shopping centres in Australia and New Zealand. Following the Proposed Merger, former unitholders in Westfield Trust will be investors in a group also having a property portfolio covering the United States and Europe and with exposure to Westfield Holdings' income stream. Their exposure to the current Westfield Trust portfolio will be significantly diluted (Australia/New Zealand will represent 48% of assets by book value).

Westfield Trust unitholders' exposure to assets in the United States and Europe provides the potential for higher growth. Those markets are less concentrated than the Australian and New Zealand markets and there are likely to be more acquisition opportunities, especially of sufficient scale to have a meaningful impact on earnings.

However, investment in overseas assets will also expose Westfield Trust unitholders to a number of other factors affecting the nature of their investment. Unitholders will be exposed to foreign retailing conditions, foreign laws and regulations covering property management and development of shopping centres, foreign tax regimes, foreign currency movements and foreign monetary conditions. They will also take on the risks of entering and developing new geographic markets where the group does not have the benefit of the advantages presently enjoyed by Westfield Trust or Westfield America Trust such as established management, extensive experience in that market, operating leverage and economies of scale. These risks may not be attractive to some investors who will be more comfortable with the pure Australian/New Zealand exposure of Westfield Trust and wish to concentrate their investments in their "home" markets.

Westfield Trust unitholders will also be exposed to the property management and development and construction, activities of Westfield Holdings. These activities carry relatively greater risk than Westfield Trust's property ownership activities. The property assets provide investors with a stable income stream with a greater level of certainty and lower risk cash flows. At present, Westfield Trust undertakes redevelopments on a basis where most of the risk (particularly construction risk) is borne by Westfield Holdings. Some unitholders may not wish to invest in an entity that will have a development risk exposure.

While Westfield Holdings' income stream is of relatively greater risk than Westfield Trust's, it is important to note the following:

- management fee income (fund and property) that is internalised under the Proposed Merger includes fee income derived from assets owned by Westfield Trust (ie. it is a

portion of Westfield Trust's income) so, in reality, there is no real change in the risk profile in this respect;

- property investment income derived by Westfield Holdings represents approximately 90% of income and is essentially stable and low risk;
- currency risks will be extensively hedged. The initial funding plan will see all US\$ assets matched by US\$ debt. This will also provide a natural hedge in relation to a large part of the US\$ income;
- the diversification also serves to reduce risk; and
- development and construction income is of higher risk due to its project nature but its impact is significantly diluted as it forms only a small proportion of the overall income of the Westfield Group. The new risks associated with development and construction activities that will be inherited by Westfield Trust investors are principally on the construction cost side. While Westfield Trust is shielded from substantially all of the construction risk through fixed price contracts with Westfield Holdings, it does bear some development risks such as contract variations and tenant allowances. In addition, Westfield Holdings has a long history of successful development activity and management of the relevant risks. Management has advised that Westfield Holdings has not made a loss on any material contract in recent years but, obviously, the risk remains.

Westfield America Trust Unitholders

Following the Proposed Merger, former unitholders in Westfield America Trust will become investors in an entity having a property portfolio that also includes Australia, New Zealand and the United Kingdom together with exposure to Westfield Holdings' income stream. Their exposure to the United States portfolio will be substantially reduced (initially to approximately 50% of assets by book value).

The Australian and New Zealand markets provide lower growth prospects than the unitholders' existing exposure to the United States.

Investment in shopping centres in Australia, New Zealand and the United Kingdom will also expose Westfield America Trust unitholders to a number of other factors affecting the nature of their investment. Unitholders will be exposed to different economic and regulatory conditions, currency movements and monetary conditions in Australia, New Zealand and Europe and to the risks associated with entering and developing new markets.

At present, unitholders have an exposure to the US\$ in relation to their equity investment (mitigated by the medium term income hedging). It is reasonable to presume many investors deliberately chose to have that exposure. However, apart from having this exposure heavily diluted by the Proposed Merger, it will be largely eliminated by the Proposed Merger as the entire US\$ asset exposure will be matched by US\$ debt (initially). This reduction in the effective exposure to the US\$ may not necessarily be welcomed by all investors.

Westfield America Trust unitholders will also be exposed to the development and construction, investment and management activities of Westfield Holdings. These activities carry relatively greater risk than Westfield America Trust's property ownership activities. The impact of Westfield Holdings' income stream on Westfield America Trust's unitholders is the same as for Westfield Trust's unitholders and is discussed above.

However:

- Westfield America Trust's ability to grow by acquisition is currently adversely affected by its high gearing and its high distribution yield relative to its competitors, although
 - yields of United States REITs have started to move up; and
 - Westfield America Trust's underlying yield when the effect of the current hedging program is removed (which is temporary) is much lower than the apparent prospective 2004/05 yield of 8.8%; and
- the Proposed Merger does bring exposure to:
 - higher growth markets such as the United Kingdom;
 - the potential to enter new markets in Europe or elsewhere; and
 - development and construction activities.

7.6.2 Increased Borrowing Costs

Westfield Group expects that there may be some increase in borrowing costs as a result of the Proposed Merger. It is intended to structure the group with cross guarantees so that lenders (and creditors) will have an exposure to the whole group. It will operate as one integrated entity for borrowing purposes. However, a significant proportion of Westfield America Trust's debt facilities are secured over the properties. Accordingly, the other (unsecured) borrowings of the Westfield Group will effectively rank behind this debt.

Standard & Poor's has announced that Westfield Group would be assigned an "A/A-1" credit rating in respect of its senior unsecured debt. This is the same rating as presently afforded to Westfield Trust. However, to maintain that rating, management expects that it will need to replace some secured debt with unsecured debt. This would probably be at a higher interest rate. An allowance for this cost has been made in the Westfield Group forecasts.

There are also some risks. The ultimate cost of unsecured debt (at least in the United States) will also depend on ratings ascribed by Moody's. Moody's rating is not known at this point and if it is lower than Standard & Poor's, Westfield Group's unsecured borrowings could be more expensive.

7.6.3 Taxation Consequences

Tax advice has been received from Greenwoods & Freehills Pty Limited that:

- the conversion of Westfield Trust units into consolidated Westfield Trust units and the conversion of Westfield America Trust units into consolidated Westfield America Trust units should not give rise to a capital gains tax event for Westfield Trust or Westfield America Trust unitholders. The cost base of a Westfield Trust or Westfield America Trust unitholders consolidated units will be equal to the sum of the cost base of their existing units apportioned across the consolidated units in accordance with the ratio for the conversion of the units;
- the creation of the Westfield Group stapled security should not give rise to a capital gains tax event for Westfield Holdings shareholders, Westfield Trust unitholders or Westfield America Trust unitholders, except for those Westfield Trust and Westfield America Trust unitholders who acquired their units on or after 20 September 1985 and whose current cost base is less than the stapling distribution of \$1.01 per unit. While the stapling distribution will not be included in the taxable income of unitholders, post CGT unitholders will have the cost base of each unit reduced by \$1.01. Any

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Westfield Trust or Westfield America Trust unitholder whose current cost base is less than \$1.01 per unit will make a capital gain to the extent that the cost base is less than the \$1.01 stapling distribution. Management does not believe that this situation will apply to any unitholder; and

- a fully franked stapling dividend of 0.2 cents per share paid to Westfield Holdings shareholders will generally be required to be included in the assessable income of shareholders (along with the attached franking credit). While tax payers on a marginal rate of more than 30% will have to pay tax the amount is minimal.

There are however several tax consequences arising from the Proposed Merger which could be disadvantageous to some investors in each of the entities:

- a portion of distributions to investors will be in the form of franked dividends (being the income stream generated through Westfield Holdings). There may be former unitholders in Westfield Trust or Westfield America Trust who are unable to effectively utilise franking credits (eg. offshore investors). However, it should be noted that the absolute level of cash distribution is forecast to be higher for Westfield Trust unitholders as a result of the Proposed Merger. This is not necessarily the case for Westfield America Trust unitholders;
- each security making up a stapled security is regarded as a separate asset for capital gains tax purposes. As a result, shareholders in Westfield Holdings and unitholders in Westfield Trust who acquired their interests prior to 20 September 1985 will lose their "pre CGT" status in relation to new shares and units that are issued as part of the Proposed Merger to form part of the stapled security. They will become subject to capital gains tax on gains from the effective date of the Proposed Merger in relation to the shares and units issued (but will continue to remain exempt from tax on their pre CGT Westfield Holdings shares and consolidated Westfield Trust units). In this respect, it should be noted that the shares and units acquired as part of the Proposed Merger will have low cost bases (0.1 cent each for trust units acquired by Westfield Holdings shareholders, and 0.1 cent for Westfield Holdings shares and \$1.00 for Westfield America Trust units acquired by Westfield Trust unitholders). On sale the total sale price of the stapled security is allocated across the three securities (on a "reasonable" basis). As a result:
 - the amount allocated to the original pre CGT asset is less than the full value of the stapled security and therefore the CGT exempt gain is diluted; and
 - CGT payable on the gains on the other securities is likely to be substantial.

This tax will only be payable upon ultimate disposal of the interest in the Westfield Group and, for individuals who do not dispose of their interest in the Westfield Group within 12 months of the effective date, will be at the concessional rate (currently a maximum of 24.25% including the Medicare levy).

This issue in respect of pre CGT securities can be mitigated by either:

- selling these securities and reinvesting in Westfield Group securities through the ASX; or
- participating in the exchange by sale alternative under the Sale Facility.

For pre CGT shareholders in Westfield Holdings and unitholders in Westfield Trust, this sale will be exempt from CGT and the new stapled securities acquired will have a more appropriate allocation of the cost base. However, this does mean that the investor will now become liable to pay CGT on any gains made from the effective date of the Proposed Merger (but again, not payable until ultimate sale).

Management believes that the number of “pre CGT” shareholders in Westfield Holdings and unitholders in Westfield Trust apart from the Lowy family interests represent a relatively small proportion of the issued capital;

- any unitholder in Westfield Trust or Westfield America Trust or shareholder in Westfield Holdings who sells within 12 months of the effective date of the Proposed Merger may be adversely affected in so far as any gain that is attributable to the new units or shares acquired in the stapling process (but not the original securities) will not be eligible for the 50% CGT discount. Given the low cost base of these new securities (see above) the proportion of the gain attributable to these securities could be substantial; and
- shareholders in Westfield Holdings will have a cost base of only 0.1 cents for each of the units acquired in Westfield Trust and Westfield America Trust as part of the stapling process. To the extent that the trusts distribute tax advantaged income as part of the distribution (which they are expected to do) they will have to treat it as a taxable capital gain rather than as a reduction of their cost base (with no tax payable at the time). However, after 12 months from the effective date of the Proposed Merger, the capital gain made by individuals will qualify for the 50% CGT discount. The same issue may also apply to units in the other trust acquired by unitholders in each of Westfield Trust and Westfield America Trust. However, in this case they each have a cost base of \$1.00 to absorb the tax advantaged distributions, although in due course those distributions will become subject to capital gains tax (albeit at discounted rates).

The taxation consequences of the Proposed Merger are more fully set out in Section 7 of the Explanatory Memorandum. Shareholders and unitholders should refer to the taxation report prepared by Greenwoods & Freehills Pty Limited for a more detailed analysis of the taxation consequences of the merger and should in any event consult with their personal taxation adviser as the tax consequences may be complex.

7.6.4 Loss of Structural Discipline

The present structure of the Westfield group of entities provides a form of discipline on management. For example, in pursuing any redevelopment proposal it has to ensure that the project will:

- create a return to Westfield Trust or Westfield America Trust that exceeds the current yield (after the payment of management fees); and
- provide a sufficient margin to Westfield Holdings.

This means that projects need to be strongly profitable to meet the return requirements of both parties.

Following the Proposed Merger, there will be only one profit pool and there is no external development manager requiring a separate development profit and management fee. This structural discipline will disappear and there is a risk that more marginal projects could be pursued because there is no longer a clearly separate requirement to earn additional margins.

However, management believes that its other internal disciplines and strong focus on bottom line profitability will ensure that this does not occur. The development and construction profits will also be identified and reported for the purposes of calculating the distribution.

7.6.5 Transaction Costs

The total transaction costs for the Proposed Merger are expected to be approximately \$95 million which will be shared equally by Westfield Holdings, Westfield Trust and Westfield America Trust. These costs represent less than 0.5% of the combined market capitalisation of the three entities.

A significant proportion of the transaction costs will be incurred prior to the shareholder and unitholder meetings. If the Proposed Merger does not proceed, the costs that will be shared by Westfield Holdings, Westfield Trust and Westfield America Trust will be approximately \$80 million.

7.6.6 Forced Cash Sale for Foreign Securityholders

Stapled securities are not being issued to registered foreign securityholders other than those resident in New Zealand, the United Kingdom and Hong Kong. A Sale Facility has been established to enable registered foreign securityholders to receive a cash amount instead of stapled securities. Under the Sale Facility, Westfield Holdings shares, Westfield Trust units and Westfield America Trust units held by registered foreign securityholders will be acquired by ABN AMRO Equities, which will participate in the Proposed Merger and be issued with stapled securities which it will then sell to institutional investors who lodge bids in the Sale Facility. The registered foreign securityholders will receive cash from ABN AMRO Equities equal to the Adjusted Sale Facility Price.

This may be disadvantageous to registered foreign securityholders as:

- they will have no say in the timing of the sale of the stapled securities that they are entitled to. The time that ABN AMRO Equities sells the stapled securities may not be the best time to sell for individual foreign securityholders; and
- they will not be able to retain an exposure to the Westfield Group unless they purchase stapled securities in the Westfield Group after the Proposed Merger is implemented.

However, the level of registered foreign securityholders in each of the entities is relatively small. There are other foreign securityholdings held through nominee companies but these are not required to participate in the Sale Facility.

7.6.7 New Zealand Listing

Westfield Trust is currently listed on both the Australian and New Zealand Stock Exchanges. If the Proposed Merger proceeds, Westfield Trust is to be delisted from the New Zealand Stock Exchange. Stapled securities are to be issued to New Zealand based unitholders in Westfield Trust. Whilst they will not be able to trade the stapled securities issued to them on the New Zealand Stock Exchange, they will be able to trade those securities on the ASX. New Zealand unitholders in Westfield Trust will be disadvantaged to the extent that having to trade on the ASX is less convenient and incurs greater transaction costs.

New Zealand based unitholders in Westfield Trust represent approximately 5% of total shareholders and 0.6% of total issued units as at 20 April 2004. Trading in Westfield Trust units on the New Zealand Stock Exchange is very limited with trading volumes over the 12 months to 20 April 2004 representing less than 0.5% of the volume traded on the ASX.

7.7 Alternatives

The Proposed Merger was developed after extensive analysis by management of the alternatives available to the group. Apart from the status quo, the main alternative transaction would be a merger of Westfield Trust and Westfield America Trust leaving Westfield Holdings as the manager of the merged trust with its operational activities largely unchanged. This transaction has several merits:

- unitholders in these trusts would effectively avoid the need for attribution of value to the Westfield Holdings business in the merger at levels well above its net tangible assets. Westfield Holdings has a market value of \$7.9 billion and net tangible assets (at 31 December 2003) of \$1.7 billion. Most of its value comes from its knowhow, brand and management rights; and
- enabling Westfield Holdings to maintain its high growth, low capital intensity business model, thus avoiding the dilution of earnings growth for shareholders.

However, while perhaps superficially appealing, it is only a partial solution to a number of the issues that are expected to constrain future growth. Compared to the Proposed Merger:

- it provides much less financial capacity;
- it would not reduce the cost of capital by as much;
- it provides no exposure to new markets/opportunities such as the United Kingdom and Europe for investors in the trusts; and
- it retains the external management model.

The commercial logic of three way merger is far more compelling. Any criticisms really seem to boil down to dissatisfaction with the exchange ratios rather than the logic of transaction. Investors in each entity will have a vested interest in securing the best terms and arguments can be made by each party for a higher share. However, in Grant Samuel's opinion, the exchange ratios are a fair balance of competing interests.

It is important to note that the Proposed Merger:

- is theoretically reversible. The securities could be unstapled to recreate the separate listed entities;
- does not preclude Westfield Group from establishing separate vehicles to hold particular portfolios. While it runs counter to the rationale for the merger, Westfield Group could, for example, establish a European fund that it managed; and
- does not preclude Westfield Group from utilising joint ventures or other partnership arrangements to share ownership risks or funding responsibilities in the same way as the group does currently.

7.8 Optionholders

In Grant Samuel's opinion, the optionholders in Westfield Trust and Westfield America Trust are being treated fairly. They retain their current options but upon exercise will convert into the same number of stapled securities in Westfield Group that they would have had they exercised their options today and participated in the Proposed Merger. In other words, they are adjusted on the same basis as ordinary units in the two trusts.

Accordingly, the position of optionholders is preserved in terms of their potential entitlement to value. Grant Samuel believes the Proposed Merger is in the best interests of ordinary unitholders in Westfield Trust and Westfield America Trust. They are likely to be better off in value terms if the Proposed Merger is completed than if it is not. Optionholders should therefore also be better off.

7.9 Conclusion

The merger terms are equitable in so far as Grant Samuel believes that the proportion of the merged group received by each group of securityholders is fair relative to their respective contributions of value. This has been considered having regard to contributions of market value and underlying value. Based on closing prices on the ASX immediately prior to the announcement, there is a slight premium in favour of Westfield Trust and Westfield America Trust but over a longer time frame (up to three months) the relationships are more consistent with the exchange ratio. Market value should be a primary criterion particularly given that securities in each entity are actively traded on the ASX. Underlying value (or assessed value) is also meaningful but it is subjective and uncertain. Particularly for Westfield Holdings, assessments of value are heavily dependent on the assumptions as to future growth in assets (redevelopments and acquisitions) and other factors which cannot be predicted with any degree of reliability. Nevertheless, Grant Samuel's analysis indicates that the exchange ratios are reasonably consistent with estimates of underlying value. It is recognised that investors in each entity will have different perspectives and can mount arguments as to why they should receive a greater share. The final terms represent a reasonable balance of competing interests.

While an equitable exchange ratio is a necessary condition for a merger to be in the best interests of investors, there also needs to be a net benefit from the merger.

As in any merger there are advantages and disadvantages and trade offs are inevitable. These effects are different between the three entities. Importantly, the effects will also vary between securityholders in the same entity depending on their personal situation. The following table summarises the main pros and cons for investors in each entity:

Westfield Holdings	
Benefits & Advantages	Costs, Disadvantages & Risks
Substantially higher attributable earnings (>20%)	Lower earnings growth prospects
Substantially higher distributions (+200%)	Loss of investment flexibility
Lower volatility and increased security of earnings	Loss of pre CGT status (for some shareholders) and other potentially adverse tax consequences (treatment of tax advantaged income and sale within 12 months)
Uplift in NTA backing (+176%)	
More widely dispersed share register	
Better liquidity	Higher gearing
	Transaction costs

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Westfield Trust	
Benefits & Advantages	Costs, Disadvantages & Risks
Higher earnings growth prospects	Loss of pure Australia/New Zealand exposure (dilution)
Higher distributions (+10%)	Loss of investment flexibility
Exposure to broader more diversified asset base	Loss of pre CGT status (for some unitholders) and other potentially adverse tax consequences (sale within 12 months, tax advantaged distributions ultimately subject to CGT)
Upside from new markets and development and construction activities	Increased risk from new geographic exposures
More widely dispersed share register	Increased risks in entering new markets (e.g.UK/Europe)
Better liquidity	Exposure to more volatile income stream (development and construction)
	Dilution of NTA backing
	Higher gearing
	Loss of New Zealand listing
	Transaction costs

Westfield America Trust	
Benefits & Advantages	Costs, Disadvantages & Risks
Protection against income decline after 2006 if currency remains at current levels	Lower distributions than status quo in the next 3 years
Exposure to broader more diversified asset base	Lower tax advantaged proportion of distribution (60% to 30%)
Lower gearing	Loss of pure United States exposure (dilution of interest in these markets)
Upside from new markets and development and construction activities	Fall in attributable earnings (albeit partly due to accounting reasons)
More widely dispersed share register	Reduced US\$ exposure (increased asset hedging) and diluted currency exposure on income
Better liquidity	Increased risk from new geographic exposures
	Increased risk in entering new markets (e.g. UK/Europe)
	Exposure to more volatile income stream (development and construction)
	Dilution of NTA backing
	Potentially adverse tax consequences (sale within 12 months, tax advantaged distributions ultimately subject to CGT)
	Transaction costs

Grant Samuel's view is that the advantages outweigh the disadvantages. The increased risks are manageable and in part offset by the scale and diversification of the merged group. The loss of flexibility and focus is a valid concern but, in essence, this is the price of improving the growth outlook.

The primary rationale for the Proposed Merger is the enhanced capacity to pursue growth opportunities on a global scale. While this is essentially assertion rather than demonstrable, Grant Samuel believes that in terms of the overall growth of the group the argument has considerable merit. There is little doubt that the balance sheet capacity of the merged group will position it very strongly to compete for acquisitions. It should be able to accelerate expansion plans into markets such as the United Kingdom, Europe as well as other potential prospects such as Asia and South America. At the same time, while this might be beneficial in an overall sense the restructuring of the group to achieve such growth changes the investment characteristics and risk/return profile for investors. These changes may not suit all investors. For example:

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- some Westfield Holdings shareholders may be unhappy with the shift to a higher yield, lower growth investment;
- some Westfield Trust unitholders may not want the move away from a pure Australia/New Zealand exposure. While growth was perhaps more limited it was a very low risk investment. Westfield Group is higher risk; and
- some Westfield America Trust unitholders may be unhappy about effectively swapping half their US assets for the lower growth Australian/New Zealand assets.

However, to a degree these are questions of personal preference rather than an issue as to the merits of the merger and there are offsetting benefits.

The fundamental issue for investors is whether or not they are likely to be better off in value terms if the proposal is implemented than if it is not.

In this context:

- the market price of securities in each entity has risen since the announcement on 22 April 2004; and
- the implied market price of securities in the merged group based on the Directors' forecast to 30 June 2005 and assuming a 7% yield (which analysts appear to regard as reasonably achievable) is consistent with the current market prices.

Westfield Group – Pricing Parameters					
Entity	Closing Price on 20 April 2004 (\$)	Closing Price on 20 May 2004 (\$)	Change (%)	Implied Price at 7% Yield (\$)	Uplift over Price on 20 April 2004 (%)
Westfield Holdings	13.96	14.65	+4.9	14.71	+5.4
Westfield Trust	3.55	4.24	+19.4	4.12	+16.1
Westfield America Trust	1.96	2.28	+16.3	2.21	+12.8

These factors suggest investors in each entity are likely to enjoy higher values for their interests if the Proposed Merger is implemented than if it is not although it must be recognised that this does not necessarily mean that the future values of Westfield Group will be higher than today in absolute terms.

Optionholders essentially preserve their position. They are treated on the same basis as ordinary unitholders and will benefit to the same extent in the value enhancement created by the Proposed Merger.

Accordingly, in Grant Samuel's opinion, the Proposed Merger is in the best interests of:

- Westfield Holdings shareholders;
- Westfield Trust members (unitholders and optionholders); and
- Westfield America Trust members (unitholders and optionholders) other than Westfield Holdings and its associates.

The decision of each securityholder (including optionholders) as to whether to vote in favour of the Proposed Merger is a matter for individual securityholders based on each securityholder's views as to value and future market conditions, expectation as to returns from their current investment, risk profile, liquidity preference, investment strategy, portfolio structure and tax position. In particular, taxation consequences may vary between securityholders. If in any doubt, securityholders should consult an independent professional adviser.

8 Value Analysis of Westfield Holdings Limited

8.1 Summary

For the purposes of this report, the equity in Westfield Holdings has been estimated to be in the range \$6,890-8,510 million. The value analysis is summarised below:

Westfield Holdings – Value Analysis Summary (\$ millions)		
	Low	High
Property development and construction	} 5,665	6,590
Property and funds management		
Property investment	2,030	2,670
Corporate overheads	(305)	(250)
Value of business operations	7,390	9,010
Net borrowings at 31 December 2003	(892)	(892)
Interim dividend paid	(87)	(87)
Earnings for the six months ending 30 June 2004 (net of the final dividend)	78	78
Cash paid to Possfund on exercise of options	(33)	(33)
Other assets/(liabilities)	434	434
Value of equity	6,890	8,510
Number of issued shares (millions)	565.4	565.4
Underlying value per share	\$12.19	\$15.05

The value attributed to each of Westfield Holdings' business operations has been aggregated together with other assets and deducting net borrowings and other liabilities. Net borrowings is based on Westfield Holdings' balance sheet as at 31 December 2003.

The overall earnings multiples and net tangible assets multiples implied by the value scenarios for Westfield Holdings' operating businesses and equity are summarised below:

Westfield Holdings' Business Operations – Implied Valuation Parameters			
	(\$ millions)	Implied Multiple	
		Low	High
Price Earnings Multiple	Net profit after tax		
Year ended 30 June 2003	288.4	23.9	29.5
Year ending 30 June 2004	328.4	21.0	25.9
Year ending 30 June 2005	374.5	18.4	22.7
Year ending 30 June 2006	441.9	15.6	19.3
Multiple of NTA	NTA		
As at 31 December 2003	1,693.9	4.1	5.0

The NTA multiples of 4.1-5.0 times imply a value for intangible assets of \$5,196-6,816 million. These figures are high but are considered reasonable in the context of Westfield Holdings' business operations and the value of the Westfield and international franchise and its ability to create recurring development profits and growing streams of fee income.

The estimated value of Westfield Holdings' property investments has been assessed on a similar basis to that adopted for Westfield Trust and Westfield America Trust. They are based on independent valuations of the individual properties (as included in the 31 December 2003 and allowing for uplifts where valuations were prepared at earlier dates) together with adjustments for net borrowings, post balance date capital raisings and the value of swaps and other financial instruments.

However, Westfield Holdings' property development and construction and property and funds management business operations are subject to much higher levels of uncertainty as they are high growth operating businesses. The primary drivers of growth are:

- increases in the value of the current portfolio through rental growth which, in turn, leads to growth in property management and funds management earnings;
- redevelopment of the existing portfolio which leads to development and construction activity and profits as well as increased property and funds management revenues; and
- acquisitions, which generally boost all income streams.

There is a track record to guide assessment of the first two factors but the third is speculative (though Westfield Holdings has a long history of growth by acquisition of new shopping centres).

Grant Samuel has estimated the value of Westfield Holdings' property development and construction and property and funds management business operations assuming acquisitions of US\$400-500 million per annum (increasing by 3% per annum) across the entire group (Australia, United States, United Kingdom or elsewhere). This level of acquisitions is based on the current structure of the Westfield Group and having regard to the future levels of acquisitions and to what may be achievable given some of the present constraints. It represents approximately 3-4 centres per annum depending on size and partnering arrangements. It is recognised that the historical level has been considerably higher and there is clearly scope for much higher levels to be achieved. Conceptually, the level of US\$400-500 million could be considered as a "risk adjusted" level of acquisitions (ie. probability weighted). Clearly, there are upside cases that would be substantially higher than this scenario but a degree of caution is warranted. It is recognised that in the longer term there may be issues as to the Australian market's ability to fund high levels of growth but this should not be a major constraint at the acquisition levels assumed.

The principal approach to valuing Westfield Holdings' property construction and development and property and funds management business operations was by discounted cash flow analysis. The discounted cash flow analysis was based on a financial model developed by Grant Samuel on the basis of short term forecasts provided by Westfield Holdings. Grant Samuel was not provided with management forecasts beyond the year ending 30 June 2006, although internal management estimates beyond this date do exist. However, Westfield Holdings' management has reviewed the financial models prepared by Grant Samuel and provided input into some of the assumptions underlying the financial models. The models are relatively high level and simplified but are considered adequate for the purposes of this report. The models use as their starting point the balance sheet of Westfield Holdings as at 31 December 2003 and project cash flows from 1 January 2004 to 2013. For the period up to 30 June 2006 the cash flows are consistent with the Stand Alone Forecasts for Westfield Holdings. Beyond that date they reflect the assumptions made by Grant Samuel which are set out in Section 8.2.

The nominal ungeared after tax cash flows attributable to the property construction and development and property and funds management business operations have been discounted to present value by applying a nominal discount rate of 9.0-9.5%. This rate represents a nominal after tax weighted average cost of capital and was applied to nominal ungeared after tax cash flows for the property development and construction and property and funds management businesses. The discount rate was determined having regard to the Capital Asset Pricing Model. The resultant discount rate should be applied to "expected cash flows" (effectively a weighted average of the likely scenarios). To the extent these business operations are perceived as particularly risky, this should be dealt with by adjusting the cash flow scenarios rather than by arbitrarily adding a premium to the discount rate.

8.2 Property Development and Construction and Property and Funds Management

A net present value in the range \$5,665-6,590 million has been calculated for Westfield Holdings' property development and construction and property and funds management businesses. This range is based on the results of a discounted cash flow analysis. Separate cash flow models have been developed for the property development and construction, property management and funds management business operations. Multiples of earnings have been used as a secondary check on the discounted cash flow valuation.

Discounted Cash Flow

The key assumptions underlying the cash flow models are:

- for the property development and construction business:
 - average annual acquisitions of US\$400-500 million, growing by 3% per annum.
 - average annual revenue from redevelopments of \$1,500 million (before taking into account the impact of acquisitions). This figure is based on the \$12 billion development pipeline over an eight year time horizon. However, this revenue is not spread evenly over the period of the cash flows. A greater proportion is generated during the first five years, after which revenue from redevelopments begins to fall away. This pattern of revenues reflects the current redevelopment potential of the United Kingdom properties and the absence of future acquisitions by the trusts. Beyond this period redevelopment is assumed to be between 2% and 4% of assets under management depending on the jurisdiction. The US\$400-500 million of acquisitions increases the average annual revenue from redevelopments to \$1,650-1,700 million;
 - a long term property development and construction EBIT margin of 14%. This EBIT margin takes into account the direct costs associated with the property development and construction business operation, including payments to subcontractors but is before indirect overheads;
 - while cash flow generally leads EBIT (as a result of profit recognition criteria that must be met before profit is recognised in Westfield Holdings accounts even though the cash has been received), the difference is a timing difference only and over the long term, cash flow is assumed to equal EBIT;
 - an allocation of indirect overheads that increases by inflation each year; and
- for the property management business:
 - the cash flows for property management are based on growth in assets under management on a country by country basis as a result of redevelopments, revaluations and acquisitions;
 - average annual revenue from redevelopments is calculated in the same way as it is for the property development and construction business;
 - revaluations are calculated as 3% of the sum of assets under management at the start of each period and redevelopments during the period. Acquisitions are assumed be redeveloped at a rate of 4%;
 - property management income is calculated as a percentage of average assets under management for the period. In Australia and New Zealand, the percentage is 0.48% and in the United States the percentage is 0.44%. These percentages are based on historical actual percentages and forecast percentages for the three years ending 30 June 2006. In the United Kingdom, the percentage declines from 0.54% in the year ending 31 December 2004 to 0.40% in the year ending 31 December 2007 before increasing to 0.48% by the year ending 31 December 2010. This movement in property income as a percentage of average assets under management reflects the impact on property

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management income as the shopping centres prepare for and undergo redevelopment; and

- direct overheads for the property management business are calculated on a country by country basis, using the direct overheads forecast by management for the three years ended 30 June 2006 as the basis. In Australia and New Zealand, direct overheads are calculated as 21% of property management income. In the United States, the percentage is 44% and in the United Kingdom, the percentage is 38%; and
 - an allocation of indirect overheads that increases by inflation each year;
- for the funds management business:
- the cash flows for funds management are based on growth in total assets of Westfield Trust and growth in net assets of Westfield America Trust as a result of redevelopments, revaluations and acquisitions;
 - average annual revenue from redevelopments is calculated in the same way as for the property development and construction business. Redevelopments are assumed to be 100% debt funded and therefore have no impact on net assets;
 - revaluations are calculated as 3% of the sum of total assets at the start of each period and redevelopments during the period;
 - acquisitions are assumed to be 50% funded by debt and 50% funded by equity;
 - funds management income is calculated as a percentage of the total assets or net assets of each trust at the end of each period. For Westfield Trust, the percentage is 0.31% of total assets, increasing to 0.60% of total assets by 2013. For Westfield America Trust the percentage is 0.55% of net assets. These percentages are based on historical actual percentages and forecast percentages for the three years ending 30 June 2006; and
 - an allocation of indirect overheads that increases by inflation each year; and
- for each business operation:
- inflation of 2.5% per annum;
 - no movements in working capital;
 - capital expenditure equals depreciation; and
 - a corporate tax rate of 30%.

The net present value of the ungeared after tax projected cash flows generated by the financial models has been calculated on the basis of the assumptions set out above and using the following parameters:

- a discount rate of 9.0-9.5%; and
- a terminal value at 31 December 2013 has been calculated based on a growth rate in perpetuity of 5%. The growth rate in 2014 is higher than 5% but it is expected that over time the growth rate will slow and the perpetual growth rate should reflect this. The discounted cash flow analysis is extremely sensitive to the terminal value. The terminal value represents approximately 65-75% of the total net present value of each business operation. In this respect, the discounted cash flow analysis is really a de facto earnings multiple valuation. The implied multiples are considered reasonable.

Multiples of EBIT

The net present value of \$5,665-6,590 million attributed to Westfield Holdings' property development and construction and property and funds management businesses implies the following multiples:

Property Development and Construction and Property and Funds Management – Implied Valuation Parameters			
	EBIT (\$ millions)	Implied Multiples	
		Low	High
Multiple of EBIT ⁴²			
Year ending 30 June 2004	235.5	24.1	28.0
Year ending 30 June 2005	282.7	20.0	23.3
Year ending 30 June 2006	380.2	14.9	17.3

The EBIT multiples implied by the net present values of Westfield Holdings' property development and construction and property and funds management businesses are high. The multiples represent a weighted average of the individual EBIT multiples for the property development and construction and property and funds management businesses. The multiples implied by the net present value of the property and funds management business by itself are higher than those implied by the net present value of the property development and construction business. The following factors should be taken into account in assessing the values:

- Westfield Holdings is expected to achieve a very high growth over the next five years which brings the effective multiple down very rapidly (the 2005/06 multiples start to look more reasonable). The \$12 billion development pipeline on its own will increase assets under management by over 30% which provides a substantial boost to all income streams;
- the implied multiples are considerably higher than those of other listed developers and contractors, which trade in the range 7-18 times forecast EBIT for the year ending 30 June 2004 and 6-12 times forecast EBIT for the year ending 30 June 2005. However, there are no listed companies that are comparable to Westfield Holdings' property development and construction business in terms of:
 - the pure retail focus and geographical spread of the business;
 - the "captive" nature of its sources for projects (in Westfield Trust and Westfield America Trust); and
 - the size of the portfolio of property assets that provides redevelopment opportunities.

The combination of these factors means that there is much less volatility in cash flows of Westfield Holdings' property development and construction business compared to the cash flows of other developers and contractors. In fact, based on the history of the cash flows generated by the property development and construction business, it could be argued that the cash flows are more in the nature of an annuity than ones that follow the building industry cycle.

These factors justify the high EBIT multiples implied by the valuation of the property development and construction business; and

- the EBIT multiples implied by the valuation of the property and funds management business are very high although it is not unusual for acquirers to pay high EBIT multiples (in some cases in excess of 20 times forecast EBIT) for attractive funds management businesses.

⁴² The EBIT figures used to calculate the EBIT multiples implied by the valuation of the property construction and development business represent the EBIT figures referred to in Section 3.3 of this report adjusted to remove the impact of hedging arrangements.

However, the EBIT multiples that an acquirer would be willing to pay will depend on:

- the nature of the business (ie. external or internal client base);
- the level of profitability;
- the quality of the earnings stream (ie. the ease with which funds move in and out of management); and
- the track record and reputation of management.

The unique characteristics of Westfield Holdings' property and funds management business indicate that multiples at the top end of the range stated would be appropriate. The specific characteristics of the property and funds management business include:

- the "captive" nature of the clients (ie. Westfield Trust and Westfield America Trust);
- the growth profile of the asset base. Both assets under management and net assets (but particularly assets under management) are practically guaranteed to grow year on year as a result of redevelopments, revaluations and acquisitions; and
- the highly successful track record of the management of Westfield Holdings in intensively managing shopping centres to maximise the income generated (and therefore increase property management fees received).

In addition, the funds management business in particular earns very high margins as the direct costs associated with operating the business are minimal. This increases the value of the funds management business and has the effect of increasing the EBIT multiples implied by the valuation of the property and funds management business.

These characteristics of the property and funds management business make it quite different from, and therefore not directly comparable to, other funds management businesses.

There is considerable pressure across the industry to reduce management fees and accordingly some caution is warranted in attributing values based on current fee arrangements. However, Westfield Holdings has very strong contractual arrangements with the trusts and there is no present intention to reduce fees in the absence of the Proposed Merger.

8.3 Property Investment

A value in the range \$2,030-2,670 million has been attributed to Westfield Holdings' property investments:

Westfield Holdings - Value of Property Investments (\$ millions)		
	Valuation Range	
	Low	High
Investment in Westfield America Trust	1,925	2,430
Investment in Westfield America, Inc.	-	-
Investment in United Kingdom limited partnerships	580	600
Indirect overheads allocated to property investments	(475)	(360)
Value of property investments	2,030	2,670

The approach to estimating the value attributable to each of these elements is set out in the following paragraphs.

Investment in Westfield America Trust

A net asset value in the range \$1,925-2,430 million has been attributed to Westfield Holdings' investment in Westfield America Trust. This range is based on the results of an analysis of net assets and an assessment of the current market value of the units held.

Grant Samuel has estimated the net asset value of Westfield America Trust to be in the range \$7,184-7,345 million. The calculation of the net asset value is set out in section 7.3.2 of this report.

Westfield Holdings owns 553.9 million ordinary units in Westfield America Trust and Special Options that are exercisable into 684.8 million ordinary units in Westfield America Trust, resulting in a fully diluted interest in 1,238.7 million units in Westfield America Trust. The exercise of the Special Options results in Westfield Holdings converting its entire interest in Westfield America, Inc. into units in Westfield America Trust as the Special Options are exercisable by delivery of Westfield America, Inc. preferred shares and common shares. On this basis, the value of Westfield Holdings' interest in Westfield America Trust is in the range \$1,925-1,970 million.

On 20 April 2004, Westfield America Trust units closed at a price of \$1.96. On this basis, Westfield Holdings' 1,238.7 million units in Westfield America Trust have a value of \$2,430 million. This value has been used as the upper end of the value range.

Investment in Westfield America, Inc.

A net asset value of nil has been attributed to Westfield Holdings' direct investment in Westfield America, Inc..

Westfield Holdings owns 32.9 million units of common stock and common stock equivalents (including options) in Westfield America, Inc.. For the purposes of this analysis, it has been assumed that Westfield Holdings exercises the Special Options that it holds in Westfield America Trust, resulting in the 32.9 million units of common stock and common stock equivalents being converted into 684.8 million units in Westfield America Trust.

Investment in United Kingdom Limited Partnerships

A value in the range \$580-600 million has been attributed to Westfield Holdings' investment in the United Kingdom limited partnerships.

Grant Samuel has estimated the net asset value of Westfield Holdings' investments in the United Kingdom limited partnerships at 31 December 2003 to be in the range £237-245 million:

United Kingdom Limited Partnerships – Estimated Underlying Value (£ millions)		
	Low	High
Net tangible assets attributable to Westfield Holdings	214	214
Capital raised since 31 December 2003	-	-
Allowance for increases in property values	23	31
Underlying value	237	245

The net asset value of £237-245 million equates to \$580-600 million based on the A\$/£ exchange rate on 20 April 2004 of A\$1=£0.4098.

Indirect Overheads Allocated to Property Investment

Westfield Holdings incurs overheads in relation to each of its business activities centrally. A proportion of these overheads are allocated to Westfield Holdings' property investment activities.

The indirect overheads allocated to property investment have been attributed a value in the range \$360-475 million for the purposes of this report. This estimated valuation range has been arrived

at by capitalising the allocated indirect overheads at an appropriate EBIT multiple for Westfield Holdings' property investment business activities.

8.4 Corporate Overheads

Approximately \$13 million of Westfield Holdings' total indirect overheads is not allocated to its business operations. These costs represent corporate overheads (ie. administrative overheads associated with operating Westfield Holdings such as directors' fees, listing fees, audit costs etc).

Corporate overheads have been attributed a value in the range \$250-305 million. This estimated valuation range has been arrived at by capitalising corporate overheads of \$13 million at an appropriate EBIT multiple for the Westfield Holdings group.

8.5 Other Assets and Liabilities

Westfield Holdings' other assets and liabilities have been valued as follows:

Westfield Holdings - Other Assets and Liabilities (\$ millions)	
	As at 31 December 2003
Value of hedge book at 20 April 2004	323
Loans to the Westfield Executive Option Plan Trust	79
Other investments	32
Total other assets and liabilities	434

9 Qualifications, Declarations and Consents

9.1 Qualifications

The Grant Samuel group of companies provides corporate advisory services (in relation to mergers and acquisitions, capital raisings, debt raisings, corporate restructurings and financial matters generally), property advisory services and manages property development funds. The primary activity of Grant Samuel & Associates Pty Limited is the preparation of corporate and business valuations and the provision of independent advice and expert's reports in connection with mergers and acquisitions, takeovers and capital reconstructions. Since inception in 1988, Grant Samuel and its related companies have prepared more than 295 public independent expert and appraisal reports.

The persons responsible for preparing this report on behalf of Grant Samuel are Ross Grant BSc (Hons) MCom (Hons) MBA, Stephen Wilson MCom (Hons) CA (NZ) FSIA and Jaye Gardner BCom LLB (Hons) CA ASIA. Each has a significant number of years of experience in relevant corporate advisory matters. Atagun Bensan BSc (Hons) LLB and Damien Elias BSc (Psychol) (Hons) MCom assisted in the preparation of the report. Each of the above persons is an authorised representative of Grant Samuel pursuant to its Australian Financial Services Licence under Part 7.6 of the Corporations Act.

9.2 Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of Grant Samuel's opinion as to whether the Proposed Merger is in the best interests of Westfield Holdings shareholders, Westfield Trust members and Westfield America Trust members. Grant Samuel expressly disclaims any liability to any Westfield Holdings shareholder, Westfield Trust member or Westfield America Trust member 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.

This report has been prepared by Grant Samuel with care and diligence and the statements and opinions given by Grant Samuel in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by Grant Samuel or any of its officers or employees for errors or omissions however arising in the preparation of this report, provided that this shall not absolve Grant Samuel from liability arising from an opinion expressed recklessly or in bad faith.

Grant Samuel has had no involvement in the preparation of the Explanatory Memorandum issued by Westfield Holdings, Westfield Management and Westfield America Management and has not verified or approved any of the contents of the Explanatory Memorandum. Grant Samuel does not accept any responsibility for the contents of the Explanatory Memorandum (except for this report).

Grant Samuel has had no involvement in any due diligence investigation in relation to the Explanatory Memorandum and does not accept any responsibility for the completeness or reliability of the process.

9.3 Independence

Grant Samuel and its related entities do not have at the date of this report, and have not had within the previous two years, any shareholding in or other relationship with Westfield Holdings, Westfield Trust or Westfield America Trust that could reasonably be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Merger. During the past ten years, companies associated with Grant Samuel have been retained as follows:

- Grant Samuel Property Pty Limited was retained as adviser to Westfield Holdings in the renegotiation of its lease at 100 William Street, Sydney in 2003; and
- Landauer Grant Samuel Pty Limited ("Landauer Grant Samuel") was retained by Westfield Trust to provide property valuations during the mid to late 1990s. These valuations were

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independent valuations. None of these valuations are current valuations and Landauer Grant Samuel is no longer retained to provide property valuations to Westfield Trust.

In addition, two executives of Grant Samuel and its related entities hold small parcels of securities in Westfield Holdings and Westfield America Trust.

Grant Samuel had no part in the formulation of the Proposed Merger. Its only role has been the preparation of this report.

Grant Samuel will receive a fee of \$1.25 million for the preparation of this report. This fee is not contingent on the outcome of the Proposed Merger. Grant Samuel will receive no other benefit for the preparation of this report.

Grant Samuel considers itself to be independent in terms of Practice Note 42 issued by the ASIC (previously known as Australian Securities Commission) on 8 December 1993.

9.4 Declarations

Westfield Holdings, Westfield Management and Westfield America Management have agreed that they will indemnify Grant Samuel and its employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of the report. This indemnity will not apply in respect of the proportion of any liability found by a court to be primarily caused by any conduct involving negligence or wilful misconduct by Grant Samuel. Westfield Holdings, Westfield Management and Westfield America Management have also agreed to indemnify Grant Samuel and its employees and officers for time spent and reasonable legal costs and expenses incurred in relation to any inquiry or proceeding initiated by any person. Where Grant Samuel or its employees and officers are found to have been negligent or engaged in wilful misconduct Grant Samuel shall bear the proportion of such costs caused by its action. Any claims by Westfield Holdings, Westfield Management and Westfield America Management are limited to an amount equal to the fees paid to Grant Samuel.

Advance drafts of this report were provided to Westfield Holdings, Westfield Trust and Westfield America Trust and their advisers. Certain changes were made to the drafting of the report as a result of its circulation. There was no alteration to the methodology, evaluation or conclusions as a result of issuing the drafts.

9.5 Consents

Grant Samuel consents to the issuing of this report in the form and context in which it is to be included in the Explanatory Memorandum to be sent to securityholders of Westfield Holdings, Westfield Trust and Westfield America Trust. Neither the whole nor any part of this report nor any reference thereto may be included in any other document without the prior written consent of Grant Samuel as to the form and context in which it appears.

9.6 Other

The accompanying letter dated 24 May 2004 forms part of this report.

GRANT SAMUEL & ASSOCIATES PTY LIMITED
24 May 2004

Grant Samuel & Associates

7. TAX REPORT

Australian Taxation Report

The Directors
Westfield Holdings Limited
Westfield Management Limited
Westfield America Management Limited
Level 24 Westfield Towers
100 William Street
SYDNEY NSW 2011

Dear Sirs

We have been instructed by Westfield Holdings Limited ("**Westfield**"), Westfield Management Limited ("**WML**") as responsible entity ("**RE**") for Westfield Trust ("**WFT**") and Westfield America Management Limited ("**WAML**") as RE for Westfield America Trust ("**WFA**") to prepare a taxation report on the Australian income tax and goods and services tax ("**GST**") issues, for inclusion in an Explanatory Memorandum, in relation to the transaction described in detail in the Explanatory Memorandum and summarised below (the "**Merger**" and "**Sale Facility**").

The information contained in this report is of a general nature only. It does not constitute tax advice and should not be relied upon as such. This report only outlines the general Australian taxation implications for Westfield Shareholders, WFT Unitholders, WFA Unitholders (other than the Cross Holders) and Stapled Securityholders (each a Securityholder) in respect of their participation in the Merger or Sale Facility and from the holding and disposal of Stapled Securities. We have only dealt with certain resident and non-resident Securityholders that are individuals, complying superannuation entities and companies that hold their respective investments on capital account. In particular we have not addressed the tax treatment for Securityholders that hold their securities on revenue account such as banks and other trading entities or non-resident Securityholders who currently hold Westfield Shares, Existing WFT Units or Existing WFA Units, or who will hold Stapled Securities, through a permanent establishment in Australia.

All investors should seek independent professional advice on the consequences of their participation in the transactions, based on their particular circumstances.

Terms used in this report are, unless stated otherwise, defined in the same way as they are in the Explanatory Memorandum or Special Notices about the Sale Facility, as applicable.

This report is based on the provisions of the *Income Tax Assessment Act 1936*, the *Income Tax Assessment Act 1997*, the *A New Tax System (Goods and Services Tax) Act 1999* and related acts, regulations and Australian Taxation Office ("**ATO**") rulings and determinations applicable as at the date of this letter. Importantly, this report reflects the various class ruling requests lodged on behalf of the Securityholders on the assumption that the ATO will issue Class Rulings in accordance with such requests.

1. Factual Background

1.1 Merger

The Merger can be summarised broadly as follows:

- each Westfield Shareholder will receive a fully franked stapling dividend of \$0.002 per Westfield Share to be applied on behalf of each Westfield Shareholder to subscribe for one Restructured WFT Unit for \$0.001 and one Restructured WFA Unit for \$0.001 for each Westfield Share held;
- each Existing WFT Unit will be converted into 0.28 Restructured WFT Units, with each holding being rounded up to the nearest whole number of Restructured WFT Units;

- each WFT Unitholder will receive a stapling distribution of \$1.01 per Restructured WFT Unit to be applied on behalf of each WFT Unitholder to subscribe for one Westfield Share for \$0.01 and one Restructured WFA Unit for \$1.00 for each Restructured WFT Unit held;
- each Existing WFA Unit will be converted into 0.15 Restructured WFA Units, with each unitholding being rounded up to the nearest whole number of Restructured WFA Units;
- each WFA Unitholder (other than Cross Holders) will receive a stapling distribution of \$1.01 per Restructured WFA Unit to be applied on behalf of each WFA Unitholder (except Cross Holders) to subscribe for one Westfield Share for \$0.01 and one Restructured WFT Unit for \$1.00 for each Restructured WFA Unit held;
- each Restructured WFA Unit, Restructured WFT Unit and Westfield Share will be Stapled and listed on the Australian Stock Exchange (each a “**Stapled Security**”); and

If the Merger proceeds, WFA Unitholders on the Distribution Record Date will also be entitled to a special distribution of \$0.009 per Existing WFA Unit.

The general taxation consequences of participating in the Merger are outlined in section 2 below.

1.2 Sale Facility

As an alternative to participating in the Merger, Securityholders may elect to participate in the Sale Facility whereby the relevant Securityholder's Westfield Shares, Existing WFT Units or Existing WFA Units (as the case may be) will be transferred to the Investment Bank for either:

- a cash price equal to the Sale Facility Price (per Westfield Share) and the Adjusted Sale Facility Price (per Existing WFT Unit and Existing WFA Unit) (the Cash Alternative); or
- Stapled Securities (the Exchange by Sale Alternative).

Foreign Securityholders will be deemed to have elected the Sale Facility - Cash Alternative.

The general taxation consequences of participating in the Sale Facility are outlined in section 3 below.

2. Tax Consequences of Merger

2.1 WFT Unitholders

The capital gains tax (“CGT”) and income tax consequences discussed below will generally apply to:

- (a) Australian-resident WFT Unitholders; and
- (b) non-resident WFT Unitholders whose Existing WFT Units have the necessary connection with Australia (refer 5.4 below).

2.1.1 Conversion of Existing WFT Units

For CGT purposes, if two or more CGT assets (such as Existing WFT Units, each Existing WFT Unit being a separate CGT asset) are merged into a single asset where the beneficial ownership of each original asset and the new asset remains the same, the merger will not be a taxable event for CGT purposes.

Where two or more CGT assets are merged into a single CGT asset and the beneficial ownership of each original asset and the new asset remains the same, each element of the cost base and the reduced cost base (as the case may be) of the new asset (at the time of merging) is the sum of the corresponding elements of the cost base of each original asset.

Accordingly, the cost base and reduced cost base of a WFT Unitholder's Restructured WFT Units will be equal to the sum of the cost base and reduced cost base of their Existing WFT Units apportioned across the Restructured WFT Units in accordance with the ratio for the conversion of the Existing WFT Units.

On the basis that the conversion of Existing WFT Units will not be a taxable event for CGT purposes (because there will be no change in beneficial ownership of the WFT Units), a WFT Unitholder would generally be taken to have acquired the Restructured WFT Units at the time they acquired their Existing WFT Units. An illustrative worked example of the conversion is set out in Appendix A.

2.1.2 WFT stapling distribution

2.1.2.1 Pre-CGT Restructured WFT Units

In respect of Restructured WFT Units acquired or taken to have been acquired by a Securityholder prior to 20 September 1985 for CGT purposes (Pre-CGT Restructured WFT Units), the stapling distribution will not be a taxable event for CGT purposes. However, the Restructured WFA Units and Westfield Shares acquired will be subject to the general CGT implications discussed in the report (see further 4 and 5 below).

2.1.2.2 Post-CGT Restructured WFT Units

The stapling distribution by WFT is not a distribution of income of WFT and therefore, subject to the CGT provisions (discussed below), no amount of the stapling distribution should be included in the assessable income of a Securityholder in respect of Restructured WFT Units acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes (Post-CGT Restructured WFT Units).

The stapling distribution of \$1.01 paid by WFT in respect of each Restructured WFT Unit in WFT will result in the cost base and reduced cost base in each Restructured WFT Unit being reduced by \$1.01. Any WFT Unitholder whose cost base in a Restructured WFT Unit is less than \$1.01 will make a capital gain to the extent that such cost base is less than the \$1.01 stapling distribution. Certain WFT Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

2.1.3 Restructured WFA Units issued to WFT Unitholders

The first element of the cost base of each Restructured WFA Unit issued to a WFT Unitholder will be \$1.00, being the amount that each WFT Unitholder is required to pay in respect of the acquisition of each Restructured WFA Unit (and which will be applied on the WFT Unitholder's behalf from the proceeds of the stapling distribution). The Restructured WFA Units will be taken for CGT purposes to be acquired by each WFT Unitholder when they are issued pursuant to the Merger (being the Implementation Date).

2.1.4 Westfield Shares issued to WFT Unitholders

The first element of the cost base of each Westfield Share issued to a WFT Unitholder will be \$0.01, being the amount that each WFT Unitholder is required to pay in respect of the acquisition of each Westfield Share (and which will be applied on the WFT Unitholder's behalf from the proceeds of the stapling distribution). The Westfield Shares will be taken for CGT purposes to be acquired by each WFT Unitholder when they are issued pursuant to the Merger (being the Implementation Date).

2.1.5 Stapling

The effect of Stapling is to apply restrictions to the transferability of the individual Securities comprising the Stapled Security, such that each individual Security (i.e. Restructured WFT Unit, Restructured WFA Unit and Westfield Share) will retain its legal character without any change of beneficial ownership. As there is no change in beneficial ownership, there will be no taxable event for CGT purposes in relation to the Stapling of Restructured WFT Units to Restructured WFA Units and Westfield Shares pursuant to the Merger.

2.1.6 Other

It is anticipated that the ATO will confirm the above analysis in a Class Ruling in respect of WFT. Additionally, we have requested that the ATO confirm that certain other taxable events for CGT purposes will have no application to the Merger and it is anticipated that such confirmation will also be provided in the Class Ruling in respect of WFT.

2.2 WFA Unitholders

The CGT and income tax consequences discussed below will generally apply to:

- (a) Australian-resident WFA Unitholders; and
- (b) non-resident WFA Unitholders whose Existing WFA Units have the necessary connection with Australia (refer 5.4 below).

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ABN 60 003 146 852*

2.2.1 Conversion of WFA Units

For CGT purposes, if two or more CGT assets (such as Existing WFA Units, each Existing WFA Unit being a separate CGT asset) are merged into a single asset where the beneficial ownership of each original asset and the new asset remains the same, the merger will not be a taxable event for CGT purposes.

Where two or more CGT assets are merged into a single CGT asset and the beneficial ownership of each original asset and the new asset remains the same, each element of the cost base and the reduced cost of the new asset (at the time of merging) is the sum of the corresponding elements of the cost base of each original asset.

Accordingly, the cost base and reduced cost base of a WFA Unitholder's Restructured WFA Units will be equal to the sum of the cost base and reduced cost base of their Existing WFA Units apportioned across the Restructured WFA Units in accordance with the ratio for the conversion of the WFA Units.

On the basis that the conversion of WFA Units will not be a taxable event for CGT purposes (because there will be no change in beneficial ownership of the WFA Units), a WFA Unitholder would generally (as per WFT) be taken to have acquired the Restructured WFA Units at the time they acquired their Existing WFA Units. An illustrative worked example of the conversion is set out in Appendix B.

2.2.2 WFA stapling distribution

The stapling distribution by WFA is not a distribution of income of WFA and therefore, subject to the CGT provisions (discussed below), no amount of the stapling distribution should be included in the assessable income of a Securityholder in respect of Restructured WFA Units.

The stapling distribution of \$1.01 paid by WFA in respect of each Restructured WFA Unit in WFA will result in the cost base and reduced cost base of each Restructured WFA Unit being reduced by \$1.01. Any WFA Unitholder whose cost base in a Restructured WFA Unit is less than \$1.01 will make a capital gain to the extent that such cost base is less than the \$1.01 stapling distribution. Certain WFA Unitholders who make a capital gain may be eligible for the CGT discount (see discussion of the CGT discount below at 5.3).

2.2.3 Restructured WFT Units issued to WFA Unitholders

The first element of the cost base of each Restructured WFT Unit issued to a WFA Unitholder will be \$1.00, being the amount that each WFA Unitholder is required to pay in respect of the acquisition of each Restructured WFT Unit (and which will be applied on the WFA Unitholder's behalf from the proceeds of the stapling distribution). The Restructured WFT Units will be taken to be acquired by each WFA Unitholder when they are issued pursuant to the Merger (being the Implementation Date).

2.2.4 Westfield Shares issued to WFA Unitholders

The first element of the cost base of each Westfield Share issued to a WFA Unitholder will be \$0.01, being the amount that each WFA Unitholder is required to pay in respect of the acquisition of each Westfield Share (and which will be applied on the WFA Unitholder's behalf from the proceeds of the stapling distribution). The Westfield Shares will be taken to be acquired by each WFA Unitholder when they are issued pursuant to the Merger (being the Implementation Date).

2.2.5 Stapling

For the reasons discussed above at 2.1.5, there should be no taxable event for CGT purposes in relation to the Stapling of Restructured WFA Units to Restructured WFT Units and Westfield Shares pursuant to the Merger.

2.2.6 Other

It is anticipated that the ATO will confirm the above analysis in a Class Ruling in respect of WFA. Additionally, we have requested that the ATO confirm that certain other taxable events for CGT purposes will have no application to the Merger and it is anticipated that such confirmation will also be provided in the Class Ruling in respect of WFA.

2.2.7 WFA special distribution

The special distribution by WFA is not a distribution of income of WFA and therefore, subject to the CGT provisions (discussed below), no amount of the special distribution should be included in the assessable income of a Securityholder in respect of Restructured WFA Units.

The special distribution of \$0.009 paid by WFA in respect of each Existing WFA Unit in WFA will result in the cost base and reduced cost base of each Existing WFA Unit being further reduced by \$0.009. Any WFA Unitholder whose cost base in a Existing WFA Unit is less than \$0.009 will make a capital gain to the extent that such cost base is less than the \$0.009 special distribution. Certain WFA Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

2.3 Westfield Shareholders

The CGT and income tax consequences discussed below will generally apply to:

- (a) Australian-resident Westfield Shareholders; and
- (b) non-resident Westfield Shareholders whose Westfield Shares have the necessary connection with Australia (refer 5.4 below).

2.3.1 Payment of fully franked stapling dividend

As a result of the payment of the fully franked stapling dividend of \$0.002 by Westfield in respect of each Westfield Share, Westfield Shareholders that are Australian resident individuals, complying superannuation entities and companies will generally be required to include the cash amount of the fully franked stapling dividend plus the attached franking credit in their assessable income and will generally be entitled to a tax offset equal to the amount of the franking credit.

Relevantly, to be eligible for the franking credit and tax offset, the Westfield Shareholder must generally have held the Westfield Shares at risk for at least 45 days (not including the day of acquisition or the day of disposal). However, this rule does not generally apply to a Westfield Shareholder who is an individual and whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the fully franked stapling dividend is paid.

Non-residents will not generally be subject to Australian income tax (including withholding tax) in relation to the payment of the fully franked stapling dividend of \$0.002.

2.3.2 Restructured WFT Units issued to Westfield Shareholders

The first element of the cost base of each Restructured WFT Unit issued to a Westfield Shareholder will be \$0.001, being the amount that each Westfield Shareholder is required to pay in respect of the acquisition of each Restructured WFT Unit (and which will be applied on the Westfield Shareholder's behalf from the proceeds of the fully franked stapling dividend). The Restructured WFT Units will be taken to be acquired by each Westfield Shareholder when they are issued pursuant to the Merger (being the Implementation Date).

2.3.3 Restructured WFA Units issued to Westfield Shareholders

The first element of the cost base of each Restructured WFA Unit issued to a Westfield Shareholder will be \$0.001, being the amount that each Westfield Shareholder is required to pay in respect of the acquisition of each Restructured WFA Unit (and which will be applied on the Westfield Shareholder's behalf from the proceeds of the fully franked stapling dividend). The Restructured WFA Units will be taken to be acquired by each Westfield Shareholder when they are issued pursuant to the Merger (being the Implementation Date).

2.3.4 Stapling

For the reasons discussed above at 2.1.5, there should be no taxable event for CGT purposes in relation to the Stapling of Westfield Shares to Restructured WFT Units and Restructured WFA Units pursuant to the Merger.

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2.3.5 Other

It is anticipated that the ATO will confirm the above analysis in a Class Ruling in respect of Westfield. Additionally, we have requested that the ATO confirm that certain other taxable events for CGT purposes will have no application to the Merger and it is anticipated that such confirmation will also be provided in the Class Ruling in respect of Westfield.

3. Tax Consequences of Sale Facility

3.1 Sale Facility - Cash Alternative

3.1.1 WFT Unitholders

For CGT purposes, WFT Unitholders who elect to participate in the Sale Facility – Cash Alternative, or WFT Unitholders who are Foreign Securityholders, will dispose of their Existing WFT Units on the Effective Date.

3.1.1.1 Pre-CGT Existing WFT Units

In respect of Existing WFT Units acquired or taken to have been acquired by a Securityholder prior to 20 September 1985 for CGT purposes (Pre-CGT Existing WFT Units), any capital gain or loss made on disposal of a Pre-CGT Existing WFT Unit under the Sale Facility – Cash Alternative will be disregarded.

3.1.1.2 Post-CGT Existing WFT Units

In respect of Existing WFT Units acquired or taken to have been acquired by a Securityholder on or after 20 September 1985 for CGT purposes (Post-CGT Existing WFT Units), upon disposal of a Post-CGT Existing WFT Unit, a WFT Unitholder will make a capital gain if the Adjusted Sale Facility Price in respect of the disposal of the Post-CGT Existing WFT Unit exceeds the cost base of the Post-CGT Existing WFT Unit. If the Adjusted Sale Facility Price in respect of the disposal of the Existing WFT Unit is less than the reduced cost base of the Existing WFT Unit, the WFT Unitholder will make a capital loss. In relation to Existing WFT Units held by Foreign Securityholders and other non-residents who elect to participate in the Sale Facility, there will only be CGT consequences in relation to the Sale Facility if the Existing WFT Units have the necessary connection with Australia (see 5.4 below).

In broad terms, the cost base for Existing WFT Units is generally the amount the WFT Unitholder paid for them (including incidental costs of acquisition and disposal). The cost base may have been reduced if the WFT Unitholder has received any distributions from WFT where those distributions had any tax deferred (non-assessable) component.

Certain WFT Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

3.1.2 WFA Unitholders

For CGT purposes, WFA Unitholders who elect to participate in the Sale Facility – Cash Alternative, or Foreign Securityholders that are WFA Unitholders, will dispose of their Existing WFA Units on the Effective Date. Upon disposal of an Existing WFA Unit, a WFA Unitholder will make a capital gain if the Adjusted Sale Facility Price in respect of the disposal of the Existing WFA Unit exceeds the cost base of the Existing WFA Unit. If the Adjusted Sale Facility Price in respect of the disposal of the Existing WFA Unit is less than the reduced cost base of the Existing WFA Unit, the WFA Unitholder will make a capital loss. In relation to Existing WFA Units held by Foreign Securityholders and other non-residents who elect to participate in the Sale Facility, there will only be CGT consequences in relation to the Sale Facility if the Existing WFA Units have the necessary connection with Australia (see 5.4 below).

In broad terms, the cost base for Existing WFA Units is generally the amount the WFA Unitholder paid for them (including incidental costs of acquisition and disposal). The cost base may have been reduced if the WFA Unitholder has received any distributions from WFA where those distributions had any tax deferred (non-assessable) component.

Certain WFA Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

3.1.3 Westfield Shareholders

For CGT purposes, Westfield Shareholders who elect to participate in the Sale Facility – Cash Facility, or Westfield Shareholders who are Foreign Securityholders, will dispose of their Westfield Shares on the Effective Date.

3.1.3.1 Pre-CGT Westfield Shares

In respect of Westfield Shares acquired or taken to have been acquired by a Securityholder prior to 20 September 1985 for CGT purposes (Pre-CGT Westfield Shares), any capital gain or loss made on disposal of a Pre-CGT Westfield Share under the Sale Facility – Cash Alternative will be disregarded.

3.1.3.2 Post-CGT Westfield Shares

In respect of Westfield Shares acquired or taken to have been acquired by a Securityholder on or after 20 September 1985 for CGT purposes (Post-CGT Westfield Shares), upon disposal of a Post-CGT Westfield Share, a Westfield Shareholder will make a capital gain if the Sale Facility Price in respect of the disposal of the Post-CGT Westfield Share exceeds the cost base of the Post-CGT Westfield Share. If the Sale Facility Price in respect of the disposal of the Post-CGT Westfield Share is less than the reduced cost base of the Post-CGT Westfield Share, the Westfield Shareholder will make a capital loss. In relation to Westfield Shares held by Foreign Securityholders or other non-residents who elect to participate in the Sale Facility, there will only be CGT consequences in relation to the Sale Facility if the Westfield Shares have the necessary connection with Australia (see 5.4 below).

Certain Westfield Shareholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

In broad terms, the cost base for Westfield Shares is generally the amount the Westfield Shareholder paid for them (including incidental costs of acquisition and disposal) less any non-assessable capital distributions.

3.2 Sale Facility – Exchange by Sale Alternative

3.2.1 WFT Unitholders

WFT Unitholders who elect to participate in the Sale Facility – Exchange by Sale Alternative will dispose of their Existing WFT Units on the Effective Date.

3.2.1.1 Pre-CGT Existing WFT Units

In respect of Existing WFT Units acquired or taken to have been acquired by a Securityholder prior to 20 September 1985 for CGT purposes (Pre-CGT Existing WFT Units), any capital gain or loss made on disposal of a Pre-CGT Existing WFT Unit under the Sale Facility – Exchange by Sale Alternative will be disregarded.

When the Investment Bank transfers Stapled Securities to the (former) WFT Unitholder, the WFT Unitholder will be taken to have given consideration in respect of the acquisition of the Stapled Securities equal to the market value of the Existing WFT Units. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFT that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis, multiplied by the conversion ratio for Existing WFT Units as a proxy for the market value of an Existing WFT Unit. This amount will constitute the cost base of the Stapled Securities acquired under the Sale Facility – Exchange by Sale Alternative.

The cost base of each component of the Stapled Security should be determined on a reasonable basis of apportionment. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFT that the cost base of each component of the Stapled Security (i.e. each Westfield Share, Restructured WFT Unit and Restructured WFA Unit) may be determined in accordance with the relative ratio for the net tangible assets of each Westfield Entity. This ratio will be advised to Stapled Securityholders at a later time.

Stapled Securities acquired under the Sale Facility - Exchange by Sale Alternative will be taken to have been acquired by the Securityholder on the Effective Date and will be subject to the general CGT implications discussed in this report (see further 4 and 5 below).

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3.2.1.2 Post-CGT Existing WFT Units

In respect of Existing WFT Units acquired or taken to have been acquired by a Securityholder on or after 20 September 1985 for CGT purposes (Post-CGT Existing WFT Units), upon disposal of a Post-CGT Existing WFT Unit, a WFT Unitholder will make a capital gain if the consideration in respect of the disposal of the Post-CGT Existing WFT Unit exceeds the cost base of the Post-CGT Existing WFT Unit. If the consideration in respect of the disposal of the Post-CGT Existing WFT Unit is less than the reduced cost base of the Post-CGT Existing WFT Unit, the WFT Unitholder will make a capital loss.

The consideration in respect of the disposal of Existing WFT Units will be equal to the market value of the Stapled Securities received on exchange. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFT that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis as being the market value of a Stapled Security for these purposes.

Certain WFT Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

The cost base of the Stapled Securities received will include the consideration provided in respect of the Stapled Securities equal to the market value of the Existing WFT Units as outlined at 3.2.1.1 above.

Stapled Securities acquired under the Sale Facility - Exchange by Sale Alternative will be taken to have been acquired by the Securityholder on the Effective Date and will be subject to the general CGT implications discussed in this report (see further 4 and 5 below).

3.2.2 WFA Unitholders

WFA Unitholders who elect to participate in the Sale Facility - Exchange by Sale Alternative will dispose of their Existing WFA Units on the Effective Date. Upon disposal of an Existing WFA Unit, a WFA Unitholder will make a capital gain if the consideration in respect of the disposal of the Existing WFA Unit exceeds the cost base of the Existing WFA Unit. If the consideration in respect of the disposal of the Existing WFA Unit is less than the reduced cost base of the Existing WFA Unit, the WFA Unitholder will make a capital loss.

The consideration in respect of the disposal of Existing WFA Units will be equal to the market value of the Stapled Securities received on exchange. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFA that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis as being the market value of a Stapled Security for these purposes.

Certain WFA Unitholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

When the Investment Bank transfers Stapled Securities to the (former) WFA Unitholder, the WFA Unitholder will be taken to have given consideration in respect of the acquisition of the Stapled Securities equal to the market value of the Existing WFA Units. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFA that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis, multiplied by the conversion ratio for Existing WFA Units as a proxy for the market value of an Existing WFA Unit. This amount will constitute the cost base of the Stapled Securities acquired under the Sale Facility - Exchange by Sale Facility.

The cost base of each component of the Stapled Security should be determined on a reasonable basis of apportionment. It is anticipated that the ATO will confirm in the Class Ruling in respect of WFA that the cost base for each component of the Stapled Security (i.e. each Westfield Share, Restructured WFT Unit and Restructured WFA Unit) may be determined in accordance with the relative ratio for the net tangible assets of each Westfield Entity. This ratio will be advised to Stapled Securityholders at a later time.

Stapled Securities acquired under the Sale Facility - Exchange by Sale Facility will be taken to have been acquired on the Effective Date and will be subject to the general CGT implications discussed in this report (see further 4 and 5 below).

3.2.3 Westfield Shareholders

Westfield Shareholders who elect to participate in the Sale Facility – Exchange by Sale Alternative will dispose of their Westfield Shares on the Effective Date.

3.2.3.1 Pre-CGT Westfield Shares

In respect of Westfield Shares acquired or taken to have been acquired by a Securityholder prior to 20 September 1985 for CGT purposes (Pre-CGT Westfield Shares), any capital gain or loss made on disposal of a Pre-CGT Westfield Share under the Sale Facility – Exchange by Sale Alternative will be disregarded.

When the Investment Bank transfers Stapled Securities to the (former) Westfield Shareholder, the Westfield Shareholder will be taken to have given consideration in respect of the acquisition of the Stapled Securities equal to the market value of the pre-CGT Westfield Shares or Post-CGT Westfield Shares, as the case may be. It is anticipated that the ATO will confirm in the Class Ruling in respect of Westfield that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis, as a proxy for the market value of a Westfield Share. This amount will constitute the cost base of the Stapled Securities acquired under the Sale Facility – Exchange by Sale Facility.

The cost base of each component of the Stapled Security should be determined on a reasonable basis of apportionment. It is anticipated that the ATO will confirm in the Class Ruling in respect of Westfield that the cost base for each component of the Stapled Security (i.e. each Westfield Share, Restructured WFT Unit and Restructured WFA Unit) may be determined in accordance with the relative ratio for the net tangible assets of each Westfield Entity. This ratio will be advised to Stapled Securityholders at a later time.

Stapled Securities acquired under the Sale Facility – Exchange by Sale Alternative will be taken to have been acquired by the Securityholder on the Effective Date and will be subject to the general CGT implications discussed in this report (see further 4 and 5 below).

3.2.3.2 Post-CGT Westfield Shares

In respect of Westfield Shares acquired or taken to have been acquired by a Securityholder on or after 20 September 1985 for CGT purposes (Post-CGT Westfield Shares), upon disposal of a Post-CGT Westfield Share, a Westfield Shareholder will make a capital gain if the consideration in respect of the disposal of the Post-CGT Westfield Share exceeds the cost base of the Post-CGT Westfield Share. If the consideration in respect of the disposal of the Post-CGT Westfield Share is less than the reduced cost base of the Post-CGT Westfield Share, the Westfield Shareholder will make a capital loss.

The consideration in respect of the disposal of the Westfield Share will be equal to the market value of the Stapled Security received on exchange. It is anticipated that the ATO will confirm in the Class Ruling in respect of Westfield that it will accept the VWAP for Stapled Securities over the first five days of trading on a deferred settlement basis as being the market value of a Stapled Security for these purposes.

Certain Westfield Shareholders who make a capital gain may be eligible for the CGT discount or indexation (see 5.3 below).

The cost base of the Stapled Securities received will include the consideration provided in respect of the Stapled Securities equal to the market value of the Westfield Shares as outlined at 3.2.3.1 above.

Stapled Securities acquired under the Sale Facility – Exchange by Sale Facility will be taken to have been acquired on the Effective Date and will be subject to the general CGT implications discussed in this report (see further 4 and 5 above).

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4. Holding Stapled Securities

4.1 Summary

In summary, and subject to our more detailed comments below, the Australian tax consequences of holding Stapled Securities after the Merger depend on whether the relevant Stapled Securityholder is a resident or a non-resident of Australia for Australian taxation purposes.

If the Stapled Securityholder is an Australian resident taxpayer, the Stapled Securityholder will generally be taxable:

- on the Stapled Securityholder's share of the net income of WFT and WFA for tax purposes (including, in respect of foreign source income that forms part of the net income of WFT or WFA for tax purposes, any foreign tax credits attached to such foreign source income);
- on the tax deferred (non-assessable) component of distributions made in relation to Restructured WFT Units or Restructured WFA Units to the extent the non-assessable amount exceeds the cost base of the Restructured WFT Unit (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) or Restructured WFA Unit ;
- on the amount of any dividend received from Westfield and any franking credits attached to the dividend;
- on any gain arising from the subsequent disposal of the Stapled Securities to the extent that any of the components of the Stapled Security was acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes.

Where an Australian resident Stapled Securityholder's share of the net income of WFT or WFA for tax purposes includes foreign-sourced income, the Stapled Securityholder will generally be entitled to a foreign tax credit.

If the Stapled Securityholder is a non-resident, the Stapled Securityholder will generally be taxable on:

- the Stapled Securityholder's share of the net income of WFT and WFA for tax purposes to the extent that it is attributable to sources in Australia; and
- on the amount of any unfranked dividend received from Westfield (by way of dividend withholding tax).

In addition, if the Stapled Security is held by the non-resident Stapled Securityholder on capital account and the Stapled Securityholder (together with the Stapled Securityholder's associates) has held at least 10% of the Restructured WFT Units, WFA Units and/or Westfield Shares on issue at any one time during the 5 years preceding the disposal date, and the Stapled Securityholder is not entitled to double tax treaty relief, CGT will be payable:

- on the amount of the tax deferred (non-assessable) component of distributions made in relation to Restructured WFT Units or Restructured WFA Units to the extent the non-assessable amount exceeds the cost base of the Restructured WFT Unit (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) or Restructured WFA Unit; and
- on any gain arising from the subsequent disposal of the Westfield Share, Restructured WFT Unit and Restructured WFA Unit representing the Stapled Security (to the extent that any of the components of the Stapled Security was acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes).

4.2 Ownership of Stapled Securities - General

Stapled Securityholders will need to treat each component making up the Stapled Security separately for tax purposes, i.e. as a Restructured WFT Unit, a Restructured WFA Unit and a Westfield Share. That is:

- Stapled Securityholders will receive, and separately deal with the tax consequences of, distributions from WFT and WFA and dividends from Westfield; and
- when the Stapled Securities are disposed of, the Stapled Securityholder will have to separately consider the tax issues associated with the disposal of the Restructured WFT Units, Restructured WFA Units and Westfield Shares.

4.3 Income Distributions from WFT and WFA

WFT and WFA are not liable to income tax including CGT, provided Securityholders are presently entitled to all of the income of each Trust.

4.3.1 Australian Residents

An Australian resident Securityholder will include in the Securityholder's assessable income the Securityholder's share of the net income of WFT and WFA for tax purposes as advised by the RE of each Trust in each year of income.

The Securityholder must include in the Securityholder's assessable income each year the taxable component of the WFT and WFA distributions to which the Securityholder is entitled in respect of that year even if the Securityholder does not receive them until after year end or the distributions are reinvested.

To the extent that a net capital gain is included in WFT or WFA's net income for tax purposes, the Securityholder will be regarded as having derived a capital gain equal to the Securityholder's proportionate share of such net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain at WFT or WFA's level, the Securityholder will initially be required to gross-up the amount of the net capital gain (i.e. effectively, reverse the effect of the discount). This is required in order that the appropriate CGT treatment may be applied in accordance with the particular tax profile of the Securityholder (e.g. with respect to the application of any capital losses and discount capital gains treatment; refer 5.3 below).

Where a distribution from WFT or WFA exceeds the Securityholder's share of the net income of the relevant Trust for tax purposes, the excess may not be immediately taxable but will (unless it relates to the distribution of a discount capital gain) reduce the cost base and reduced cost base of the relevant Restructured WFT Units (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) or Restructured WFA Units held by the Securityholder (this excess is often called the tax advantaged or non-assessable component of the distribution). Once the Securityholder exhausts the Securityholder's cost base in the relevant Units, the tax advantaged component of distributions will give rise to an immediate capital gain. Certain Securityholders may be eligible for the CGT discount in respect of such capital gains (see 5.3 below). However, any such capital gain will not be entitled to the benefit of the CGT discount in the first 12 months after the acquisition of the Units.

In this regard, it should be noted that the Restructured WFT Units and Restructured WFA Units acquired pursuant to the Merger (other than under the Sale Facility – Exchange by Sale Alternative) will have initial CGT cost bases as outlined at 2 above (i.e. \$0.001 each for Restructured WFT Units and Restructured WFA Units acquired by Westfield Shareholders and \$1.00 each for Restructured WFA Units and Restructured WFT Units acquired by WFT Unitholders and WFA Unitholders, respectively).

Where a distribution from WFT or WFA includes foreign-sourced income (e.g. dividends derived by WFA from Westfield America, Inc in the United States) and foreign taxes have been paid in relation to this income, Australian resident Securityholders are generally entitled to receive a foreign tax credit for an amount equal to the lesser of the foreign tax paid and the Australian tax payable in respect of such income.

4.3.2 Non-Residents

A non-resident Securityholder, will generally include in the Securityholder's assessable income so much of the Securityholder's share of the net income of WFT and WFA for tax purposes as is attributable to sources in Australia.

The RE of WFT or WFA (as the case may be) may be required to withhold tax in respect of the taxable component of distributions made to non-resident Securityholders at rates prescribed by the Australian tax legislation (as amended by any applicable double tax treaty Australia has concluded with a non-resident Securityholder's country of residence).

The Securityholder is then required to lodge an Australian income tax return in which the Securityholder reports any Australian sourced taxable income and, subject to a credit for tax paid by the trustee, pay any applicable Australian tax (other than any interest income component of a trust distribution which was subject to final interest withholding tax).

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Similar to the position outlined at 4.3.1 above, the tax deferred component of distributions made by WFT or WFA will generally reduce the cost base of the relevant Units held by the Securityholder. This will only be relevant if any gain the Securityholder makes on the subsequent disposal of the Units will be subject to Australian tax (refer 5.4 below). Under proposals announced by the Treasurer on 13 May 2003, the cost base of Units will not be reduced on receipt of foreign source income and gains derived by non-resident Securityholders (refer Press Release No. 032 of 2003). However, as at the date of this report, no draft legislation had yet been released.

To the extent a distribution from WFT or WFA includes foreign-sourced income the relevant RE is not required to withhold tax in respect of that income and no other Australian tax should be payable.

4.4 Dividends from Westfield

4.4.1 Australian Residents

Generally, an Australian resident Securityholder's assessable income will include any franking credits attached to dividends paid by Westfield in addition to the amount of the dividends (even if any of the dividends are reinvested). Where franking credits are included in a Securityholder's assessable income the Securityholder will generally be entitled to a corresponding tax offset in respect of any franking credits included in the Securityholder's assessable income.

Relevantly, to be generally eligible for the franking credit and tax offset, the Securityholder must have held the shares at risk for at least 45 days (not including the date of acquisition or the date of disposal). This rule should not apply to a Securityholder if the Securityholder is an individual whose tax offset entitlement (on all shares and interests in shares held) does not exceed \$5,000 for the income year in which the franked dividend is paid.

Where the Securityholder is an individual, complying superannuation entity or a registered charity (in certain circumstances), the Securityholder will generally be entitled to a refund to the extent that the franking credits attached to the Securityholder's dividends exceed the Securityholder's tax liability for the income year.

Where the Securityholder is a corporate shareholder, any franked dividends the Securityholder receives will generally give rise to a franking credit in the Securityholder's franking account.

4.4.2 Non-Residents

Non-resident Securityholders will generally not be assessable on the amount of any dividend received from Westfield. However, Westfield will be required to withhold tax from the unfranked component of dividends paid to a non-resident Securityholder. The tax withheld will, in the absence of a double tax treaty, be equal to 30% of the unfranked component of dividends paid. This rate may be reduced where the Securityholder is a resident of a country with which Australia has concluded a double tax treaty.

5. Disposal of Stapled Securities

5.1 General

As a consequence of Stapling, the component Securities comprising a Stapled Security may not be traded separately. However, as discussed above at 4.2, each Security is a separate CGT asset. Accordingly, where there is a disposal of a Stapled Security, there will also necessarily be a disposal for CGT purposes in respect of each of the individual securities comprising that Stapled Security. That is, where a Stapled Security is disposed of, it will have to be accounted for as the disposal of a Restructured WFT Unit, a Restructured WFA Unit and a Westfield Share.

Where consideration is received in connection with a transaction that relates to more than one CGT asset, the capital proceeds for each asset is so much of the total consideration as is reasonably attributable to that asset.

Accordingly, the capital proceeds referable to the disposal of each individual Security will be determined by apportioning the total capital proceeds received in respect of the disposal of the Stapled Security on a reasonable basis.

5.2 Australian Resident Taxpayers

Upon disposal of a Stapled Security, a Securityholder will make a capital gain if:

- the portion of the consideration reasonably attributable to a Restructured WFT Unit (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) exceeds the cost base of the Restructured WFT Unit;
- the portion of the consideration reasonably attributable to a Restructured WFA Unit exceeds the cost base of the Restructured WFA Unit; and/or
- the portion of the consideration reasonably attributable to the Westfield Share (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) exceeds the cost base of the Westfield Share.

A Securityholder will make a capital loss if:

- the portion of the consideration reasonably attributable to a Restructured WFT Unit (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) is less than the reduced cost base of the Restructured WFT Unit;
- the portion of the consideration reasonably attributable to a Restructured WFA Unit is less than the reduced cost base of the Restructured WFA Unit; and/or
- the portion of the consideration reasonably attributable to the Westfield Share (acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes) is less than the reduced cost base of the Westfield Share.

Importantly, as mentioned above, capital gains and losses in relation to Westfield Shares and Restructured WFT Units acquired, or taken to have been acquired, prior to 20 September 1985 for CGT purposes are disregarded and cannot be added to or offset against capital gains realised in relation to Westfield Shares, Restructured WFT Units or Restructured WFA Units (as the case may be) acquired pursuant to the Merger or otherwise acquired or taken to have been acquired on or after 20 September 1985 for CGT purposes.

In broad terms, the cost base of a Restructured WFT Unit, Restructured WFA Unit and Westfield Share is generally the amount the Securityholder paid for them (including incidental costs of acquisition and disposal) less any reductions for the tax advantaged component of distributions received (such as in the case of the stapling distributions to WFT Unitholders and WFA Unitholders outlined at 2.1.2.2 and 2.2.2 above). The initial cost bases of the Westfield Shares, Restructured WFT Units and Restructured WFA Units acquired pursuant to the Merger or the Sale Facility – Exchange by Sale Alternative are outlined at 2 and 3, respectively, above.

Securityholders will have to determine the basis of apportionment of the sale proceeds across the Restructured WFT Units, Restructured WFA Units and Westfield Shares.

5.3 CGT concessions

The taxable amount of any capital gain may be reduced if certain CGT concessions apply.

5.3.1 CGT discount

If a Securityholder is an individual or a trustee and acquired (or is taken to have acquired) for CGT purposes Restructured WFT Units, Restructured WFA Units or Westfield Shares at least 12 months prior to the date of their disposal (or other eligible CGT event happening in relation to the relevant Security), the amount of the Securityholder's capital gain is reduced by the relevant CGT discount. In calculating the Securityholder's capital gain, the cost base must not be indexed.

As outlined above, Restructured WFT Units or Restructured WFA Units (other than those acquired under the Sale Facility-Exchange by Sale Alternative) are taken to be acquired when the Existing WFT Units or Existing WFA Units, respectively, were originally acquired by the Securityholder (i.e. they are not treated as being acquired at the time of the conversion of the Existing WFT Units and Existing WFA Units). Importantly, in calculating the period of 12 months for CGT purposes, Restructured WFT Units, Restructured WFA Units or Westfield Shares acquired pursuant to the Merger or the Sale Facility – Exchange by Sale Alternative are considered to have been acquired on the Implementation Date in the hands of Stapled Securityholders.

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If a Securityholder who is an individual or trustee applies the CGT discount method, the Securityholder's taxable capital gain (after offsetting any current year capital losses or carry forward net capital losses from previous years) will be reduced by one-half (or one-third if the Securityholder is a trustee of a complying superannuation entity, approved deposit fund or pooled superannuation fund).

If the Securityholder is a company, the CGT discount is not available. The Securityholder will be entitled to index the cost base (see below).

5.3.2 Indexed cost base

For Restructured WFT Units, Restructured WFA Units or Westfield Shares acquired (or taken to have been acquired) prior to 21 September 1999, for CGT purposes, Securityholders (other than those who are eligible for the CGT discount, outlined above) may choose to calculate any capital gain on disposal using a cost base indexed for inflation. If the Securityholder makes a capital loss, the reduced cost base is not indexed. The cost base may only be indexed for inflation up to 30 September 1999.

Securityholders who *choose* to calculate the capital gain using an indexed cost base cannot apply the CGT discount to the capital gain.

5.4 Non-Resident Taxpayers

There will be CGT consequences for a non-resident Securityholder on disposal of Stapled Securities if any of the components of the Stapled Security have the necessary connection with Australia. Securities will have the necessary connection with Australia if the Securityholder (together with the Securityholder's associates) has held (at any time during the 5 years preceding the date of disposal) at least 10% of any of the WFT Units, WFA Units or Westfield Shares on issue. Where the Securityholder is a resident of a country with which Australia has concluded a double tax treaty, the Securityholder may also be entitled to relief from Australian tax pursuant to the terms of the treaty. Disposal of any Restructured WFT Units or Westfield Shares acquired (or taken to be acquired) prior to 20 September 1985 for CGT purposes are not subject to CGT at all (although such Restructured WFT Units or Westfield Shares will count towards the 10% threshold if the Securityholder acquired additional Restructured WFT Units or Westfield Shares on or after 20 September 1985).

If treaty relief is not available, the Securityholder may be eligible for the CGT discount or indexation as described above for Australian resident taxpayers.

6. Goods and Services Tax ("GST")

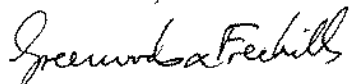
No GST should generally be payable in respect of the transactions outlined above, including the conversion of the Existing WFT Units, the conversion of the Existing WFA Units or the acquisition of the Westfield Shares, Restructured WFT Units or Restructured WFA Units pursuant to the Merger or the Sale Facility - Exchange by Sale Alternative. As these all involve dealings with securities, the various supplies will be input taxed (i.e. not subject to GST).

There may be an indirect GST cost for Securityholders who are registered for GST as input tax credits will generally not be available for GST charged to the acquirer in respect of supplies relating to the dealings with these Securities (e.g. legal and other adviser fees).

7. Other Issues

Australian resident Stapled Securityholders must generally notify Westfield and the RE for each of WFT and WFA of their Australian Tax File Number (or Australian Business Number if the Stapled Securities are held by the Securityholder in the course of carrying on an enterprise). If the required notifications are not provided, tax will be deducted from gross distributions made by WFT and WFA and from the unfranked component of dividends paid by Westfield. The current rate of withholding will be 48.5% of the payment. However, Securityholders will be entitled to claim an income tax credit/refund (as applicable) in respect of the tax withheld in their income tax returns.

Yours faithfully



GREENWOODS & FREEHILLS PTY LIMITED

APPENDIX A

Example – Apportioning cost base to Restructured WFT Units

The example below is provided for illustrative purposes only, does not show actual numbers and does not represent tax advice. It ignores the effect of any indexation of cost base and assumes that the Existing WFT Units will be converted on a “first in, first out” basis. The consequences to any specific WFT Unitholder may differ from those set forth below as a result of the WFT Unitholder’s particular tax situation or the particular facts applicable to that WFT Unitholder. WFT Unitholders should seek independent professional advice on the particular consequences of the conversion of their Existing WFT Units to Restructured WFA Units.

WFT Unitholders holds the following WFT Units:

Acquisition Date	Number of WFT Units purchased	Original CGT cost base per WFT Unit	Tax deferred distributions per WFT Unit (prior to conversion)	Total original cost base
15-Jun-84	500	N/A*	\$0.90	N/A*
20-Apr-90	1000	\$1.65	\$0.25	\$1,650.00
10-Oct-03	800	\$3.40	\$0.10	\$2,720.00
	2300			\$4,370.00

CGT cost base of WFT Units immediately before conversion is:

Acquisition Date	Number of WFT Units	CGT cost base per WFT Unit reduced by tax deferred distributions before conversion of WFT Units	Total cost base
15-Jun-84	500	N/A*	N/A*
20-Apr-90	1000	\$1.40	\$1,400.00
10-Oct-03	800	\$3.30	\$2,640.00
			\$4,040.00

Existing WFT Units are converted by the following ratio: 0.28

Acquisition Date	Existing WFT Units	CGT cost base of Existing WFT Units	Restructured WFT Units	CGT cost base of Restructured WFT Units
15-Jun-84	500	N/A*	140	N/A*
20-Apr-90	1000	\$1.40	280	\$5.00
10-Oct-03	800	\$3.30	224	\$11.79
	2300		644	

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CGT cost base of each Restructured WFT Unit reduced by stapling distribution of: \$1.01

Acquisition Date	Restructured WFT Units	CGT cost base of Restructured WFT Units
15-Jun-84	140	N/A*
20-Apr-90	280	\$3.99
10-Oct-03	224	\$10.78
	644	

After Stapling, the following Westfield Shares and Restructured WFA Units are issued on the Implementation Date:

Security	Number issued	CGT cost base
Westfield Shares	644	\$0.01
Restructured WFA Units	644	\$1.00

The WFT Unitholder now holds the following bundles of Stapled Securities:

Stapled Securities	Acquisition Date	Number in bundle	CGT cost base	Total cost base
Restructured WFT Units	15-Jun-84	140	N/A*	N/A*
Westfield Shares	Implementation Date	140	\$0.01	\$1.40
Restructured WFA Units	Implementation Date	140	\$1.00	\$140.00
Restructured WFT Units	20-Apr-90	280	\$3.99	\$1,117.20
Westfield Shares	Implementation Date	280	\$0.01	\$2.80
Restructured WFA Units	Implementation Date	280	\$1.00	\$280.00
Restructured WFT Units	10-Oct-03	224	\$10.78	\$2,413.76
Westfield Shares	Implementation Date	224	\$0.01	\$2.24
Restructured WFA Units	Implementation Date	224	\$1.00	\$224.00
Total number of Stapled Securities held:		644		
Total CGT cost base of Stapled Securities held:				\$4,181.40

* pre-CGT

APPENDIX B

Example – Apportioning cost base to Restructured WFA Units

The example below is provided for illustrative purposes only, does not show actual numbers and does not represent tax advice. It ignores the effect of any indexation of cost base and assumes that the Existing WFA Units will be converted on a "first in, first out" basis. The consequences to any specific WFA Unitholder may differ from those set forth below as a result of the WFA Unitholder's particular tax situation or the particular facts applicable to that WFA Unitholder. WFA Unitholders should seek independent professional advice on the particular consequences of the conversion of their Existing WFA Units to Restructured WFA Units.

WFA Unitholder holds the following WFA Units:

Acquisition Date	Number of WFA Units purchased	Original CGT cost base per WFA Unit	Tax deferred distributions per WFA Unit (prior to conversion)	Total original CGT cost base
20-Sep-98	500	\$1.60	\$0.50	\$800.00
15-Jun-00	1000	\$1.70	\$0.40	\$1,700.00
10-Oct-03	800	\$1.80	\$0.10	\$1,440.00
	2300			\$3,940.00

CGT cost base of WFA Units immediately before conversion is:

Acquisition Date	Number of WFA Units	CGT cost base per WFA Unit reduced by tax deferred distributions before conversion of WFA Units	Total CGT cost base
20-Sep-98	500	\$1.10	\$550.00
15-Jun-00	1000	\$1.30	\$1,300.00
10-Oct-03	800	\$1.70	\$1,360.00
			\$3,210.00

Existing WFA Units are converted by the following ratio: 0.15

Acquisition Date	Existing WFA Units	CGT cost base of Existing WFA Units	Restructured WFA Units	CGT cost base of Restructured WFA Units
20-Sep-98	500	\$1.10	75	\$7.33
15-Jun-00	1000	\$1.30	150	\$8.67
10-Oct-03	800	\$1.70	120	\$11.33
	2300		345	

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Greenwoods & Freehills Pty Limited
ABN 60 003 146 852*

CGT cost base of Restructured WFA Units reduced by stapling distribution of: \$1.01

Acquisition Date	Restructured WFA Units	CGT cost base of Restructured WFA Units
20-Sep-98	75	\$6.32
15-Jun-00	150	\$7.66
10-Oct-03	120	\$10.32

After Stapling, the following Westfield Shares and Restructured WFT Units are issued on the Implementation Date:

Security	Number issued	CGT cost base
Westfield Shares	345	\$0.01
Restructured WFT Units	345	\$1.00

The WFA Unitholder now holds the following bundles of Stapled Securities:

Stapled Securities	Acquisition Date	Number in bundle	CGT cost base	Total cost base
Restructured WFA Units	20-Sep-98	75	\$6.32	\$474.25
Westfield Shares	Implementation Date	75	\$0.01	\$0.75
Restructured WFT Units	Implementation Date	75	\$1.00	\$75.00
Restructured WFA Units	15-Jun-00	150	\$7.66	\$1,148.50
Westfield Shares	Implementation Date	150	\$0.01	\$1.50
Restructured WFT Units	Implementation Date	150	\$1.00	\$150.00
Restructured WFA Units	10-Oct-03	120	\$10.32	\$1,238.80
Westfield Shares	Implementation Date	120	\$0.01	\$1.20
Restructured WFT Units	Implementation Date	120	\$1.00	\$120.00
Total number of Stapled Securities held:		345		
Total CGT cost base of Stapled Securities held:				\$3,210.00

8. THE WESTFIELD MEETINGS

8.1 The Westfield Share Scheme Meeting

8.1.1 The meeting

The Supreme Court of New South Wales has ordered that the Share Scheme Meeting of Westfield Shareholders be held at Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW on 25 June 2004 at 10.00 am.

8.1.2 Purpose of the meeting

The purpose of the meeting is to consider and, if thought fit, to agree to the Share Scheme for the purposes of section 411(4) of the Corporations Act.

8.1.3 The effect of the Share Scheme

1 The Share Scheme will enable Westfield and its shareholders to participate in the proposed Merger and will take effect on satisfaction of the Conditions referred to below. At the Share Scheme Meeting, Westfield will be authorised and directed on satisfaction of the Conditions to:

- (a) apply for Restructured WFT Units and Restructured WFA Units on behalf of Westfield Shareholders;
- (b) apply the proceeds of a stapling dividend of \$0.002 per Westfield Share, to subscribe for one Restructured WFT Unit and one Restructured WFA Unit for \$0.001 each; and
- (c) issue Westfield Shares for \$0.01 each to the holders of Restructured WFT Units and Restructured WFA Units (other than to the Cross Holders).

In respect of the Westfield Shares which Westfield Shareholders have elected (or are deemed to have elected) to sell to the Investment Bank under the Sale Facility, Westfield will register the sale and transfer from the relevant Westfield Shareholder to the Investment Bank just prior to the Stapling Record Date.

- 2 On the Implementation Date, the Westfield Shareholders on the Stapling Record Date (excluding those persons who are Foreign Securityholders or who elect to participate in the Sale Facility) will be issued one Restructured WFT Unit and one Restructured WFA Unit for every Westfield Share held.
- 3 Each Westfield Share will be "Stapled" to one Restructured WFT Unit and one Restructured WFA Unit on the allotment and issue of those units.
- 4 As a result, Securityholders in Westfield, WFT and WFA (other than the Cross Holders) on the Stapling Record Date will each have Stapled Securities representing a security interest in each of Westfield, WFT and WFA.

Further details of the effect of the implementation and operation of the Share Scheme are set out in this Explanatory Memorandum.

8.1.4 If the Share Scheme Resolution is passed

The Share Scheme (with or without modification) is subject to subsequent approval by the Court. If the Share Scheme Resolution is approved by the requisite majority of Westfield Shareholders and the other Conditions of the Share Scheme are satisfied (apart from the Condition requiring Court approval), Westfield intends to apply to the Court for an order approving the Share Scheme.

8.1.5 Effective Date

Upon lodgment of the Share Scheme Order with ASIC, the Share Scheme will take effect.

8.1.6 Conditions to the Share Scheme

The Share Scheme is conditional on satisfaction of each of the Conditions on or before the Court Hearing (see section 1.10 for further details of these Conditions).

Under the Implementation Deed, each of the Conditions must be satisfied by 31 August 2004 (or such later date agreed by Westfield and the Responsible Entities), otherwise the Implementation Deed will terminate and the Merger will not proceed.

8.1.7 No endorsement or expression of opinion by Court

The order of the Court convening the Share Scheme Meeting is not and should not be treated as an endorsement by the Court or any other expression of opinion by the Court on the Share Scheme.

8.1.8 Entitlement to attend and vote at the Share Scheme Meeting

Each Westfield Shareholder who is registered on the Westfield register of Members at 7.00 pm (Sydney time) on 23 June 2004 is entitled to attend and vote, either in person or by proxy, at the Share Scheme Meeting.

8.1.9 Voting and Required Majority

Voting at the Share Scheme Meeting will be by poll. For the Share Scheme Resolution to be passed it must be approved by a majority in number of the Westfield Shareholders present and voting at the meeting either in person or by proxy, and by 75% of the votes cast on the Share Scheme Resolution.

8.2 The Westfield Shareholders' General Meeting

8.2.1 The meeting

The Directors of Westfield have convened a meeting of Westfield Shareholders to be held at Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW on 25 June 2004 at 10.00 am.

For the Merger to take effect, it is necessary that both of the General Resolutions are passed and for the other Conditions to be satisfied.

8.2.2 Purpose of the meeting

The purpose of the General Meeting is to consider and, if thought fit, pass the two General Resolutions which are necessary or desirable to assist the Merger to proceed. The General Resolutions are set out below with explanations regarding each resolution.

8.2.3 Constitution Amendment Resolution: Adoption of a new constitution

Westfield Shareholders will consider, as a special resolution, a resolution to replace the existing Westfield constitution with a new Westfield constitution.

8.2.4 Explanation of the Constitution Amendment Resolution

This resolution is required under section 136(2) of the Corporations Act. Section 136(2) requires amendments to the Westfield constitution to be made by special resolution of Westfield Shareholders. To be approved, this resolution needs to be passed by at least 75% of the votes cast either in person or by proxy at the meeting by Westfield Shareholders entitled to vote on the resolution. The existing constitution and the proposed replacement constitution to be adopted by the Constitution Amendment Resolution are available for inspection at the offices of Westfield, Westfield Towers, 100 William Street, Sydney NSW 2011 between 9.00 am and 5.00 pm on Business Days until the time of the meeting and are available on Westfield's website at **www.westfield.com/groupmerger**. A copy will be made available upon request free of charge by calling the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia).

The new Westfield constitution is designed to permit and facilitate the stapling of the Westfield Shares to Restructured WFT Units and Restructured WFA Units. The new Westfield constitution:

- (a) **(stapling)** reflects Westfield's obligations under the Stapling Deed and enables Westfield to effect the stapling of additional securities to Stapled Securities in the future. References to Stapled Securities in this section must be taken to include any additional securities which may be stapled from time to time;
- (b) **(consistency)** achieves consistency with the proposed new WFT constitution and WFA constitution; and
- (c) **(update)** updates the previous constitution, taking account of changes to the Corporations Act since the previous constitution was adopted.

1 Stapling provisions

The key proposed changes to the Westfield constitution to provide for Stapling are as follows:

Main stapling provision

New clauses will be added, which will:

- (a) render all relevant clauses of the constitution subject to the provisions regarding Stapling, while Stapling applies;
- (b) effect the Stapling of Westfield Shares to Restructured WFT Units and Restructured WFA Units;
- (c) set out the procedure for the registration of holders of Stapled Securities;
- (d) restrict the Westfield Directors from issuing Westfield Shares to a person unless there is an issue at the same time of a WFT Unit and a WFA Unit to the same person;
- (e) require the Westfield Directors to use every reasonable endeavour to procure that Stapled Securities are dealt with under the constitution in a manner consistent with the provisions relating to those securities in the WFT constitution and the WFA constitution;
- (f) set out the intention that (except for the Cross Holders) members holding Westfield Shares will be identical to holders of WFT Units and WFA Units and the consequential intention that transfers of Westfield Shares are to occur simultaneously with transfers of WFT Units and WFA Units;
- (g) provide that the Westfield Directors may cause Stapling of any other securities to Westfield Shares, subject to the Corporations Act and, while Westfield Shares are Officially Quoted, the Listing Rules; and
- (h) provide that the Westfield Directors may cause the Stapled Securities to be unstapled at any time if approved by special resolution at a meeting of Westfield Shareholders.

Consequential amendments concerning stapling

Amendments are also proposed in relation to the following matters to provide for the requirement that Securities be Stapled:

- (a) **(reorganisation)** subject to the termination of Stapling, the Westfield Directors and Westfield may not do anything which would result in a Westfield Share no longer being part of a Stapled Security. In particular, the Westfield Directors and Westfield must not reorganise any Westfield Share unless the ratio of WFT Units and WFA Units held by the Stapled Securityholder remains the same;
- (b) **(liens)** Westfield may only sell a Westfield Share which is subject to a lien as part of a Stapled Security. If it does so, Westfield may do all things necessary to effect the transfer and may receive the consideration given for the Stapled Securities;
- (c) **(partly paid shares)** Westfield Shares issued as part of a Stapled Security where the accompanying WFA Units and WFT Units are to be partly paid must be issued with terms which are compatible with the terms of issue of those units, relating to forfeiture and the making and paying calls;
- (d) **(payment of calls)** calls on partly paid Westfield Shares will only be satisfied where the amount called is paid in relation to each security comprising the Stapled Security;
- (e) **(forfeited Westfield Shares)** a Westfield Share may be forfeited where the call on the Westfield Share or any security Stapled to it has not been paid and a notice requiring payment has not been complied with. Forfeited Westfield Shares may be sold together with the securities Stapled to it. Westfield is not obliged to pay any amount already paid for a Stapled Security to the former holder of the forfeited Westfield Share;
- (f) **(transfers)** a Westfield Share may only be transferred if at the same time the securities Stapled to it are also transferred to the same transferee;
- (g) **(registration)** a person can only be registered as the holder of a Westfield Share if that person is also entitled to be registered as the holder of each security Stapled to that Westfield Share;

- (h) **(general meetings)** a combined meeting of Stapled Securityholders may be convened. The Responsible Entities and the auditor and representatives of each Westfield Entity may attend and speak at general meetings;
- (i) **(proxy forms)** a Westfield Shareholder can, subject to the Corporations Act, use the same proxy form for appointments in relation to their Westfield Shares, WFT Units and WFA Units;
- (j) **(powers and duties of directors)** Westfield Directors will be entitled, to the extent permitted by law, to have regard to the interests of WFT Unitholders and WFA Unitholders and may act in the best interests of the Westfield Group as a whole, rather than only in the interests of Westfield;
- (k) **(dividend re-investment)** under any dividend reinvestment plan, dividends can only be reinvested into Stapled Securities. The Westfield Directors may terminate or suspend a reinvestment plan at any time with notice to Stapled Securityholders. While Stapling applies, no reinvestment by a Westfield Shareholder may occur unless at the same time the Westfield Shareholder acquires an identical number of each category of securities which are then Stapled. The Westfield Directors may provide for how much can be reinvested and the price at which Stapled Securities can be subscribed for;
- (l) **(capitalisation of profits)** profits may not be capitalised by the Westfield Directors issuing Westfield Shares to members unless at the same time an identical number of securities which are then Stapled to those shares are issued to the same Westfield Shareholders;
- (m) **(winding up)** before a liquidator seeks to wind up Westfield, the liquidator must give written notice to the Responsible Entities that Westfield is to be wound up. Stapling terminates if WFT or WFA is terminated;
- (n) **(small holdings)** small holdings of Westfield Shares can only be sold or transferred as part of Stapled Securities; and
- (o) **(issue and transfer)** Westfield intends that the holder of a Westfield Share is the same as the holder of each security stapled to that Westfield Share, Stapled Securityholders will be treated identically and Westfield Shares can only be transferred or issued as part of Stapled Securities.

2 Consistency with WFT constitution and WFA constitution

In addition, to maintain consistency between the constitutional requirements of Westfield, WFT and WFA it is proposed that in the new Westfield Constitution the period of notice given to Westfield Shareholders to make call payments has been extended from 14 to 30 business days.

3 Update

The following are some of the key changes or additions which are proposed in the new Westfield constitution having regard to changes in the Corporations Act since the Westfield constitution was adopted and generally to reflect best practice in constitutional drafting (including avoiding the restating of compulsory requirements of the Corporations Act):

- (a) **(notice of forfeiture)** a forfeiture of Westfield Shares is still valid despite a failure to give a notice of forfeiture or to enter the notice in the register;
- (b) **(quorum)** it is specifically recorded that each person attending as proxy, attorney or corporate representative is included when counting the quorum, except that only one proxy, attorney or corporate representative is counted where the Westfield Shareholder has appointed more than one, and where the Westfield Shareholder is attending both as a member and a proxy, attorney or corporate representative, the individual is to be counted only once;
- (c) **(voting on show of hands)** it is specifically recorded that resolutions at general meetings must be decided on a show of hands unless a poll is demanded. An entry in the minutes of the meeting of a declaration made by the Chairman as to the result following a show of hands is conclusive evidence of the fact contained in the declaration;
- (d) **(cancellation and postponement of meetings)** Westfield Directors may change the place of general meetings. Any notice cancelling or postponing a meeting or changing its place must state

the reason and be published in a daily newspaper circulating in Australia, given to the ASX or given in another way determined by the Westfield Directors, subject to the Corporations Act and Listing Rules;

- (e) **(membership)** it is specifically recorded that Westfield Directors may determine in accordance with the Corporations Act, membership for the purposes of a general meeting at a specified time before the meeting;
- (f) **(validity of vote)** it is specifically recorded that, unless Westfield has received written notice of the matter before the start of a meeting, a vote is valid even if before the proxy, attorney or corporate representative votes, the appointing Westfield Shareholder dies, is mentally incapacitated, revokes the appointment or authority or transfers the Westfield Shares which are subject to the appointment or authority;
- (g) **(election as Westfield Director)** as there is no longer any statutory age limitation in relation to the appointment of directors, references to such limitations have been removed. In addition, the 30 business day period in relation to the nomination of a person recommended for election by the Westfield Directors has been removed, although the 30 business day notice requirement in relation to other nominees has been retained but made specifically subject to the Listing Rules and the Corporations Act;
- (h) **(casual vacancy)** the requirement that a director appointed to fill a casual vacancy must retire at the next annual general meeting of the Company does not apply to a Managing Director who is exempted from retirement by rotation under the constitution;
- (i) **(remuneration of Westfield Directors)** in addition to the existing provisions, Westfield Directors' remuneration is to be provided wholly in cash unless the Westfield Directors determine that part of it is to be paid in non-cash benefits, including options or shares. The value of non-cash benefits may be fixed by the Westfield Directors;
- (j) **(indemnity)** the indemnity for current and former Westfield Directors and the secretary of Westfield has been extended to also cover executive officers of Westfield and directors, secretaries and executive officers of related bodies corporate of Westfield. The Company may enter into an agreement with any of these persons in relation to a matter covered by this provision. Such an agreement may include provisions relating to rights of access to books of the Company or a related body corporate;
- (k) **(insurance)** the insurance for current and former Westfield Directors and the secretary of Westfield has also been extended to cover executive officers of Westfield and directors, secretaries and executive officers of related bodies corporate of Westfield. The Company may enter into an agreement with any of these persons in relation to a matter covered by this provision. Such an agreement may include provisions relating to rights of access to books of the Company or a related body corporate; and
- (l) **(application of Listing rules)** so long as Westfield is listed on the ASX, the Listing rules prevail despite anything in the Westfield constitution.

8.2.5 Stapling Deed Resolution: Stapling Deed and Guarantee

Westfield Shareholders will consider, as an ordinary resolution, a resolution approving the provision of financial benefits by Westfield (and any entity which it controls) to related parties by giving effect to the terms of and transactions contemplated under the Stapling Deed. A copy of the form of the Stapling Deed is set out in Annexure C of this Explanatory Memorandum and a summary of its key terms appears in section 11.4 of this Explanatory Memorandum.

The resolution also authorises Westfield, in accordance with clause 4 of the Stapling Deed, to make a contract called the Master Guarantee Deed Poll (the "**Westfield Guarantee**"). A summary of the key terms of the Westfield Guarantee is set out in section 11.16 of this Explanatory Memorandum.

8.2.6 Explanation of the Stapling Deed Resolution

The Stapling Deed is between Westfield, WML as responsible entity of WFT and WAML, as responsible entity of WFA. The Stapling Deed provides that the three Westfield Entities must operate on a co-operative basis for the benefit of holders of Stapled Securities as a whole. The Stapling Deed will reduce the need for independent valuations, reports and shareholder approvals where there are transactions between Westfield Entities or their controlled entities. This should result in savings of time and expense and assist in the Westfield Entities obtaining synergies from the Merger.

The Westfield Guarantee is given by Westfield and by WML and WAML, as responsible entities of WFT and WFA respectively (each a **"Primary Guarantor"**).

Under the Westfield Guarantee, each Primary Guarantor grants a guarantee in favour of financiers and other providers of financial accommodation to the Westfield Group which are expressed to have the benefit of the Westfield Guarantee. The guarantee by each Primary Guarantor is given in respect of the debts and monetary obligations of each entity named as a "Debtor", which will initially include certain subsidiaries of the Westfield Group (**"Treasury Subsidiaries"**) who will undertake the borrowing and raising of other financial indebtedness and accommodation of the Westfield Group going forward.

Each person named as a Debtor in the Westfield Guarantee will, in the Westfield Guarantee, guarantee to the same persons the debts and monetary obligations of each other Debtor (other than certain excluded debtors).

The Westfield Directors consider that the guarantees in the Westfield Guarantee will benefit the Westfield Group and holders of Stapled Securities as a whole on the basis that:

- it will underpin the credit rating to be assigned by Standard & Poors' to the Westfield Group (see section 3.14);
- it will enable the treasury function of the Westfield Group to be centralised in the Treasury Subsidiaries. This should result in savings of time and expense as it will remove the need for each of the Westfield Entities to obtain their necessary debt finance individually;
- under the terms of a CoGuarantor Deed to be entered into between Westfield, WML as responsible entity of WFT, and WAML as responsible entity of WFA, each party agrees that if one of them is required to pay moneys under the Westfield Guarantee in respect of moneys raised by a Treasury Subsidiary which are onlent to one of the other Westfield Entities (or their subsidiaries), that other Westfield Entity must contribute the full amount paid under the Westfield Guarantee; and
- in addition, each "Guarantor" named in the Westfield Guarantee (ie the Primary Guarantors and the Treasury Subsidiaries) will, by operation of law, receive rights of "contribution" from each other CoGuarantor: that is, to the extent that a financier to the Westfield Group makes a demand against a Guarantor and that Guarantor pays the amount demanded, that Guarantor then has rights against each other CoGuarantor.

Chapter 2E of the Corporations Act contains restrictions on public companies providing financial benefits to related parties. Future dealings between the Westfield Entities or their controlled entities (including the Westfield Guarantee) could result in financial benefits being conferred by Westfield on its related parties. These related parties may include directors of Westfield who will hold Units in WFT and WFA (as part of their Stapled Securities) and will, as unitholders, indirectly receive a benefit as a result of a benefit being given by Westfield to either Trust.

The provisions of loans, guarantees and security for each Trust's borrowings or acquisitions, as well as any non-arm's length pricing of the cost of property or services provided to each Trust, could be regarded as a financial benefit to the Trust's unitholders.

The proposed Stapling Deed Resolution seeks approval to the giving of financial benefits under the Stapling Deed or pursuant to any transaction entered into in accordance with the Stapling Deed, including the Westfield Guarantee. This resolution is being proposed for the purpose of section 208 of the Corporations Act.

The following information comprises the explanatory statement in accordance with section 219 of the Corporations Act:

- the related parties to whom the resolution would permit financial benefits to be given are the related parties of Westfield from time to time, (including directors of Westfield and their respective controlled entities who will hold Stapled Securities);
- the nature of the financial benefit is the effect on the value of Units held by such related parties (as part of Stapled Securities which they hold) as a result of effecting transactions in accordance with the Stapling Deed which may include the effects of the setting of the price for property or services acquired from or sold to the Trusts or their controlled entities being more or less (as the case may be) than would be the case if there was an independent assessor settling the price and intra Westfield Group borrowings, guarantees and supporting security to financiers and other creditors being given by Westfield or any of its controlled entities to support the borrowings and other obligations of the Trusts and their controlled entities;
- each of the Westfield Directors recommends to Westfield Shareholders that the resolution be approved and he or she considers that the giving effect to the terms of and the transactions under the Stapling Deed, including the Westfield Guarantee and the dealings between Westfield and the other Westfield Entities or their controlled entities will be in the overall interests of Westfield Shareholders. The bringing into effect of the Stapling Deed will facilitate dealings and reduce transaction costs and the giving of any financial benefit will not be contrary to the interests of the Westfield Shareholders as they will, through the Stapled Securities that they hold, be the ultimate owners in the same proportions of the Westfield Entities (so that any transfer of value between Westfield Entities would have no net effect on the then existing Westfield Shareholders). Further, there will be no net benefit from these dealings for the related parties described above different from the benefit to all Securityholders, because such related parties will, through their holding of Stapled Securities, have an interest in each Westfield Entity;
- none of the Westfield Directors has an interest in the outcome of the proposed Stapling Deed Resolution other than as the holder of Westfield Shares, WFT Units or WFA Units as disclosed in section 11.18 of this Explanatory Memorandum, as the holder of Stapled Securities (if the Merger is approved) or as a director of the Westfield Group or Westfield Entities; and
- there is no information, other than that which is set out in this Explanatory Memorandum and the Westfield Holdings Overview, that is known to Westfield or to any of its directors which is reasonably required by Westfield Shareholders in order to decide whether or not it is in the interests of Westfield to pass the Stapling Deed Resolution.

8.3 Voting and required majorities

To be passed, the Constitution Amendment Resolution must be approved by at least 75% of the votes cast by Westfield Shareholders either in person or by proxy who are entitled to vote on that resolution.

The Stapling Deed Resolution must be approved by at least 50% of the votes cast by Westfield Shareholders either in person or by proxy who are entitled to vote on these resolutions.

Both General Resolutions will be decided by way of a poll, on which each Westfield Shareholder has one vote for every Share held.

8.4 Entitlement to attend and vote at the General Meeting

Each Westfield Shareholder who is registered on the Westfield register of Members at 7.00 pm (Sydney time) on 23 June 2004 is entitled to attend and vote, either in person or by proxy, at the General Meeting.

9. THE WESTFIELD TRUST MEMBERS' MEETING

9.1 Introduction

A meeting of the unitholders of WFT is being held at Sydney Entertainment Centre, 35 Harbour Street, Darling Harbour, Sydney NSW on 25 June 2004 commencing at 10.00 am for the purpose of considering two resolutions in connection with the Merger.

For the Merger to take effect, it is necessary that each of the resolutions be passed as a special resolution and for the other Conditions to be fulfilled (see section 9.7 below). A brief explanation of each of the resolutions is set out below.

9.2 Resolution to Approve Amendments to WFT Constitution

WFT Unitholders will consider, as a special resolution, a resolution to amend the WFT constitution.

9.3 Explanation of the WFT Constitution Amendment Resolution

This resolution authorises the amendment of the existing constitution of WFT in accordance with the WFT Supplemental Deed Poll in the form to be tabled at the meeting. The WFT Supplemental Deed Poll and the consolidated constitution are available for inspection at the offices of WML, Westfield Towers, 100 William Street, Sydney, NSW 2011 between 9.00 am and 5.00 pm on Business Days until the time of the meeting and are available on Westfield's website at www.westfield.com/groupmerger. A copy will be made available upon request free of charge by calling the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia).

The existing WFT constitution will be amended by the inclusion of provisions which relate to the Merger, including provisions in relation to Stapling and the implementation of the Merger. The amendments have been drafted to:

- (a) **(merger)** enable WFT to issue Restructured WFT Units to Westfield Shareholders and WFA Unitholders (other than the Cross Holders) to effect the Merger and reflect WFT's obligations under the Implementation Deed;
- (b) **(stapling)** reflect WFT's obligations under the Stapling Deed in relation to the Stapled Securities and to enable WFT to effect the Stapling of additional securities to Stapled Securities in the future. References in this section to "Stapled Securities" include references to any additional securities which may be Stapled to those securities from time to time;
- (c) **(consistency)** achieve consistency with the proposed new Westfield constitution and WFA constitution; and
- (d) **(update)** update the previous WFT constitution, taking account of changes to the Corporations Act and making other adjustments which are appropriate for WFT as part of the Stapled group.

The changes will take effect upon the WFT Supplemental Deed Poll, executed by WML, being lodged with ASIC under section 601GC of the Corporations Act.

Further details of the key changes within the four categories identified above are provided below.

1 Merger

It is proposed to add a new clause to facilitate the Merger, which will allow and authorise WML to give effect to the following:

- (a) the conversion of each Existing WFT Unit into 0.28 Restructured WFT Units;
- (b) immediately following this conversion, the making of a stapling distribution of \$1.01 per Restructured WFT Unit held;
- (c) the distributions will be applied by WML to acquire on behalf of that WFT Unitholder an equivalent number of Restructured WFA Units and an equivalent number of Westfield Shares;
- (d) subject to (g), the Restructured WFA Units and Westfield Shares so acquired to be registered in the name of the WFT Unitholder with the result that the WFT Unitholder will be bound by terms of issue of those units and shares and generally by the constitutions of WFA and Westfield;

- (e) WML to issue Restructured WFT Units to WFA Unitholders (except the Cross Holders) and Westfield Shareholders so that each of them will hold an equivalent number of WFT Units. WFT Units so issued will rank *pari passu* with all existing WFT Units including ranking for full participation in distributable income for the period during which the WFT Units are issued;
- (f) WML, individually or jointly with Westfield or WAML, to issue new holding statements;
- (g) WML to effect or procure the sale to the Investment Bank of the relevant Existing WFT Units held by a person who is a Foreign Securityholder or who has elected to participate in the Sale Facility;
- (h) WML to act as the agent and attorney for each WFT Unitholder to do all things which WML considers are necessary, desirable or reasonably incidental in giving effect to the Merger;
- (i) WML limiting its liability to the assets of WFT in connection with exercising its powers in relation to the Merger; and
- (j) If on the Implementation Date, Westfield or WFA is under any obligation to issue shares or units in the future to any person, the WFT responsible entity to either give an undertaking to Westfield or WFA to issue WFT Units to the person, or grant an option to the person to acquire WFT Units to ensure that the person receives Stapled Securities with provisions for the calculation of the prices of which WFT Units are to be issued pursuant to the undertakings or upon the exercise of those options.

2 Stapling

Main stapling provision

A new clause will be added to the WFT constitution:

- (a) stating that the provisions of the constitution relating to Stapling prevail over all other provisions of the constitution except where this would result in a breach of the Corporations Act, the Listing Rules or any other laws;
- (b) requiring the WFT responsible entity to use reasonable endeavours to procure that if and for so long as Stapled Securities are quoted as one joint security, the Stapled Securities are dealt with under the WFT constitution in a manner consistent with the provisions relating to WFA Units and Westfield Shares in the WFA constitution and Westfield constitution respectively (and, in addition, in a manner consistent with provisions relating to any other securities which may be Stapled to WFT Units from time to time); and
- (c) preventing WML from causing Stapling to commence while WFT has more than one class of units.

Consequential amendments concerning stapling

Amendments have also been made in relation to the following matters to provide for the requirement that securities be stapled:

- (a) **(classes of units)** the WFT responsible entity may not issue different classes of units except units which may temporarily be of a different class due to different income entitlements;
- (b) **(reorganisation)** the WFT responsible entity may not consolidate, divide or convert the WFT Units unless the same applies to the securities which are Stapled to the WFT Units;
- (c) **(options)** a holder of an option in WFT may only exercise the option if they at the same time acquire an identical number of WFA Units and Westfield Shares comprising, together with the WFT Unit issued upon exercise of the option, a Stapled Security;
- (d) **(partly paid units)** the WFT responsible entity may not issue partly paid units unless there is at the same time a corresponding issue of Stapled Securities which are also partly paid;
- (e) **(forfeited WFT Units)** WFT Units will be forfeited as part of Stapled Securities. Any WFT Unitholder who ceases to be a Stapled Securityholder on forfeiture has no claims against either the WFT responsible entity, the WFA responsible entity or Westfield. Forfeited Stapled Securities may be sold or disposed of at a price equal to that received from the sale of those Stapled Securities in the

normal course of business on the ASX or by public auction or by private treaty. Provisions relating to receipt of the consideration, the transfer of WFT Units and the rights of third party transferees on forfeiture have been amended to take account of the existence of Stapled Securities. WFT may act on behalf of the Westfield Entities in relation to the forfeiture of the Stapled Securities;

- (f) **(transfers)** a WFT Unit may only be transferred as part of a Stapled Security;
- (g) **(number of units)** while Stapling applies, the number of issued WFT Units at any time must equal the number of issued WFA Units (excluding WFA Units held by the Cross Holders) and Westfield Shares;
- (h) **(price in relation to proportionate offers, non-proportionate offers and options)** to the extent that the price of WFT Units is based on a market price (as defined in the WFT constitution), the market price while Stapling applies will be calculated by reference to Stapled Securities rather than WFT Units and the price attributable to the WFT Units themselves will be calculated in accordance with paragraph (j) below;
- (i) **(pricing in relation to reinvestment)** instead of the price being calculated in relation to the sale prices of WFT Units as presently contemplated, they will be calculated by reference to the sale prices of Stapled Securities based on the VWAP for the 5 Business Days preceding the Business Day prior to issue. An allocation will be made between the various securities comprising the Stapled Securities as set out in paragraph (j);
- (j) **(allocation of price)** the application price for the issue of Stapled Securities will be allocated between securities which make up the Stapled Security based on fair value as agreed from time to time between the WFT responsible entity, the WFA responsible entity and Westfield or, failing agreement, determined by an independent accountant having regard to the respective net tangible asset backing of the WFT Unit and the other securities which make up Stapled Securities. Where the Stapled Security is being issued pursuant to the exercise of options, and the option or options specifies the issue price of the WFT Unit, the issue price of the WFT Unit will be determined in accordance with the relevant terms of such options;
- (k) **(application for WFT Units)** an application for a WFT Unit can only be made as part of an application for Stapled Securities;
- (l) **(register and holding statements)** subject to the Corporations Act, there will be a single register for, and a single holding statement may be issued to holders of, Stapled Securities;
- (m) **(redemption or buyback)** while Stapling applies, the WFT responsible entity may only buy back and cancel WFT Units if the Stapled Securities are also the subject of contemporaneous buy-back and cancellation by the WFA responsible entity and Westfield. Where a WFT Unit is redeemed or purchased as part of a Stapled Security by the WFT responsible entity pursuant to a buy-back arrangement, the WFT responsible entity must determine, in accordance with paragraph (j) above, what proportion of the price paid for the Stapled Security is in respect of the WFT Units and is therefore to be paid from the assets of WFT;
- (n) **(distributions)** while Stapling applies, distributions by way of bonus units may only be made as part of issues of Stapled Securities;
- (o) **(distribution reinvestment)** under any distribution reinvestment plan, distributions may only be reinvested if the WFT Unitholder acquires WFT Units as part of the Stapled Securities;
- (p) **(unclaimed moneys)** unclaimed moneys may be reinvested into Stapled Securities;
- (q) **(unstapling and stapling of additional securities)** subject to the Corporations Act, the Listing Rules and approval by a resolution of WFT Unitholders, the WFT responsible entity may terminate the Stapling of the Stapled Securities and their quotation on the ASX. Conversely, the WFT responsible entity may, subject to the Corporations Act and the Listing Rules, cause the Stapling of any other security or securities to the WFT Units;
- (r) **(proxy forms)** a WFT Unitholder can, subject to the Corporations Act, use the same proxy form for

appointments in relation to both their WFT Units and other securities comprising Stapled Securities;

- (s) **(general meetings)** while Stapling applies, meetings of WFT Unitholders may be held in conjunction with meetings of WFA and Westfield. The auditors and representatives of each Westfield Entity may attend and speak at the meetings;
- (t) **(related interests)** subject to the Corporations Act, the WFT responsible entity or its associates may:
 - (i) deal with any other Westfield Entity; and
 - (ii) be interested in any contract or transaction with any other Westfield Entity;
- (u) **(powers and duties of WFT responsible entity)** the WFT responsible entity must to the extent permitted by the law, have regard to the interests of the Westfield Shareholders and WFA Unitholders and act in the best interests of the Westfield Group as a whole rather than only in the interests of WFT Unitholders; and
- (v) **(management fee)** the WFT responsible entity is entitled to be paid a management fee equal to its reasonable estimate of its costs.

3 Consistency with Westfield constitution and WFA constitution

The following are some of the key changes which are proposed to ensure consistency with the Westfield constitution and the WFA constitution.

- (a) **(forfeiture notice)** the grace period given to WFT Unitholders to make call payments (failing which forfeiture may occur) has been extended from 7 business days to 14 days;
- (b) **(small holdings)** the mechanics in relation to the disposal of Small Holdings have been made consistent with the Westfield constitution and the WFA constitution. The major change is to distinguish between "Small Holders" (being holders of WFT Units the aggregate market price of which is less than a marketable parcel) and "New Small Holders" (being members who, after the date that the amended WFT constitution becomes effective, hold WFT Units created by the transfer of a parcel of WFT Units the aggregate market price of which at the time a transfer was lodged was less than a marketable parcel). The following applies to the second category of holders:
 - (i) the period of notice before the WFT responsible entity can sell or transfer the securities of New Small Holders is seven days (not six weeks);
 - (ii) New Small Holders have no power to notify the WFT responsible entity that they wish to retain their securities;
 - (iii) the WFT responsible entity can deduct its costs of sale from the proceeds;
 - (iv) where a divestment notice is given to a New Small Holder, the right to receive payment of distributions and to vote are suspended until the securities are transferred; and
 - (v) there is no restriction on a New Small Holder being given more than one divestment notice in any 12 month period unless it is a requirement of the Listing Rules;
- (c) **(consolidation and division)** on a consolidation or division, any resulting fraction of a unit will be rounded up to the next whole unit;
- (d) **(distribution reinvestment plan)** the rules relating to the distribution reinvestment plan have been deleted from this document so that a consistent, stand alone document dealing with reinvestment of distributions in the Westfield Group can be accommodated. The issue price of Stapled Securities in the case of reinvestment is to be based on the VWAP for the 5 Business Days preceding the Business Day prior to issue of the Stapled Securities less such discount (if any) as is determined by the Westfield Group Directors; and
- (e) **(distribution ranking)** except for different rights attached to a class of units, each WFT Unit shall rank for distributions from the first day following the date upon which it is created or, in the case of partly-paid units, the date on which an installment is received, rather than the first day of the month following creation or receipt.

4 Update

The following are some of the key changes or additions that are proposed in the new WFT constitution having regard to changes in the Corporations Act since the WFT constitution was last amended and generally to reflect best practice in constitutional drafting:

- (a) **(Corporations Act)** all references to "Corporations Law" have been replaced with references to "Corporations Act" in line with the new name for that statute;
- (b) **(product disclosure statement)** references are made, where applicable, to product disclosure statements, being the disclosure documents applicable to offers of financial products (as defined in the Corporations Act) to retail clients (as defined in the Corporations Act); and
- (c) **(distribution reinvestment price and market price)** clarificatory wording is inserted in the definition of distribution reinvestment price to ensure that an adjustment is made to the new benchmark price used to determine the distribution reinvestment price to take account of the fact that Stapled Securities issued may have different entitlements to distributions due to timing differences.

9.4 Resolution to approve Merger

WFT Unitholders will consider, as a special resolution, a resolution to approve implementation of the Merger.

9.5 Explanation of the WFT Merger Resolution

This proposed resolution is a general authorisation to WML, as the WFT responsible entity, to carry out the Merger and to do all things which are necessary to give effect to the terms of the Implementation Deed. It is effectively a general approval of the Merger and the granting of an authority to undertake the necessary steps to have WML and WFT give effect to the Merger.

The following sets out the key steps to give effect to the Merger:

- 1 WML will be authorised and directed on satisfaction of the Conditions to:
 - (a) convert each Existing WFT Unit into 0.28 Restructured WFT Units;
 - (b) make a stapling distribution of \$1.01 per Restructured WFT Unit;
 - (c) apply the proceeds of the stapling distribution of \$1.01 per Restructured WFT Unit on behalf of WFT Unitholders, to subscribe for an equivalent number of Westfield Shares for \$0.01 each and Restructured WFA Units for \$1.00 each;
 - (d) apply for Westfield Shares and Restructured WFA Units on behalf of WFT Unitholders; and
 - (e) issue one Restructured WFT Unit for \$0.001 each to the holders of each Westfield Share and for \$1.00 each to the holders of each Restructured WFA Unit (other than the Cross Holders).

In respect of the Existing WFT Units which WFT Unitholders have elected (or are deemed to have elected) to sell to the Investment Bank under the Sale Facility, WML will register the sale and transfer from the relevant WFT Unitholder to the Investment Bank on the Stapling Record Date.
- 2 On the Implementation Date, the WFT Unitholders on the Stapling Record Date (excluding those persons who are Foreign Securityholders or who have elected to participate in the Sale Facility) will be issued one Westfield Share and one Restructured WFA Unit for every Restructured WFT Unit held.
- 3 Each Restructured WFT Unit will be "Stapled" to one Westfield Share and one Restructured WFA Unit on the allotment and issue of those securities.
- 4 As a result, Securityholders in Westfield, WFT and WFA (other than the Cross Holders) on the Stapling Record Date will each have Stapled Securities representing a security interest in each of Westfield, WFT and WFA.

Further details of the effect of the implementation and operation of the Merger are set out in this Explanatory Memorandum.

9.6 Voting

9.6.1 Required majorities

Both WFT Resolutions will be passed as special resolutions only if they have been passed by at least 75% of the votes cast by WFT Members entitled to vote on those resolutions.

9.6.2 Members' entitlement to vote

Each WFT Member (other than WML as the responsible entity and its associates in accordance with Section 253E of the Corporations Act) who is registered on the WFT Register of Members at 7.00 pm (Sydney time) on 23 June 2004 is entitled to attend and vote, either in person or by proxy, at the WFT Members Meeting.

9.6.3 Exercise of votes

Each WFT Resolution will be decided on a poll.

On a poll, each WFT Member has one vote for each dollar of the value of the total interests the Member has in WFT. The value of an interest in WFT is:

- (a) In the case of a WFT Unit, an amount equal to the last sale price on the ASX on the trading day immediately before the date of the WFT Members Meeting;
- (b) In the case of a WFT option, the amount that WML determines in writing to be the price that a willing but not anxious buyer would pay for the WFT option if it were sold on the Business Day immediately before the date of the WFT Members Meeting.

9.7 Conditions of the Merger

The Merger will not proceed unless:

- each of the WFT Resolutions has been passed; and
- each of the other Conditions has been satisfied.

Under the Implementation Deed, each of the Conditions must be satisfied by 31 August 2004 (or such later date agreed by Westfield and the Responsible Entities), otherwise the Implementation Deed will terminate and the Merger will not proceed.

9.8 Judicial Advice

WML as responsible entity of WFT has applied for and obtained judicial advice in connection with the Merger confirming its power to take the steps required to implement the Merger (see section 11.25).

In addition, at the Court Hearing, WML as responsible entity of WFT will apply for further judicial advice to the effect that it would be justified in implementing the Merger in accordance with the WFT Resolutions, if approved by WFT Members. If that advice is not given on terms acceptable to WML, acting reasonably, WML may terminate the Implementation Deed.

10. THE WESTFIELD AMERICA TRUST MEMBERS' MEETING

10.1 Introduction

A meeting of the unitholders of WFA is being held at Sydney Entertainment Centre, 35 Harbour Street, Sydney NSW on 25 June 2004 commencing at 10.00 am for the purpose of considering two resolutions in connection with the Merger.

For the Merger to take effect, it is necessary that both resolutions be passed and for the other Conditions in the Implementation Deed to be fulfilled (see section 10.6 below). A brief explanation of each of the resolutions is set out below.

10.2 Resolution to Approve Amendments to WFA Constitution

WFA Unitholders will consider, as a special resolution, a resolution to amend the WFA constitution.

10.3 Explanation of the WFA Constitution Amendment Resolution

This resolution authorises the amendment of the existing constitution of WFA in accordance with the WFA Supplemental Deed Poll in the form to be tabled at the meeting. The WFA Supplemental Deed Poll and the consolidated constitution are available for inspection at the offices of WAML, Westfield Towers, 100 William Street, Sydney NSW 2011 between 9.00 am and 5.00 pm on Business Days until the time of the meeting and are available on Westfield's website at www.westfield.com/groupmerger. A copy will be made available upon request free of charge by calling the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia).

The existing WFA constitution will be amended by the inclusion of provisions in relation to the Merger including provisions in relation to Stapling and the implementation of the Merger. The amendments have been drafted to:

- 1 **(merger)** enable WFA to issue Restructured WFA Units to Westfield Shareholders and WFT Unitholders to effect the Merger and reflect WFA's obligations under the Implementation Deed;
- 2 **(stapling)** reflect WFA's obligations under the Stapling Deed in relation to the Stapled Securities and to enable WFA to effect the Stapling of additional securities to Stapled Securities in the future. References in this section to "Stapled Securities" include references to any additional securities which may be Stapled to those securities from time to time;
- 3 **(consistency)** achieve consistency with the Westfield constitution and the WFT constitution; and
- 4 **(update)** update the previous WFA constitution, taking account of changes to the Corporations Act and making other adjustments which are appropriate for WFA as part of the Stapled group.

The changes will take effect upon the WFA Supplemental Deed Poll executed by WAML, being lodged with ASIC under section 601GC of the Corporations Act.

Further details of the key changes within the four categories identified above are provided below.

1 Merger

It is proposed to add a new clause to facilitate the Merger, which will allow and authorise WAML to give effect to the following:

- (a) the conversion of each Existing WFA Unit into 0.15 Restructured WFA Units;
- (b) immediately following this conversion, the making of a stapling distribution of \$1.01 per WFA Unit held (other than to the Cross Holders);
- (c) the stapling distributions will be applied by WAML to acquire on behalf of that WFA Unitholder (other than the Cross Holders) an equivalent number of Westfield Shares and an equivalent number of Restructured WFT Units;
- (d) subject to (g), the Westfield Shares and Restructured WFT Units so acquired to be registered in the name of the WFA Unitholder with the result that the WFA Unitholder will be bound by terms of issue of those units and shares and generally by the constitutions of Westfield and WFT;

- (e) WAML to issue Restructured WFA Units to WFT Unitholders and to Westfield Shareholders so that each of them will hold an equivalent number of WFA Units. WFA Units so issued will rank *pari passu* with all existing WFA Units including ranking for full participation in distributable income for the period during which the WFA Units are issued;
- (f) WAML, Individually or jointly with Westfield or WML, to issue new holding statements;
- (g) WAML to effect or procure the sale to the Investment Bank of the relevant Existing WFA Units held by a person who is a Foreign Securityholder or who has elected to participate in the Sale Facility;
- (h) WAML to act as the agent and attorney for each WFA Unitholder to do all things which WAML considers are necessary, desirable or reasonably incidental in giving effect to the Merger;
- (i) WAML limiting its liability to the assets of WFA in connection with exercising its powers in relation to the Merger; and
- (j) If on the Implementation Date, Westfield or WFT is under any obligation to issue shares or units in the future to any person, the WFA responsible entity to either give an undertaking to Westfield or WFT to issue WFA Units to the person, or grant an option to the person to acquire WFA Units to ensure that the person receives Stapled Securities, with provisions for the calculation of the prices at which WFA Units to be issued pursuant to the undertakings or upon the exercise of those options.

2 Stapling

Main stapling provision

A new clause will be added to the WFA constitution:

- (a) stating that the provisions of the constitution relating to Stapling prevail over all other provisions of the constitution except where this would result in a breach of the Corporations Act, the Listing Rules or any other laws;
- (b) requiring the WFA responsible entity to use reasonable endeavours to procure that if and for so long as Stapled Securities are quoted as one joint security, the Stapled Securities are dealt with under the WFA constitution in a manner consistent with the provisions relating to Westfield Shares and WFT Units in the Westfield constitution and WFT constitution respectively (and, in addition, in a manner consistent with provisions relating to any other securities which may be Stapled to WFA Units from time to time); and
- (c) preventing WAML from causing Stapling to commence while WFA has more than one class of units.

Consequential amendments concerning stapling

Amendments have also been made in relation to the following matters to provide for the requirement that securities be stapled:

- (a) **(classes of units)** the WFA responsible entity may not issue different classes of units except units held by Westfield or any of its subsidiaries or units which may temporarily be of a different class due to different income entitlements;
- (b) **(reorganisation)** the WFA responsible entity may not consolidate, divide or convert the WFA Units unless the same applies to the securities which are Stapled to the WFA Units;
- (c) **(options)** a holder of an option in WFA may only exercise the option if they at the same time acquire an identical number of Westfield Shares and WFA Units comprising, together with the WFA Unit issued upon exercise of the option, a Stapled Security;
- (d) **(partly paid units)** the WFA responsible entity may not issue partly paid units unless there is, at the same time, a corresponding issue of Stapled Securities which are also partly paid;
- (e) **(fractions)** while Stapling applies, no fractions of Units may be issued;
- (f) **(forfeited WFA Units)** WFA Units will be forfeited as part of Stapled Securities in that an equal number of the other Securities which make up the Stapled Securities must also be forfeited in

conjunction with the WFT Units forfeited. Any WFA Unitholder who ceases to be a Stapled Securityholder on forfeiture has no claims against either Westfield, the WFT responsible entity or the WFA responsible entity. Forfeited Stapled Securities may be sold or disposed of at a price equal to that received from the sale of those Stapled Securities in the normal course of business on the ASX or by public auction or by private treaty. Provisions relating to receipt of the consideration, the transfer of WFA Units and the rights of third party transferees on forfeiture have been amended to take account of the existence of Stapled Securities;

- (g) **(transfers)** a WFA Unit may only be transferred as part of a Stapled Security;
- (h) **(number of units)** while Stapling applies, the number of issued WFA Units (excluding WFA Units held by the Cross Holders) at any time must equal the number of issued Westfield Shares and WFA Units;
- (i) **(price in relation to proportionate offers)** to the extent that the price of WFA Units is based on a market price (as defined in the WFA Constitution), the market price while Stapling applies will be calculated by reference to Stapled Securities rather than WFA Units and the price attributable to the WFA Units themselves will be calculated in accordance with paragraph (k) below;
- (j) **(pricing in relation to reinvestment)** instead of the price being calculated in relation to the sale prices of WFA Units as presently contemplated, they will be calculated by reference to the sale prices of Stapled Securities based on a VWAP for the 5 Business Days preceding the Business Day prior to issue. An allocation will be made between the various securities comprising the Stapled Securities as set out in paragraph (k);
- (k) **(allocation of price)** the application price for the issue of Stapled Securities will be allocated between securities which make up the Stapled Security based on fair value as agreed from time to time between Westfield, the WFT responsible entity and the WFA responsible entity or, failing agreement, determined by an independent accountant having regard to the respective net tangible asset backing of the WFA Unit and the other securities which make up Stapled Securities. Where the Stapled Security is being issued pursuant to the exercise of options, the issue price of the WFA Unit and the other securities which make up the Stapled Security will be determined in accordance with the relevant terms of such options.;
- (l) **(application for WFA Units)** an application can only be made as part of an application for Stapled Securities;
- (m) **(register and holding statements)** subject to the Corporations Act, there will be a single register for, and a single holding statement may be issued to holders of, Stapled Securities;
- (n) **(redemption or buyback)** while Stapling applies, the WFA responsible entity may only buy-back and cancel WFA Units if the Stapled Securities are also the subject of contemporaneous buy-back and cancellation by the WFT responsible entity and Westfield. Where a WFA Unit is redeemed or purchased as part of a Stapled Security by the WFA responsible entity pursuant to a buy-back arrangement, the WFA responsible entity must determine, in accordance with paragraph (k) above, what proportion of the price paid for the Stapled Security is in respect of the WFA Units and is therefore to be paid from the assets of WFA;
- (o) **(distributions)** distributions by way of bonus units may only be made as part of issues of Stapled Securities;
- (p) **(distribution reinvestment)** while Stapling applies, distributions may only be reinvested if the WFA Unitholder acquires WFA Units as part of Stapled Securities;
- (q) **(unclaimed moneys)** unclaimed moneys may be reinvested into Stapled Securities;
- (r) **(unstapling and stapling of additional securities)** subject to the Corporations Act, the Listing Rules and approval by a resolution of WFA Unitholders, the WFA responsible entity may terminate the Stapling of the Stapled Securities and their quotation on the ASX. Conversely, the WFA responsible entity may, subject to the Corporations Act and the Listing Rules, cause the Stapling of any other security or securities to the WFA Units;
- (s) **(proxy forms)** a WFA Unitholder can, subject to the Corporations Act, use the same proxy form for

appointments in relation to both their WFA Units and other securities comprising Stapled Securities;

- (t) **(general meetings)** while Stapling applies, meetings of WFA Unitholders may be held in conjunction with meetings of Westfield and WFT and the quorum for a meeting of WFA Unitholders shall be reduced from 5 to 2 members present in person or by proxy together holding between them at least 10% of all issued WFA Units. The auditors and representatives of each Westfield Entity may attend and speak at the meetings;
- (u) **(related interests)** subject to the Corporations Act, the WFA responsible entity or its associates may:
 - (i) deal with any other Westfield Entity; and
 - (ii) be interested in any contract or transaction with any other Westfield Entity;
- (v) **(powers and duties of WFA responsible entity)** the WFA responsible entity must, to the extent permitted by the law, have regard to the interests of the Westfield Shareholders and WFT Unitholders and act in the best interests of the Westfield Group as a whole rather than only in the interests of WFA Unitholders; and
- (w) **(management fee)** the WFA responsible entity is entitled to be paid a management fee equal to its reasonable estimate of its costs.

3 Consistency with Westfield constitution and WFT constitution

The following are some of the key changes which are proposed to ensure consistency with the proposed new Westfield constitution and WFT constitution.

- (a) **(forfeiture)** where a forfeiture notice has not been complied with, voting rights and distribution entitlements in connection with a WFA Unit and Stapled Securities will be suspended until reinstated by the WFA responsible entity, the WFT responsible entity and Westfield.
- (b) **(joint holders of partly paid units)** joint holders of partly paid WFA units are jointly and severally liable to pay all amounts due and payable on such units;
- (c) **(small holdings)** the mechanics in relation to the disposal of Small Holdings have been made consistent with the Westfield constitution and the WFT constitution. The major change is to distinguish between "Small Holders" (being holders of WFA Units the aggregate market price of which is less than a marketable parcel) and "New Small Holders" (being members who, after the date that the amended WFA constitution becomes effective, hold WFA Units created by the transfer of a parcel of WFA Units the aggregate market price of which at the time a transfer was lodged was less than a marketable parcel). The following applies to the second category of holders:
 - (i) the period of notice before the WFA responsible entity can sell or transfer the securities of New Small Holders is seven days (not six weeks);
 - (ii) New Small Holders have no power to notify the WFA responsible entity that they wish to retain their securities;
 - (iii) the WFA responsible entity can deduct its costs of sale from the proceeds;
 - (iv) where a divestment notice is given to a New Small Holder, the right to receive payment of distributions and to vote are suspended until the securities are transferred; and
 - (v) there is no restriction on a New Small Holder being given more than one divestment notice in any 12 month period unless it is a requirement of the Listing Rules;
- (d) **(consolidation and division)** on a consolidation, division or conversion, any resulting fraction of a unit will be rounded up to the next whole unit;
- (e) **(distribution reinvestment plan)** the rules relating to the distribution reinvestment plan have been deleted from this document so that a consistent, stand alone document dealing with reinvestment of distributions in the Westfield Group can be accommodated. The issue price of Stapled Securities in the sense of reinvestment is to be based on the VWAP for the 5 Business Days preceding the Business Day prior to issue of the Stapled Securities less such discount (if any) as is determined by the Westfield Group Directors;

- (f) **(foreign holders)** the requirement to pay to certain foreign holders an amount being the fair value (if any) of their entitlement in a non-renounceable entitlement offer has been removed;
- (g) **(liabilities)** the limit on total liabilities of WFA not exceeding 60% of WFA's total tangible assets has been removed.

4 Update

The following are some of the key changes or additions that are proposed in the new WFA constitution having regard to changes in the Corporations Act since the WFA constitution was last amended and generally to reflect best practice in constitutional drafting:

- (a) **(Corporations Act)** all references to "Corporations Law" have been replaced with references to "Corporations Act" in line with the new name for that statute;
- (b) **(product disclosure statement)** references are made, where applicable, to product disclosure statements, being the disclosure documents applicable to offers of financial products (as defined in the Corporations Act) to retail clients (as defined in the Corporations Act);
- (c) **(distribution reinvestment price and market price)** clarificatory wording is inserted in the definition of distribution reinvestment price to ensure that an adjustment is made to the new benchmark price used to determine the distribution reinvestment price to take account of the fact that Stapled Securities issued may have different entitlements to distributions due to timing differences;
- (d) **(demanding a poll)** the provisions for who may demand a poll of a general meeting have been removed and the Corporations Act therefore provides that a poll may be called by at least 5 members present entitled to vote on the resolution, or members present with at least 5% of the votes that may be cast on the resolution on a poll, or the chairman of the meeting.

10.4 Resolution to approve Merger

WFA Members will consider, as a special resolution, a resolution to approve implementation of the Merger.

10.5 Explanation of WFA Merger Resolution

This proposed resolution is a general authorisation to WAML as the WFA responsible entity to carry out the Merger and to do all things which are necessary to give effect to the terms of the Implementation Deed. It is effectively a general approval of the Merger and the granting of an authority to undertake the necessary steps to have WAML and WFA give effect to the Merger.

The following sets out the key steps to effect the Merger:

- 1 WAML will be authorised and directed on satisfaction of the Conditions to:
 - (a) convert each Existing WFA Unit into 0.15 Restructured WFA Units;
 - (b) make a stapling distribution (except to the Cross Holders) of \$1.01 per Restructured WFA Unit;
 - (c) apply the proceeds of a stapling distribution of \$1.01 per Restructured WFA Unit (other than the Cross Holding), to subscribe for one Westfield Share for \$0.01 each and one Restructured WFT Unit for \$1.00 each;
 - (d) apply for Westfield Shares and Restructured WFT Units on behalf of WFA Unitholders (other than the Cross Holders); and
 - (e) issue one Restructured WFA Unit for \$0.001 each to the holders of each Westfield Share and for \$1.00 each to the holders of each Restructured WFT Unit.

In respect of the Existing WFA Units which WFA Unitholders have elected (or are deemed to have elected) to sell to the Investment Bank under the Sale Facility, WAML will register the sale and transfer from the relevant WFA Unitholder to the Investment Bank on the Stapling Record Date.

- 2 On the Implementation Date, the WFA Unitholders on the Stapling Record Date (excluding the Cross Holders and those persons who are Foreign Securityholders or who have elected to participate in

the Sale Facility) will be issued one Westfield Share and one Restructured WFT Unit for every Restructured WFA Unit held.

- 3 Each Restructured WFA Unit (other than units held by the Cross Holders) will be "Stapled" to one Westfield Share and one Restructured WFT Unit on the allotment and issue of those securities.
- 4 As a result, Securityholders in Westfield, WFT and WFA (other than the Cross Holders) on the Stapling Record Date will each have Stapled Securities representing a security interest in each of Westfield, WFT and WFA.

Further details of the effect of the implementation and operation of the Merger are set out in this Explanatory Memorandum.

10.6 Voting

10.6.1 Required majorities

Both WFA Resolutions will be passed as special resolutions only if they have been passed by at least 75% of the votes cast by Members entitled to vote on those resolutions.

10.6.2 Member's entitlement to vote

Each WFA Member (other than WAML as the responsible entity and its associates in accordance with Section 253E of the Corporations Act) who is registered on the WFA Register of Members at 7.00 pm (Sydney time) on 23 June 2004 is entitled to attend and vote, either in person or by proxy, at the WFA Members Meeting.

10.6.3 Exercise of votes

Each WFA Resolution will be decided on a poll.

On a poll, each WFA Member has one vote for each dollar of the value of the total interests the WFA Member has in WFA. The value of an interest in WFA is:

- (a) in the case of a WFA Unit, an amount equal to the last sale price on the ASX on the trading day immediately before the date of the WFA Members Meeting;
- (b) in the case of a WFA Option, the amount that WAML determines in writing to be the price that a willing but not anxious buyer would pay for the WFA Option if it were sold on the Business Day immediately before the date of the WFA Members Meeting.

10.7 Conditions of the Merger

The Merger will not proceed unless:

- each of the WFA Resolutions has been passed; and
- of each of the other Conditions has been satisfied.

Under the Implementation Deed, each of the Conditions must be satisfied by 31 August 2004 (or such later date agreed by Westfield and the Responsible Entities), otherwise the Implementation Deed will terminate and the Merger will not proceed.

10.8 Judicial Advice

WAML as responsible entity of WFA has applied for and obtained judicial advice in connection with the Merger confirming its power to take the steps required to implement the Merger (see section 11.25).

In addition, at the Court Hearing, WAML as responsible entity of WFA will apply for further judicial advice to the effect that it would be justified in implementing the Merger in accordance with the WFA Resolutions, if approved by WFA Securityholders. If that advice is not given on terms acceptable to WAML, acting reasonably, WAML may terminate the Implementation Deed.

11. ADDITIONAL INFORMATION

11.1 Summary of Replacement Westfield Constitution

The constitution of Westfield contains the internal rules of Westfield. It deals with matters such as the rights, duties and powers of Westfield Shareholders and Westfield Directors. The main provisions of the proposed new Westfield constitution are summarised below. This summary should be read together with the summary of key differences between the new and former constitutions of Westfield which appears in section 8.2.6. That section deals in detail with the changes made to reflect the Stapling of Westfield Shares to WFT Units and WFA Units.

- (a) **Share capital:** The Westfield Directors may issue or cancel Westfield Shares, or grant options over unissued Westfield Shares.
- (b) **Issue of further shares:** The issue of further Westfield Shares will only vary the rights of existing Westfield Shareholders if expressly provided for in the terms of those Westfield Shares or required under the Corporations Act or Listing Rules.
- (c) **Stapling:** Each Westfield Share is stapled to one WFT Unit and one WFA Unit to form a Stapled Security. Until unstapled, the Westfield Directors must not cause a Westfield Share to cease being part of a Stapled Security.

While Stapling applies, the Westfield Directors may only issue Westfield Shares as part of a Stapled Security. The number of issued Westfield Shares must equal the number of issued "attached securities" (excluding the WFA Units held by the Cross Holders) at that time. The only "attached securities" currently contemplated are WFT Units and WFA Units. If further "attached securities" are issued in the future, they will also be stapled to Westfield Shares.

- (d) **Lien and Forfeiture:** Westfield has a lien on every Westfield Share for due and unpaid calls and instalments as well as interest accruing and expenses. Westfield may sell any Westfield Share on which Westfield has a lien as part of Stapled Securities upon 14 days' notice that it intends to do so.
- (e) **Transfer of Westfield Shares:** A Westfield Share may only be transferred if the transfer is accompanied by a transfer of WFT Units and WFA Units, in favour of the same transferee. Westfield Shares may be transferred as provided by the operating rules of a CS Facility (as that term is defined in the Corporations Act) in the case of CHESS Approved Securities in accordance with the ATSC Settlement Rules or by written transfer in the usual form, or by any other method of transfer of marketable securities which is recognised by the Corporations Act and the ASX and is approved by the Westfield Directors.

The Westfield Directors must decline to register a transfer of shares where Westfield is required to do so under the Listing Rules or the Westfield Constitution.

- (f) **Register:** A Stapled Securities register must be maintained which records details of all Stapled Securities held by Stapled Securityholders.
- (g) **General Meetings of Westfield:** Notice of a general meeting of Westfield must be given in accordance with the Corporations Act. The Westfield Directors must convene a meeting when required by the Corporations Act and may convene a meeting whenever they think fit. They may convene a combined meeting of Stapled Securityholders and determine the rules of conduct for such meetings. The chairman of a general meeting has a casting vote.
- (h) **Proxy:** Any Westfield Shareholder may be represented at any meeting of Westfield by a proxy or attorney. Under the Corporations Act, the executed proxy form must be received by Westfield no less than 48 hours before the time for holding the meeting as is specified in the notice convening the meeting.
- (i) **Quorum:** A quorum of the general meeting of Westfield Shareholder is constituted by three Westfield Shareholders present in person or by proxy, attorney or representative.

(j) **Voting:** Subject to any rights of any shares or class of shares, each Westfield Shareholder is entitled to attend and vote at a general meeting of Westfield. Any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each Westfield Shareholder present (in person and each other person present as a proxy, attorney or a representative of an Westfield Shareholder) has one vote. On a poll, each Westfield Shareholder present (in person and each other person present as a proxy, attorney or a representative of a Westfield Shareholder) has one vote for each fully paid share.

(k) **Number of directors:** The minimum number of directors is three. The actual number of directors is to be fixed by the Westfield Directors but may not be more than twelve or such lesser number as determined by the Westfield Directors.

(l) **Appointment and retirement of directors:** At every annual general meeting of Westfield, one third of the Westfield Directors (excluding one managing director or any Westfield Director appointed to fill a casual vacancy) must retire from office. If the number is not three or a multiple of three, then the number nearest one-third and any other Westfield Director who has held office for three years or more since last being elected, must retire from office.

The Westfield Directors may appoint a person as a director, either in addition to the existing Westfield Directors or to fill a casual vacancy, so long as this appointment does not bring the number of directors in excess of the maximum. A Westfield Director appointed in this way (other than one managing director) holds office only until the next annual general meeting following his or her appointment.

(m) **Removal of director:** Under the Corporations Act, Westfield Shareholders can by resolution remove any Westfield Director and appoint another person as a replacement.

(n) **Directors' remuneration:** The Westfield Directors are entitled to be remunerated for their services as directors. The total amount or value of the remuneration must not exceed the sum determined from time to time by Westfield in general meeting. The remuneration is to be provided wholly in cash unless the Westfield Directors determine that part is to be provided in non-cash benefits (including shares and options), the amount of which may be fixed. It is to be divided among the Westfield Directors in the proportion and manner agreed between them or, in default of agreement, equally. These provisions do not apply to the remuneration of a managing director or an executive director in either capacity.

A Westfield Director may receive remuneration as determined by the Westfield Directors, in addition to or in place of their existing remuneration, for additional or special duties.

A Westfield Director is also entitled to be reimbursed out of the funds of Westfield for the reasonable travelling, accommodation and other expenses the Westfield Director may incur when travelling to or from meetings of the Westfield Directors or a committee of Westfield Directors or when otherwise engaged on the business of Westfield.

The remuneration of a managing director or an executive director may be fixed by the Westfield Directors by way of salary, commission or participation in profits or by all or any of those modes, but may not be by a commission on or percentage of operating revenue.

An alternate director is not entitled to receive from Westfield any remuneration or benefit.

Westfield may pay a former director a retirement benefit in recognition of past services. Westfield may also enter into a contract with a current Westfield Director providing for payment of a retirement benefit. The period of service by a Westfield Director as director of a related body corporate is to be counted as service as a Westfield Director.

(o) **Insurance and indemnity:** Westfield may indemnify every current or former Westfield Director, secretary or executive officer of Westfield or a related body corporate (as that expression is defined in the Corporations Act) on a full indemnity basis, to the full extent permitted by law, for all liabilities and legal costs for defending or resisting proceedings, incurred in that capacity.

Westfield may (to the full extent permitted by law) purchase and maintain insurance for liability incurred as a Westfield Director, secretary or executive officer of Westfield or a related body corporate (as that expression is defined in the Corporations Act).

- (p) **Dividends:** The Westfield Directors may pay dividends, as determined by the Westfield Directors, subject to the Corporations Act and the rights of any shareholders which hold shares which have special rights to dividends. Interest is not payable on any dividend.
- (q) **Election to reinvest dividends:** The Westfield Directors may grant to Westfield Shareholders or a class of Westfield Shareholders the right to elect to reinvest cash dividends paid by Westfield by subscribing for Westfield Shares on the terms the Westfield Directors think fit. While Westfield Shares are Stapled Securities, the Westfield Directors may grant such a right only if, at the same time, an offer to issue an identical number of Stapled Securities to those persons has been made.
- (r) **Capitalisation of profits:** The Westfield Directors may capitalise any sum and apply it for the benefit of Westfield Shareholders in the proportions to which those Westfield Shareholders would have been entitled upon distribution of that sum by way of dividend.
- (s) **Winding up:** With the sanction of a special resolution, the liquidator may divide among the Westfield Shareholders the whole or any part of Westfield's property and decide how the division is to be carried out.
- (t) **Restricted securities:** Restricted securities cannot be disposed of during an escrow period except as permitted by the Listing Rules or the ASX.
- (u) **Small holdings:** The Westfield Directors may sell any shares held by a Westfield Shareholder which comprise less than a marketable parcel without request by the shareholder. Westfield must give the Westfield Shareholder 7 days notice of an intention to sell (where holders hold "New Small Holdings", being holdings created by the transfer of a parcel of Westfield Shares the market value of which at the time a transfer was initiated was less than a marketable parcel as provided under the Listing Rules). In other cases (where persons hold, "Small Holdings"), six weeks notice must be given by Westfield. If the Westfield Shareholder holds a "Small Holding", it may notify Westfield in writing within the six week period that the Westfield Shareholder desires to retain the shares which it is proposed to be sold, in which case those shares must not be sold. A person holding a "New Small Holding" does not have the ability to prevent Westfield from executing the sale. Notwithstanding any right which Westfield may have to dispose of shares, it is not obliged to do so but, if it wishes to do so, it must exercise its right within six weeks after first becomes entitled to do so. While Stapling applies, at the same time as Westfield Shares are redeemed or sold, an identical number of Stapled Securities must also be redeemed or sold.
- (v) **Application of Listing Rules:** While Westfield is admitted to the Official List, the Listing Rules prevail to the extent that there is an inconsistency between the provisions of the Westfield constitution and the Listing Rules.

11.2 Summary of WFT Constitution

The main rules governing the operation of WFT are set out in the WFT constitution which is dated 1 April 1982 (as amended). The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers), and the general law of trusts are also relevant to the rights and obligations of WML and of Stapled Securityholders and holders of options to acquire Stapled Securities. This summary should be read together with the summary of the changes proposed to be made to the WFT constitution in section 9.5.

The main provisions of the WFT constitution (once the amendments to be put to the WFT Members Meeting have been made) that deal with the rights and obligations of members are:

- (a) **Units:** A fully paid unit confers an equal undivided interest in WFT's assets. The constitution contemplates the issue of partly paid units.
- (b) **Stapling:** The constitution provides for the stapling of one unit in WFT to one Westfield Share and one WFA Unit. See also the summary of the Stapling Deed in section 11.4 below.

- (c) **Application Price:** The application price for a WFT Unit is the weighted average market price of units during the 10 ASX trading days ending two ASX trading days prior to the date of the calculation; however, where Stapled Securities are traded, the application price is determined by allocating the weighted average market price of the Stapled Security between the application price for each element of the Stapled Security on the basis of fair value as agreed between the Westfield Entities from time to time or, failing agreement, as determined by an independent accountant based on fair value having regard to their respective net tangible asset backing and other factors the accountant believes should be taken into account based on the respective market values of each element of the Stapled Security.

However:

- (i) in the case of a proportionate offer (including a rights issue) the application price may be at not more than a 50% discount to the market price which would otherwise apply;
 - (ii) in the case of a nonproportionate offer the application price may be determined by the WFT responsible entity subject to the conditions of any ASIC relief applicable;
 - (iii) on reinvestment of distributions, the application price is determined on the basis of the VWAP for the relevant securities during the five consecutive ASX business days up to but not including the business day immediately preceding the issue date. Among a number of adjustments, the price so calculated may be discounted by up to 5%;
 - (iv) options may be issued with an exercise price of up to a 50% discount to the price that would otherwise apply under the constitution.
- (d) **Income:** Subject to the terms of issue of particular units, WFT Unitholders are entitled to a share in the trust's income proportionate to their paid up unit holding. Unless otherwise determined by the WFT responsible entity and subject to certain adjustments, the distributable income of WFT is equal to the greater of WFT's net income for a particular period and the net accounting income for that period. "Net income" is determined in accordance with the Tax Act, subject to some adjustments while "accounting income" is determined in accordance with generally accepted Australian accounting standards in effect at 30 June 2004 or a later date determined by the WFT responsibility entity and subject to such adjustments as it may determine. Unless distributions are required to be reinvested, the WFT responsible entity will pay them within two months of the end of the relevant period. Distributions may be made in respect of such periods as determined by the WFT responsible entity, although distributions are currently made six monthly. Each WFT unit ranks for distributions from the day following the date of issue. In the case of a partly paid unit, the unit participates according to the proportion paid up. Where net income is reduced by any tax attributable to the ownership of units by certain members, the entitlement to income of those members may be adjusted so that the entitlement of all members is equivalent to the amount they would have received in the absence of such taxes.
- (e) **Reinvestment:** Distributions may be reinvested under a facility offered by the WFT responsible entity. Reinvestment of distributions must be in Stapled Securities while Stapling applies.
- (f) **Joint Members:** Persons registered jointly as the holder of a WFT Unit or option hold as joint tenants and not as tenants in common unless the WFT responsible entity otherwise agrees.
- (g) **Transfer:** WFT Units may only be transferred as part of Stapled Securities. Any Stapled Securities classified as "restricted securities" under the Listing Rules may not be transferred during an escrow period.
- (h) **No redemption:** There is no right to redeem WFT Units.
- (i) **Winding up:** If WFT is wound up, net proceeds of realisation, after making allowance for all liabilities of WFT and expenses of the termination, must be distributed to WFT Unitholders proportionately to the paid up amounts on the WFT Units. The trust will continue until the earliest of: the date being one day immediately preceding the 21st anniversary of the death for the last survivor of the descendants of King George V living at 1 April 1982; the date on which all WFT Units are removed

from quotation; the date specified by the WFT responsible entity as the date of termination; or, lastly the date on which WFT terminates in accordance with another provision of the constitution or by law.

- (j) **Members' liability:** A WFT Member's liability is limited under the constitution to the amount payable for their units or options. A WFT Member need not indemnify the WFT responsible entity if there is a deficiency in WFT's assets or the claim of any creditor of WFT cannot be satisfied out of the assets. However, WFT is entitled to be indemnified by a WFT Member to the extent that WFT incurs any liability for tax as a result of that member's action or inaction.
- (k) **Restrictions on Members:** A WFT member may not interfere with any rights or powers of the WFT responsible entity nor exercise a right in respect of a WFT asset nor lodge a caveat or other notice affecting such an asset nor require an asset to be transferred to the WFT Member.
- (l) **Meeting:** A WFT Unitholder's right to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act. The constitution provides that the quorum for a meeting is normally two members together holding at least 10% of the Units. Meetings may be held in conjunction with meetings of other Stapled Securityholders.

The WFT constitution (in the form to be amended as discussed above) also deals with the powers, duties and liability of the WFT responsible entity as responsible entity:

- (a) **Options:** The WFT responsible entity may create and issue options on such terms and conditions as it determines. (While Stapling applies, an option may only be exercised if, at the same time, the same person acquires an identical number of WFA Units and Westfield Shares.)
- (b) **Partly Paid Units:** The WFT responsible entity may offer WFT Units for sale or subscription on terms that the application price is payable by one or more instalments.
- (c) **Forfeiture:** If a WFT Unitholder fails to pay in full any instalment due, the WFT responsible entity may, on 14 days notice, cause Stapled Securities to be forfeited. While any amount is unpaid, all voting rights and entitlements are suspended. The holder of a WFT Unit which has been forfeited remains liable to pay to the WFT responsible entity all outstanding moneys, costs and interest. If the Unit is stapled the attached securities may also be forfeited.
- (d) **Powers:** The WFT responsible entity has powers to invest, dispose of or otherwise deal with property or raise or borrow money. There is also a general contracting power to enter into any form of contract and incur all types of obligations and liabilities. The WFT responsible entity may authorise any person to act as its agent or delegate to hold title to any asset or perform any act or exercise any discretion. It may also enter into an agreement with the person to underwrite the issue, sale or purchase of WFT Units or options to WFT Units.
- (e) **Duties:** The WFT's responsible entity's duties as responsible entity are mainly contained in the Corporations Act. In carrying out its duties and exercising its powers, it may have regard to the interests of the other holders of other securities which make up Stapled Securities.
- (f) **Consolidation and division:** Units and options may be consolidated or divided as determined by the WFT responsible entity.
- (g) **Rights:** The WFT responsible entity is entitled to be paid a management fee equal to its reasonable estimate of its costs including overheads. All expenses incurred by the WFT responsible entity in relation to the proper performance of its duties in respect of WFT are payable or reimbursable out of WFT to the extent that such reimbursement is not prohibited by the Corporations Act. The constitution lists a number of expenses or overheads including the preparation of offer documents; the acquisition, disposal, insurance, custody and dealing with assets; the administration or management of WFT; the holding of meetings of WFT Unitholders, the engagement of agents; the preparation of tax returns; court proceedings and litigation matters and the preparation and audit of a compliance plan. If the WFT responsible entity becomes liable to pay GST in respect of supplies connected with the trust, then it is entitled to be paid an additional amount on account of this.

(h) **The WFT responsible entity may also:**

- (i) take and act upon advice from professionals;
 - (ii) value the assets of the trust at any time and must do so when required by the Corporations Act. The WFT responsible entity may determine valuation methods and policies for each of WFT's asset and may change them from time to time. Unless the WFT responsible entity determines otherwise, the value of an asset will be its market value;
 - (iii) hold units in WFT in any capacity, contract with itself, Westfield, WFA or any associate and may be interested in such contract;
 - (iv) retire as responsible entity as permitted by law. It may, in consideration of its retirement, agree with the incoming responsible entity to be remunerated by or to receive a benefit from it and is not required to account to WFT Members for such remuneration or benefit. Subject to the Corporations Act, amend the constitution by a special resolution of WFT Unitholders or by deed executed by the WFT responsible entity;
 - (v) transfer capital to the distribution account to enable distributions to be made to avoid the WFT responsible entity becoming assessable for tax; and
 - (vi) distribute any amounts of capital.
- (i) **Liability:** the WFT responsible entity is not liable in contract, tort or otherwise to unitholders if it acts in good faith and without gross negligence, for any loss suffered relating to WFT, except to the extent that the Corporations Act imposes such liability. The WFT responsible entity is entitled to be indemnified out of WFT assets for any liability it incurs in properly performing or exercising any of its duties or powers in relation to WFT.
- (j) **Buyback:** while WFT is listed, the WFT responsible entity may, subject to the Corporations Act and the Listing Rules, purchase WFT Units or options to those Units on the ASX. Where WFT Units are purchased as part of a Stapled Security, the WFT responsible entity must determine what proportion of the price paid is in respect of the units and is therefore to be paid from the assets of WFT.

11.3 Summary of WFA Constitution

The main rules governing the operation of WFA are set out in the WFA constitution which is dated 25 March 1996 (as amended). The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers), and the general law of trusts are also relevant to the rights and obligations of WAML and of Stapled Securityholders and holders of options to acquire Stapled Securities. This summary should be read together with the summary of the changes proposed to be made to the WFA constitution in section 10.4.

The main provisions of the WFA constitution (once the amendments to be put to the WFA Members Meeting have been made) that deal with the rights and obligations of members are:

- (a) **Units:** A fully paid unit confers an equal undivided interest in WFA's assets. The constitution contemplates the issue of partly paid units.
- (b) **Stapling:** The constitution provides for the stapling of one unit in WFA to one Westfield Share and one WFT Unit. See also the summary of the Stapling Deed in section 11.4 below.
- (c) **Application Price:** The application price for a WFA Unit is the weighted average market price of units during the 10 ASX trading days immediately prior to the date of the calculation; however, where Stapled Securities are traded, the application price is determined by allocating the weighted average market price of the Stapled Security between the application price for each element of the Stapled Security on the basis of fair value as agreed between the Westfield Entities from time to time, or failing agreement, as determined by an independent accountant based on fair value having regard to their prospective net tangible asset backing and other factors the accountant believes should be taken into account based on the respective market values of each element of the Stapled Security.

However:

- (i) in the case of a proportionate offer (including a rights issue) the application price may be at a 50% discount to the market price which would otherwise apply;
 - (ii) in the case of a nonproportionate offer the application price may be determined by the WFA responsible entity subject to the conditions of any ASIC relief applicable;
 - (iii) on reinvestment of distributions, the application price is determined on the basis of the VWAP for the relevant securities during the five consecutive ASX business days up to but not including the business day immediately preceding the issue date. Among a number of adjustments, the price so calculated may be discounted by up to 10%; and
 - (iv) options may be issued with an exercise price of up to a 50% discount to the price that would otherwise apply under the constitution.
- (d) **Income:** Subject to the terms of issue of particular units, WFA Unitholders are entitled to a share in the trust's income proportionate to their paid up unit holding. Unless otherwise determined by the WFA responsible entity and subject to certain adjustments, the distributable income of WFA is equal to the greater of WFA's net income for a particular period and the net accounting income for that period. "Net income" is determined in accordance with the Tax Act, while "accounting income" is determined in accordance with generally accepted Australian accounting standards in effect at 30 June 2004 or a later date determined by the WFA responsible entity and subject to such adjustments as it may determine. Unless distributions are required to be reinvested, the WFA responsible entity will pay them within two months of the end of the relevant period. Distributions may be made in respect of such periods as determined by the WFA responsible entity, although distributions are currently made six monthly. Each WFA unit ranks for distributions from the day following the date of issue. In the case of a partly paid unit, the unit participates according to the proportion paid up. Where net income is reduced by any tax attributable to the ownership of units by certain members, the entitlement to income of those members may be adjusted so that the entitlement of all members is equivalent to the amount they would have received in the absence of such taxes so that the member or members causing incremental withholding tax will bear that tax through a deduction from its distributions.
- (e) **Reinvestment:** Distributions may be reinvested under a facility offered by the WFA responsible entity. Reinvestment of distributions must be in Stapled Securities while Stapling applies.
- (f) **Transfer:** WFA Units may only be transferred as part of Stapled Securities.
- (g) **No redemption:** There is no right to redeem WFA Units.
- (h) **Winding up:** If WFA is wound up, net proceeds of realisation, after making allowance for all liabilities of WFA and expenses of the termination, must be distributed to WFA Unitholders proportionately to the paid up amounts on the WFA Units except for any Units not entitled to participate in the net proceeds of realisation. The trust will continue until the earlier of the eightieth anniversary of the date the trust commenced or, the date on which WFA terminates in accordance with another provision of the constitution or by law.
- (i) **Members' liability:** A WFA Member's liability is limited under the constitution to the amount payable for their units. A WFA Member need not indemnify the WFA responsible entity if there is a deficiency in WFA's assets or the claim of any creditor of WFA cannot be satisfied out of the assets.
- (j) **Restrictions on Members:** A WFA member may not interfere with any rights or powers of the WFA responsible entity nor exercise a right in respect of a WFA asset nor lodge a caveat or other notice affecting such an asset nor require an asset to be transferred to the WFA Member.
- (k) **Meeting:** A WFA Unitholder's right to requisition, attend and vote at meetings are mostly prescribed by the Corporations Act. The constitution provides that the quorum for a meeting is normally two members together holding at least 10% of the Units. Meetings may be held in conjunction with meetings of other Stapled Securityholders.

The WFA constitution (in the form to be amended as discussed above) also deals with the powers, duties and liability of the WFA responsible entity as responsible entity:

- (a) **Options:** The WFA responsible entity may create and issue options on such terms and conditions as it determines. (While Stapling applies, an option may only be exercised if, at the same time, the same person acquires an identical number of Westfield Shares and WFT Units.)
- (b) **Partly Paid Units:** The WFA responsible entity may offer WFA Units for sale or subscription on terms that the application price is payable by one or more instalments.
- (c) **Forfeiture:** If a WFA Unitholder fails to pay in full any instalment due, the WFA responsible entity may, on 14 days notice, cause Stapled Securities to be forfeited. While any amount is unpaid, all voting rights and entitlements are suspended. The holder of a WFA Unit which has been forfeited remains liable to pay to the WFA responsible entity all outstanding moneys, costs and interest. If the Unit is stapled the attached securities may also be forfeited.
- (d) **Powers:** The WFA responsible entity has powers to invest, dispose of or otherwise deal with property or raise or borrow money. The WFA responsible entity may authorise any person to act as its agent or delegate to hold title to any asset or perform any act or exercise any discretion.
- (e) **Duties:** The WFA responsible entity's duties as responsible entity are mainly contained in the Corporations Act. In carrying out its duties and exercising its powers, it may have regard to the interests of the other holders of other securities which make up Stapled Securities.
- (f) **Consolidation and division:** Units and options may be consolidated, converted or divided as determined by the WFA responsible entity.
- (g) **Rights:** The WFA responsible entity is entitled to be paid a management fee equal to its reasonable estimate of costs including overheads. All expenses incurred by the WFA responsible entity in relation to the proper performance of its duties in respect of WFA are payable or reimbursable out of WFA to the extent that such reimbursement is not prohibited by the Corporations Act. The constitution lists a number of expenses or overheads including the preparation of offer documents; the acquisition, disposal, insurance, custody and dealing with assets; the administration or management of WFA; the holding of meetings of WFA Unitholders, the engagement of agents; the preparation of tax returns; court proceedings and litigation matters and the preparation and audit of a compliance plan. If the WFA responsible entity becomes liable to pay GST in respect of supplies connected with the trust, then it is entitled to be paid an additional amount on account of this.
- (h) **The WFA responsible entity may also:**
 - (i) take and act upon advice from professionals;
 - (ii) value the assets of the trust at any time and must do so when required by the Corporations Act. The valuation method or the manner of valuation of an asset is to be determined by the valuer and approved by the WFA responsible entity.
 - (iii) hold units in WFA in any capacity, contract with itself, Westfield, WFT or any associate and may be interested in such contract;
 - (iv) retire as responsible entity as permitted by law. Subject to the Corporations Act, amend the constitution by a special resolution of WFA Unitholders or by deed executed by the WFA responsible entity;
 - (v) transfer capital to the distribution account to enable distributions to be made to avoid the WFA responsible entity becoming assessable for tax; and
 - (vi) distribute any amounts of capital.
- (i) **Liability:** the WFA responsible entity is not liable to unitholders if it acts in good faith and without negligence, for any loss suffered relating to WFA, except to the extent that the Corporations Act imposes such liability. The WFA responsible entity is entitled to be indemnified out of WFA assets for any liability it incurs in properly performing or exercising any of its duties or powers in relation to WFA.

- (j) **Buyback:** while WFA is listed, the WFA responsible entity may, subject to the Corporations Act and the Listing Rules, purchase WFA Units or options to those Units on the ASX. Where WFA Units are purchased as part of a Stapled Security, the WFA responsible entity must with the stapled entities determine what proportion of the price paid is in respect of the units and is therefore to be paid from the assets of WFA.

11.4 Summary of Stapling Deed

The Stapling Deed between Westfield, WML and WAML will be entered into before the Merger is implemented. A copy of the proposed form of the Stapling Deed is contained in Annexure C. It will set out the terms of the relationship between Westfield, WML and WAML in respect the Westfield Shares, the WFT Units and WFA Units that comprise the Stapled Securities. The aspects of that relationship with which it deals include the following:

- (a) **Stapling:** The Westfield Shares, WFT Units and WFA Units (other than the Cross Holding) will remain stapled unless a special resolution of Stapled Securityholders approves unstapling.
- (b) **Cooperation and consultation:** Westfield, WML and WAML agree to share accounting and other information, and to cooperate in operating Westfield, WFT and WFA in providing information to investors, valuing assets, preparing accounts, holding meetings, issuing securities and making distributions.
- (c) **Dealings in Stapled Securities:** Westfield Shares, WFT Units and WFA Units may only be issued or transferred as part of Stapled Securities.
- (d) **Financial benefits:** Subject to certain limitations, Westfield agrees to enter into any agreement, document or arrangement or do any act at the direction of WML and WAML in respect of any financing facility or financial accommodation affecting Westfield or its controlled entities.
- (e) **Allocation of issue price:** Westfield, WML and WAML must agree on the basis of fair value from time to time on the proportion of the issue price of an Stapled Security to be allocated to each of Westfield, WFT and WFA. Where the Stapled Security is being issued pursuant to the exercise of options issued on or before the Implementation Date, the issue price of the securities which make up the Stapled Security will be determined in accordance with the relevant terms of issue of such options and as Westfield and the Responsible Entities have agreed.

Where an option to issue a Stapled Security is issued after the Implementation Date, the allocation of the issue price of the Stapled Security must be determined on the basis of fair value by agreement between the Responsible Entities and Westfield either prior to the issue of the option or, if not agreed at that time, at the time of exercise of that option.

In the absence of agreement, an independent accountant must determine the allocation based on the fair values of the Westfield Shares, WFT Units and WFA Units having regard to their net tangible assets and other factors that the independent accountant considers relevant.

- (f) **Registers:** Westfield's register of Westfield Shareholders, WFT's register of unitholders and WFA's register of unitholders are to be kept jointly.
- (g) **Duties:** When carrying out their duties, Westfield, WML and WAML may consider the interests of holders of Stapled Securities as a whole, not only the interests of the members of Westfield, WFT and WFA separately.
- (h) **Dispute resolution:** If there are disagreements about stapling issues, Westfield, WML and WAML must use their best efforts to resolve them and negotiate in good faith before instituting proceedings.

11.5 Summary of Implementation Deed

Set out below is a summary of the key terms of the Implementation Deed. A copy of the Implementation Deed (omitting all schedules) is contained in Annexure B.

(a) Purpose

The Implementation Deed dated 21 May 2004 is between Westfield, WML as responsible entity of WFT and WAML as responsible entity of WFA. It sets out the procedures to be followed to implement the Merger and related matters.

In addition to those elements of the Merger described elsewhere in this Explanatory Memorandum, the Implementation Deed deals with the matters discussed in this section.

(b) Agreement to implement Merger

Each Issuer must use its best endeavours to implement the Merger subject to its constitution, the Implementation Deed, the law and the Listing Rules. This includes using its best endeavours to ensure satisfaction of the Conditions.

(c) Obligations of the parties

The material obligations of the Issuers are as follows:

- (i) Westfield must:
 - (A) apply for a Court order to convene the Share Scheme Meeting and convene such meeting; and
 - (B) issue Westfield Shares to WFT Unitholders and WFA Unitholders and on the exercise of WFT Options and WFA Options held by WFT Optionholders and WFA Optionholders (other than the Cross Holders).
- (ii) Each Responsible Entity must:
 - (A) apply to the Court for judicial advice as set out in section 11.25;
 - (B) convene, respectively, the WFT Members Meeting and the WFA Members Meeting;
 - (C) lodge, respectively, the executed WFT Supplemental Deed Poll and the executed WFA Supplemental Deed Poll with ASIC;
 - (D) consent to and undertake to the Court to be bound by the Share Scheme if requested by the Court; and
 - (E) issue, respectively, Restructured WFT Units and Restructured WFA Units to Securityholders in each of the other two Entities and on exercise of options over securities in each of the other two Entities.

(d) Allocation of exercise price

Where an Issuer receives the exercise price (or deemed equivalent) in respect of the exercise of an existing option in its Entity then it must pay to each of the other two Issuers that proportion of the exercise price that is allocated to the Securities to be issued in each of the other two Entities. The relevant proportions are 33.8% in the case of Westfield, 37.5% in the case of WFT and 28.7% in the case of WFA.

(e) Conditions Precedent

The Share Scheme and the obligations of the parties under the Share Scheme are subject to the Conditions.

(f) Termination

Any Issuer may terminate the Implementation Deed by notice to the other parties before the Court makes the Share Scheme Order if certain events occur. These events include where:

- (i) a party is in material breach of the Implementation Deed;
- (ii) the Share Scheme Resolution, General Resolutions, WFT Resolutions or WFA Resolutions are not passed on or before 31 August 2004;
- (iii) the Share Scheme Order is not made on or before 31 August 2004;

- (iv) the judicial advice contemplated in section 11.25 is not received by WML or WAML on terms satisfactory to it (acting reasonably) on or before 31 August 2004;
- (v) Westfield, any subsidiary of Westfield, WFT or WFA becomes insolvent;
- (vi) the representations and warranties given by an Issuer in the Implementation Deed are not materially true and correct between the date of the Implementation Deed until the date the Court makes the Share Scheme Order; or
- (vii) the Issuers do not receive conditional consent from the ASX granting official quotation of the Stapled Securities, or receive it on terms which, in their reasonable opinion, are unsatisfactory.

A Responsible Entity may terminate the Implementation Deed if, at any time before the Court makes the Share Scheme Order, it determines in good faith, based on expert advice, that it should do so because of the duties it owes to its unitholders. A Responsible Entity may also terminate the Implementation Deed if it does not receive judicial advice at the Court Hearing to the effect that it is justified in implementing the Merger.

In addition, the Issuers may terminate the Implementation Deed by mutual agreement at any time before the Court makes the Share Scheme Order.

(g) Cross Holders

The parties acknowledge that the Cross Holders will not participate in the Stapling in relation to their Cross Holding.

(h) Fractional entitlements

If an Issuer is of the opinion that several Securityholders, each of whom holds a holding of Securities which results in a fractional entitlement to Restructured Securities, have been a party to a securityholding splitting or division in an attempt to obtain an advantage due to the rounding up provided for in the calculation of the Securityholder's entitlement to Restructured Securities, the Issuer may give notice to those Securityholders:

- setting out the names and registered addresses of all of them;
- stating that opinion; and
- attributing to one of them specifically identified in the notice the Securities held by all of them.

After the notice has been given, for the purposes of the implementation of the Merger:

- the Securityholder identified in the notice will be taken to hold all those Securities; and
- each of the other Securityholders will be taken to hold no Securities.

(i) Limitation of Liability of Responsible Entities

The liability of each Responsible Entity is limited to the extent to which the liabilities can be satisfied out of the property of its Trust and for which the Issuer is actually indemnified for the liability. The other parties to the Implementation Deed may only sue the Issuer in its capacity as trustee for its Trust.

The liability of the Responsible Entity is not limited in the above manner where there is a reduction in the extent of its indemnification out of the assets of the Trust as a result of its fraud, negligence or breach of trust.

11.6 Reinvestment of distributions

WFT's distribution reinvestment plan and WFA's distribution reinvestment plan have been suspended so that no reinvestment of distributions into WFT Units or WFA Units will be made under those plans in respect of distributions with record dates after 1 July 2004.

Those distribution reinvestment plans will not be reactivated if the Merger proceeds. Rather, if the Merger proceeds, the Westfield Group Directors intend to put in place a distribution reinvestment plan which, if activated, would provide Stapled Securityholders with the choice of reinvesting some or all of their distributions in new Stapled Securities, rather than receiving those distributions in cash.

11.7 Determination of persons entitled to Stapled Securities

11.7.1 Dealings on or prior to the Stapling Record Date

For the purposes of establishing who are the Securityholders who will participate in the Merger, dealings in Securities will only be recognised if:

- in the case of dealings of the type to be effected by CHESS, the transferee is registered in the relevant Register as a holder of the relevant Securities at the Stapling Record Date; and
- in all other cases registrable transfers or transmission applications are accepted on or before the Stapling Record Date at the place where the Register is kept.

Each Issuer must register transfers or transmission applications of this type by the Stapling Record Date. The Issuer will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Securities received after the Stapling Record Date.

11.7.2 Dealings after the Stapling Record Date

For the purposes of determining entitlement to Stapled Securities, each Issuer will, until the Stapled Securities have been issued, maintain its register in accordance with (as applicable) clause 4 of the Share Scheme, clause 8 of Schedule 1 of the Implementation Deed and clause 8 of Schedule 2 of the Implementation Deed and the Register in this form will solely determine entitlements to the Stapled Securities.

As from the Stapling Record Date, each entry current on the Register will cease to be of any effect other than as evidence of entitlement to the Stapled Securities pursuant to the Merger in respect of the Securities relating to that entry.

Any statements of holding in respect of Securities will from the Stapling Record Date cease to have any effect as documents of title in respect of such Securities.

11.8 Cross Holding

A number of entities controlled by Westfield (referred to as the "Cross Holders") hold the following securities in WFA:

- 553,895,741 WFA Units; and
- 27,661,209 WFA Options convertible into 684,770,612 WFA Units.

Details of these holdings are set out below.

Entity	Number of Units	Number of Options	Type of Options
Titania Services Pty Limited	279,503,105		
WestUS Pty Limited (in its capacity as trustee of WestUS Trust)	207,938,032		
Westfield US Investments Pty Limited	57,760,564		
Westfield American Investments Pty Limited	8,693,914	277,778	Series G1 Special Options
Westfield America Management Limited	126	11,805,862	Series H Special Options
Westfield Queensland Pty Limited		13,260,859	Series I Special Options
Westfield Corporation Inc.		2,264,210	Series H Special Options
Westfield Capital Corporation Finance Pty Limited		52,500	Series F Special Options
Total	553,895,741	27,661,209	

The Cross Holding was taken into account as an asset of Westfield in determining the relative value calculation used to determine the stapling ratios and capital reconstructions for the Westfield Entities.

The Cross Holders will not participate in the issue of Stapled Securities or the stapling distributions. After the Merger is implemented, they will continue to hold WFA Units on the following terms:

- the WFA Units held by the Cross Holders will not have any right to be Stapled to Westfield Shares and WFT Units;
- the WFA Units and WFA Options held by the Cross Holders will continue to be entitled to vote at WFA meetings (although there is no intention to do so) and, in the case of the WFA Units, to receive distributions which are paid on WFA Units;
- the WFA Units held by the Cross Holders will not be transferred to third parties, except to other wholly owned subsidiaries of Westfield; and
- the WFA Units held by the Cross Holders will remain for the life of WFA.

As a result, if the Merger proceeds, the Cross Holders' unitholding in WFA will be reduced from approximately 15% to less than 5% (on an undiluted basis).

The WFA Options held by the Cross Holders will be restructured as set out in section 11.13 below.

11.9 WFT Units held by Westfield

Prior to announcing the Merger, Westfield held approximately 31,000 WFT Units. Westfield will dispose of these WFT Units in the ordinary course of trading on the ASX as soon as practicable after this Explanatory Memorandum has been sent to Securityholders.

11.10 Executive Options

A number of Westfield executives hold options over Westfield Shares which have been issued under the Westfield Executive Option Plan and the Westfield Executive Performance Share Plan.

Under the terms of the Executive Options, the Executive Optionholders have the right to exercise their Executive Options at any time from the date the Court orders the Share Scheme Meeting up until the date and time for the Merger Meetings. Executive Optionholders, therefore, will have the opportunity to acquire Westfield Shares and to vote at the applicable Westfield Merger Meetings together with other Westfield Shareholders.

For Executive Options not exercised by this time, Executive Optionholders have a further opportunity to exercise their Executive Options at any time up until the Effective Date. Executive Optionholders may, therefore, delay exercising their Executive Options until such time as they can be confident that the Merger is likely to proceed.

Under the terms of the Executive Options, Westfield may satisfy the exercise of an Executive Option in one of the following ways:

- (a) issuing or transferring a Westfield Share to the Executive Optionholder;
- (b) paying the Executive Optionholder an amount equal to the difference between the market value of a Westfield Share as at the date of exercise (determined under section 139FA of the Income Tax Assessment Act 1936) and the exercise price for the Executive Option ("**Profit Element**"); or
- (c) issuing or transferring Westfield Shares to the Executive Optionholder equal to the value of the Profit Element.

Westfield has established the Option Trusts that have acquired Westfield Shares to enable Westfield, at its discretion, to satisfy the exercise of an Executive Option by way of a transfer of a Westfield Share to Executive Optionholders on exercise of certain Executive Options.

If the Share Scheme Order is lodged with ASIC, the Option Plan Rules will be amended so that on exercise of any Executive Option that is not exercised on or before the Effective Date, where an Executive Optionholder may have received Westfield Shares they will receive Stapled Securities.

Also, the Executive Option reconstruction provisions will relate to Stapled Securities and not Westfield Shares.

Otherwise, the terms and conditions of the Option Plans remain substantially the same.

11.11 Possfund Options

Westfield has granted to Possfund options over 7,950,000 Westfield Shares. The Possfund options have an exercise price of \$12.84 and expire on 22 May 2005.

Under the terms of the Possfund Options, on exercise Westfield may at its election either:

- issue or transfer one Westfield Share in respect of each option exercised subject to payment of the exercise price;
- issue or transfer the number of Westfield Shares whose value represents the difference between the market value of the Westfield Shares that would otherwise have been issued on exercise of the option as at the date of their exercise and their exercise price (that difference being the "**profit component**"); or
- paying to Possfund an amount equal to the profit component.

If the Merger proceeds, the terms of the Possfund Options allow Westfield on exercise of a Possfund Option to issue or transfer to Possfund the number of Stapled Securities that Possfund would have received had it exercised those options prior to the Merger and the Westfield Shares issued on exercise participated in the Merger. Also, following the Merger, the terms of the Possfund Options will allow Westfield to calculate the profit component on the basis of the market value of Stapled Securities.

11.12 WFT Optionholders

On 1 December 2003, WML as the responsible entity of WFT issued 850,000 WFT Options to Deutsche Bank AG for an issue price of \$10,880,000. The WFT Options are exercisable at any time until 5 January 2009 at a strike price of \$3.75 each, subject to adjustment in the event of certain corporate actions. The number of WFT units to be issued on exercise of a WFT Option is calculated by dividing \$1,000, being the exercise price per WFT Option, by the strike price (as may be adjusted from time to time).

All of the terms and conditions of the WFT Options are set out in the prospectus dated 28 November 2003.

WML as responsible entity of WFT is currently finalising an agreement with Deutsche Bank AG in regard to the WFT Options, which is expected to be entered into on or before the Effective Date. Under the Deutsche Bank Agreement:

- the terms of each WFT Option will be amended so that on exercise of a WFT Option, WML agrees to procure that the optionholder will receive Stapled Securities; and
- the number of Stapled Securities to be received on exercise of each WFT Option will be calculated by reference to the strike price adjusted for the initial consolidation of WFT Units under the Merger.

11.13 WFA Optionholders

11.13.1 WFA Options held by Westfield controlled entities

The Cross Holders hold 27,661,209 WFA Options convertible into 684,770,612 WFA Units, comprising Series F, Series G1, Series H and Series I Special Options.

(a) Series F Special Options

Each Series F Special Option entitles the holder on exercise to be issued 1,049 WFA Units for an exercise price of either US\$1,000 or the delivery of one Series F Preferred Share in WEA.

If the Merger proceeds, on exercise of the option 157.35 Stapled Securities will be issued.

(b) Series G1 Special Options

The exercise price for a Series G1 Special Option is the transfer of:

- a Series D Cumulative Convertible Redeemable Preference Share in WEA, in which case 231.0883 WFA Units are issued on exercise of each Series G Special Option; or

- the number of Common Shares in WEA into which the Series D Cumulative Convertible Redeemable Preference Share has been converted, in which case 23.1088 WFA Units are issued on exercise of each Series G Special Option.

If the Merger proceeds,:

- where a Series D Cumulative Convertible Redeemable Preference Share in WEA is delivered on exercise of the option, 34.6632 Stapled Securities will be issued; or
- where a Common Share in WEA is delivered on exercise of the option, 34.6632 Stapled Securities will be issued.

(c) Series H Special Options

Each Series H Special Option entitles the holder on exercise to be issued 20.3271 WFA Units in exchange for the delivery of one Common Share in WEA.

If the Merger proceeds, on exercise of the option 3.049 Stapled Securities will be issued.

(d) Series I Special Options

Each Series I Special Option entitles the holder on exercise to be issued 21.0773 WFA Units in exchange for the delivery of one Common Share in WEA.

If the Merger proceeds, on exercise of the option 3.1616 Stapled Securities will be issued.

11.13.2 Other WFA Options

In addition to the WFA Options held by the Cross Holders, 694,445 Series G Special Options have been issued and are held by Security Capital Preferred Growth Incorporated, who is not related to any of the Westfield Entities.

The exercise price for a Series G Special Option is the transfer of:

- a Series G Cumulative Convertible Redeemable Preference Share in WEA, in which case 231.0883 WFA Units are issued on exercise of each Series G Special Option; or
- the number of Common Shares in WEA into which the Series G Cumulative Convertible Redeemable Preference Share has been converted, in which case 23.1088 WFA Units are issued on exercise of each Series G Special Option.

WFA and Security Capital Preferred Growth Incorporated have confirmed that pursuant to the terms of the existing series of Special Options:

- where a Series G Cumulative Convertible Redeemable Preference Share in WEA is delivered on exercise of the option, 34.6632 Stapled Securities will be issued; and
- where a Common Share in WEA is delivered on exercise of the option, 3.4663 Stapled Securities will be issued.

11.14 Operating agreements

Australia

Property management and development services for WFT's Australian property portfolio are provided by Westfield and its controlled entities on commercial terms.

In the case of those properties which are wholly owned by WFT or its controlled entities, these services are provided pursuant to management and development agreements that, with one exception, have fixed terms. The fixed terms of the applicable management agreements do not expire until 30 June 2010, although earlier termination could occur in respect of a shopping centre where WFT's ownership interest was less than 25%. The fixed terms of the applicable development agreements are also of significant duration, a majority expiring on or after 10 November 2013.

The parties are obliged to enter into good faith renewal negotiations prior to the expiry dates of the current fixed terms. These renewal negotiations are to be undertaken with a view to renewal on similar

commercial terms where the Manager can demonstrate to the reasonable satisfaction of the responsible entity of WFT that those terms are consistent with the terms on which management services are then provided in respect of co-owned properties and are not inconsistent with market practice.

In the case of the services agreements for the co-owned properties (other than one agreement which has a long fixed term), the agreements continue on an evergreen basis so long as WFT maintains a 25% interest in the relevant centre. The development agreement for one wholly owned property also continues on an evergreen basis so long as WFT maintains a 20% interest in the relevant centre.

The operational agreements for all wholly owned centres and the majority of co-owned centres continue notwithstanding a takeover of WFT, a change of responsible entity of WFT or a change of ownership of the responsible entity of WFT.

New Zealand

WFT's New Zealand property portfolio is held via its 100% ownership interest in the St. Lukes Group. Property management and development services for WFT's New Zealand property portfolio are provided by Westfield and its controlled entities on commercial terms.

With one exception, the New Zealand properties are wholly owned and in most of these cases the operational services are provided pursuant to fixed term agreements with provision for renewal negotiations for a further term to take place prior to the expiry of current terms. These agreements for shopping centres wholly owned by the St. Lukes Group would continue notwithstanding a takeover of WFT, a change of responsible entity of WFT or a change of ownership of the responsible entity of WFT.

In the case of the one co-owned property in Newmarket, Auckland, the operational services are provided on an evergreen basis for so long as the Westfield Group (including WFT) has at least a 25% interest in the shopping centre. These operational agreements could be terminated where there is a change of the responsible entity of WFT or a change of ownership of the responsible entity of WFT.

United Kingdom

The investment of Westfield and its controlled entities in its UK property portfolio is held through a limited partnership structure. Britel Fund Trustees Limited is Westfield's equal partner in all shopping centres other than The Broadmarsh Centre in Nottingham. Westfield has a 75% partnership interest in The Broadmarsh Centre, the other partner being Possfund Custodian Trustees Limited.

Property management and development services are provided by Westfield and its controlled entities for the UK property portfolio on commercial terms.

The applicable operational agreements continue on an evergreen basis so long as the Westfield Group or limited partnerships in which Westfield and/or its controlled entities have at least a 50% shareholding in the general partner, maintain at least a direct or indirect 25% interest in the applicable shopping centres.

United States

Property management, advisory and development services for WFA's United States property portfolio are provided by Westfield and its controlled entities on commercial terms.

Property management for the properties wholly owned by WFA (through its controlled affiliate, WEA and its affiliates) are provided pursuant to Management Agreements that automatically renew on an annual basis. Each Management Agreement may be terminated if the responsible entity of WFA (so long as it owns at least 10% of the outstanding capital stock of WEA) and at least 75% of the independent directors of WEA (or if the board of directors of WEA does not have independent directors, the external directors of the board of directors of WAML) determine there has been unsatisfactory performance that is materially detrimental to WEA or that the compensation paid to Westfield is not fair, subject to Westfield's right to prevent a compensation termination by accepting a mutually acceptable reduction of its fees. In the case of the co-owned properties, most of the Management Agreements contain substantially similar provisions.

Westfield provides a variety of advisory, asset management and investment services for WEA pursuant to an Advisory Agreement that automatically renews on an annual basis. The Advisory Agreement may be terminated if WAML (so long as it owns at least 10% of the outstanding capital stock of WEA) and at least

75% of the independent directors of WEA (or if the board of directors of WEA does not have independent directors, the external directors of the board of directors of WAML) determine there has been unsatisfactory performance that is materially detrimental to WEA or that the compensation paid to Westfield is not fair, subject to Westfield's right to prevent a compensation termination by accepting a mutually acceptable reduction of its fees.

Westfield and WEA are parties to a Master Development Framework Agreement pursuant to which Westfield provides predevelopment services to WEA. If a project is approved for development, Westfield also provides design, development and construction services under separate Development Agreements entered into pursuant to the Master Development Framework Agreement. The Master Development Framework Agreement provides that it may be terminated by WEA by agreement of at least 75% of the independent directors of WEA (or if the board of directors of WEA does not have independent directors, the external directors of the board of directors of WAML) and WAML (so long as it owns at least 10% of the outstanding capital stock of WEA) if the Advisory Agreement and the Management Agreements have been terminated in accordance with their terms.

11.15 Master Negative Pledge Deed Poll

The Master Negative Pledge Deed Poll (**Negative Pledge**) is to be given by each of Westfield, WML as responsible entity of WFT and WAML as responsible entity of WAT (each a **Principal Obligor**) on or before the Effective Date.

The Negative Pledge contains certain undertakings, financial covenants, representations and warranties given by each Principal Obligor in respect of themselves, each "Obligor" and their other controlled entities. The term "Obligors" is defined to include:

- each "Guarantor" under the Master Guarantee Deed Poll (see further section 11.16 below), which will initially be each Principal Obligor and the Treasury Subsidiaries referred to in section 8.2.6; and
- each "Debtor", which will initially be the Treasury Subsidiaries referred to in section 8.2.6.

The Master Negative Pledge Deed Poll is given for the benefit of each present and future "Finance Party". The term "Finance Party" is defined as any person nominated as a "Finance Party" for the purposes of the Negative Pledge in a "Finance Document". A "Finance Document" includes any deed, agreement or other document to which an Obligor is a party relating to the provision of financial indebtedness which is nominated as, or otherwise agreed to be, a "Finance Document" for the purposes of the Negative Pledge.

The intention is that certain documents relating to financing arrangements of the Westfield Group will be nominated as Finance Documents and each bank or financial institution providing such arrangements to the Westfield Group will be nominated as a "Finance Party". This will enable these banks or financial institutions to obtain the benefit of the Negative Pledge.

The Negative Pledge also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligors and the acceleration rights of Finance Parties in that event.

The Negative Pledge contains key undertakings of each Principal Obligor to be given in favour of each relevant Finance Party, which include:

- to provide certain financial statements;
- to maintain certain agreed financial ratios;
- to maintain certain insurances;
- to comply with laws;
- to maintain relevant authorisations;
- to ensure debts and payment obligations rank *pari passu*;
- not to enter into any merger or consolidation except certain permitted ones;
- not to create or permit security interests other than certain permitted securities interests;

- not to sell, transfer or dispose of assets other than on arms length terms or on certain other agreed bases; and
- certain trust-related undertakings given by each of WML and WAML in relation to WFT and WFA.

The Negative Pledge becomes effective on the Effective Date and no “Finance Party” has any rights, and no Obligor has any obligations, under the Negative Pledge unless and until the Effective Date occurs.

11.16 Guarantee Deed Poll

The Master Guarantee Deed Poll (**Guarantee**) is to be given by Westfield, WML as responsible entity of WFT and WAML as responsible entity of WAT (each a **Guarantor**) and the Treasury Subsidiaries referred to in section 8.2.6, on or before the Effective Date. The Guarantee also contains a mechanism under which other parties which are subsidiaries of a Guarantor may be added as a “Guarantor”.

Under the Guarantee, each Guarantor unconditionally and irrevocably guarantees the monetary obligations of a “Debtor” to each “Guarantee Beneficiary”. The “Debtors” will initially be the Treasury Subsidiaries referred to in section 8.2.6 above, however additional parties may be added as “Debtors” in the future.

The term “Guarantee Beneficiary” is defined as any person nominated as a “Guarantee Beneficiary” for the purposes of the Guarantee in a “Finance Document”. A “Finance Document” includes any deed, instrument, agreement or other document to which a Debtor is a party relating to the provision of financial indebtedness which is nominated as, or otherwise agreed to be, a “Finance Document” for the purposes of the Guarantee.

The Guarantee is given for the benefit of each present and future “Guarantee Beneficiary”. The intention is that certain documents or instruments relating to financing or hedging arrangements of the Westfield Group will be nominated as Finance Documents and each bank, financial institution or other person providing such arrangements to the Westfield Group or holding the benefit of such arrangements will be nominated as a “Guarantee Beneficiary”. This will enable these banks, financial institutions and other persons to obtain the benefit of the Guarantee.

Under the Guarantee, each Debtor guarantees the monetary obligations of each other Debtor (other than certain excluded debtors) to a Guarantee Beneficiary.

The Guarantee becomes effective on the Effective Date and no “Guarantee Beneficiary” has any rights, and no Guarantor has any obligations, under the Guarantee unless and until the Effective Date occurs.

11.17 Further information in relation to the Trusts

Investment Considerations

The Responsible Entities do not take into account labour standards or environmental, social or ethical considerations for the purpose of selecting, retaining or realising investments for WFT and WFA. Environmental factors are addressed as part of normal property due diligence.

Commissions

There are no commissions which can affect returns on the Trusts.

Dispute resolution procedures to deal with complaints about the Trusts

If you have a complaint about WML in connection with your investment in WFT or WAML in connection with your investment in WFA, you can:

- contact the relevant Investor Relations Officer on 1800 222 242 (WFT) or 1800 689 393 (WFA); or
- write to the Complaints Manager at:

**GPO Box 4004
Sydney NSW 2001**

Your complaint will be acknowledged within 14 days. However, both WML and WAML aim to respond within 5 business days. Every endeavour is made to resolve a complaint as soon as is practicable. A written response to the complainant must be sent within 45 days. If the complaint is not resolved within

90 days, you may have the right to complain to the Financial Industry Complaints Service Limited ("FICS") at PO Box 579 Collins Street West, Melbourne VIC 8007 (Telephone: 1300 78 08 08 or fax (03) 9621 2291). The Responsible Entities are both members of FICS.

11.18 Continuous Disclosure

Each Westfield Entity is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules, including the preparation of annual reports and half yearly reports. The most recently lodged financial reports before the date of this Explanatory Memorandum are as follows:

- (a) Westfield 2003 Half Yearly Report for the half year ended 31 December 2003.
- (b) WFT 2003 Annual Report for the year ended 31 December 2003.
- (c) WFA 2003 Annual Report for the year ended 31 December 2003.

Each Westfield Entity is required to notify the ASX of information about specific events and matters as they arise for the purposes of the ASX making that information available to the stock markets conducted by the ASX. In particular, each of the Westfield Entities has an obligation under the Listing Rules (subject to certain exceptions) to notify the ASX immediately of any information of which it is or becomes aware which a reasonable person would expect to have a material effect on the price value of its securities. That information is available to the public from the ASX. Copies of documents lodged with ASIC in relation to a Westfield Entity may be obtained from, or inspected at, an ASIC office.

Information relating to the Merger and the Stapled Securities that is not materially adverse may change from time to time. This information may be updated and made available to you on Westfield's website at www.westfield.com/groupmerger or by contacting Westfield on the numbers set out below. A paper copy of any updated information is available free on request.

The following documents are available for inspection at the offices of Westfield, Westfield Towers, 100 William Street, Sydney NSW 2011 between 9.00 am and 5.00 pm on Business Days and are available on Westfield's website at www.westfield.com/groupmerger. A copy may be requested to be provided, free of charge by contacting the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia).

11.18.1 Name of Document

- Westfield 2003 Annual Report
- Westfield 2003 Half Yearly Report
- WFT 2003 Annual Report
- WFA 2003 Annual Report
- Current Westfield constitution
- New Westfield constitution
- Current WFT constitution
- WFT Supplemental Deed Poll (and marked up constitution)
- Current WFA constitution
- WFA Supplemental Deed Poll (and marked up constitution)
- Stapling Deed
- Implementation Deed
- Any continuous disclosure notice lodged by:
 - Westfield since the lodgment of its 2003 Annual Report
 - WFT since the lodgment of its 2003 Annual Report
 - WFA since the lodgment of its 2003 Annual Report

11.19 Interests of directors

11.19.1 Interests in marketable securities

The table below sets out the number and type of marketable securities in any of the Westfield Entities held by or on behalf of each Westfield Director, WFT Director and WFA Director or in respect of which they have a relevant interest as at the date of this Explanatory Memorandum.

Director	Westfield	Executive Options	WFT	WFA
Frank Lowy AC	157,614,384 ¹			
David Lowy AM		1,250,000		
Peter Lowy		1,250,000		
Steven Lowy		1,250,000	42,885 ²	622,928,675 ³
Robert Ferguson	57,525	Nil	Nil	Nil
David Gonski AO	126,539	Nil	12,000	507,399
Fred Hilmer AO	91,454	Nil	Nil	653,187
Dean Willis AO	20,000	Nil	Nil	Nil
Carla Zampatti AM	221,654	Nil	Nil	Nil
Stephen Johns	1,098,400	500,000	Nil	1,461,102
Jillian Broadbent	10,000	Nil	Nil	212,500
Herman Huizinga	Nil	Nil	Nil	Nil
Bob Mansfield AO	Nil	Nil	10,000	20,000
John Studdy AM	21,190	Nil	18,000	82,281
Bill Falconer CNZM	Nil	Nil	Nil	Nil
Gary Weiss	Nil	Nil	Nil	Nil
Roy Furman	Nil	Nil	Nil	257,500
Fay Vincent	Nil	Nil	Nil	Nil

Notes:

1 This is the aggregated interest of the Lowy directors including family holdings and interests held by Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust, the US Executive Share Plan Trust and Westfield C Fund Pty Limited as trustee of the Westfield Superannuation C Fund.

2 Shirley Lowy - 11,047 and Westfield Limited - 31,838

3 Comprising 553,895,741 units held by Westfield subsidiaries and 69,102,535 held by a Lowy family company and Westfield C Fund Pty Limited as trustee of the Westfield Superannuation C Fund. This interest is in respect of ordinary units only. It does not include options held by Westfield subsidiaries.

The Westfield Directors, whether as directors, members, creditors or otherwise, have no material interest in the Share Scheme or any other arrangements or matters contemplated in this Explanatory Memorandum or the Overviews, except that they are members holding securities as set out above.

The effect of the Share Scheme on those arrangements or those interests is not different from the effect on the like interests of other persons.

11.19.2 Agreements or arrangements with directors

Except as set out below, there are no agreements or arrangements made between a Westfield Group Director and any other person in connection with, or conditional on, the outcome of the Merger. However, Westfield Group Directors will be entitled to participate in the Merger in respect of any securities held by them.

In light of the proposed Merger, Westfield's Remuneration Committee and Mr FP Lowy AC have agreed to amend the terms of Mr Lowy's existing contract effective from 1 July 2004, if the Merger is approved. The changes to the existing arrangements, as they apply in the financial years ending 30 June 2005 and 2006, provide for:

- A salary of A\$8 million per annum;
- An annual performance bonus of:

- in respect of the financial year ending 30 June 2005, an amount of A\$4 million payable if the Westfield Group achieves the forecast distribution of \$1.03 per Stapled Security in respect of that financial year; and
- in respect of the financial year ending 30 June 2006, an amount of A\$5 million payable if the Westfield Group achieves the forecast distribution of \$1.10 per Stapled Security in respect of that financial year.

The arrangements will be reviewed every two years.

Based on the historical and forecast figures in this Explanatory Memorandum, a comparison of the salary and bonus payable under new arrangements with the arrangements applicable to 30 June 2004 is as follows:

Salary and Bonus (\$ million)

	02	03	04	05	06
Pre-Merger	11.3	12.8	13.7	15.2	17.2
Post Merger	NA	NA	NA	12.0	13.0

11.19.3 Other interests of directors

Other than as set out in this Explanatory Memorandum:

- no director or proposed director of any of the Issuers has, or has at any time during the two years before lodgment of this Explanatory Memorandum with ASIC, held an interest in:
 - the formation or promotion of any Issuer; or
 - any property acquired or proposed to be acquired by an Issuer in connection with its formation or promotion or the issue of Securities under the Merger;
- no amount has been paid and no benefit has been given or agreed to be given to any director or proposed director of an Issuer either:
 - to induce him or her to become, or to qualify him or her as, a director; or
 - for services provided by him or her in connection with the formation or promotion of an Issuer or the issue of Securities under the merger; and
- no Westfield Group Director has any other interest, whether as a director, member or creditor of an Issuer or otherwise, material to the Merger.

11.20 Market Price Information

Westfield Shares, WFT Units and WFA Units are each Officially Quoted on the ASX. The following table sets out relevant market price information for these securities:

	Westfield Shares	WFT Units	Existing WFA Units
Latest recorded sale price			
as at Monday 24 May	\$14.66	\$4.24	\$2.28
Previous 3 months			
– Low	\$12.50 (12 March 2004)	\$3.53 (24 February 2004)	\$1.83 (24 February 2004)
– High	\$14.88 (7 May 2004)	\$4.26 (21 May 2004)	\$2.30 (18 May 2004)
Sale price immediately before Merger announced on 22 April 2004	\$13.96	\$3.55	\$1.96

11.21 Acquisition of Stapled Securities by foreign persons

Under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth), notification to the Federal Treasurer of acquisitions of interests in Australian urban land by foreign persons is compulsory in certain circumstances. A Stapled Security constitutes an interest in Australian urban land. Investors who may be foreign persons for the purposes of the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) and are affected by these requirements include:

- (a) a natural person not ordinarily resident in Australia;
- (b) a corporation in which a natural person not ordinarily resident in Australia or a foreign corporation alone or together with an associate or associates holds not less than 15% of the voting power in the corporation or holds interests in not less than 15% of the issued shares of the corporation;
- (c) a corporation in which two or more persons, each of whom is a natural person not ordinarily resident in Australia or a foreign corporation alone or together with an associate or associates hold not less than 40% of the voting power in the corporation or hold interests in not less than 40% of the issued shares of the corporation;
- (d) the trustee of a trust estate in which a natural person not ordinarily resident in Australia or a foreign corporation alone, or together with an associate or associates, holds a beneficial interest in not less than 15% of the corpus or income of the trust estate; and
- (e) the trustee of a trust estate in which two or more persons, each of whom is either a natural person not ordinarily resident in Australia or a foreign corporation, together with an associate or associates, hold, in the aggregate, beneficial interests in not less than 40% of the corpus or income of the trust estate.

The Foreign Acquisitions and Takeovers Regulations made under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) provide exemptions for certain acquisitions of interests in Australian urban land such that the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) does not apply. The exemptions include an acquisition of an interest in Australian urban land where the acquisition by a single foreign person is of less than 15% (or 40% by 2 or more foreign persons in aggregate) of:

- the issued shares in a publicly listed Australian urban land corporation with less than 10% of its real estate assets in the form of residential real estate; or
- of units in an Australian urban land trust estate with at least 100 unit holders, where the units are issued pursuant to an approved prospectus and has less than 10% of its real estate assets in the form of residential real estate.

The terms "Australian urban land", "Australian urban land corporation" and "Australian urban land trust estate" are defined terms under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth).

The acquisition by a foreign person of less than 15% of the Stapled Securities of Westfield Group will not be required to be notified to the Federal Treasurer under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth).

Investors requiring further information as to whether notification under the Foreign Acquisitions and Takeovers Act 1975 (Cwlth) to the Federal Treasurer (through the Foreign Investment Review Board) is required in respect of a proposed investment or further investment in the Westfield Group should consult their professional advisor.

11.22 Directors' statement

Other than as set out in this Explanatory Memorandum:

- the financial position of Westfield has not within the knowledge of the Westfield Directors materially changed since the date of the last balance sheet laid before a general meeting of Westfield, namely the balance sheet as at 30 June 2003;
- the financial position of WFT has not within the knowledge of the WFT Directors materially changed since the date of the last audited balance sheet, namely the balance sheet as at 31 December 2003; and

- the financial position of WFA has not within the knowledge of the WFA Directors materially changed since the date of the last audited balance sheet laid, namely the balance sheet as at 31 December 2003.

11.23 No other information

Other than as set out in this Explanatory Memorandum:

- there is no information material to the making of a decision in relation to the Share Scheme, being information that is within the knowledge of any Westfield Director, or of a related body corporate of Westfield, and that has not previously been disclosed to Westfield Shareholders;
- there is no information material to the making of a decision in relation to the WFT Resolutions, being information that is within the knowledge of any WFT Director, or of a related body corporate of WML, and that has not previously been disclosed to WFT Members; and
- there is no information material to the making of a decision in relation to the WFA Resolutions, being information that is within the knowledge of any WFA Director, or of a related body corporate of WAML, and that has not previously been disclosed to WFA Members.

11.24 Regulatory Relief

11.24.1 ASIC Relief

ASIC has granted the following modifications and exemptions in relation to the operation of the Corporations Act as it applies to the Westfield Entities:

- (a) In respect of Westfield, an exemption from compliance with certain requirements of Chapter 6D of the Corporations Act which are not appropriate for the Explanatory Memorandum and related documents.
- (b) In respect of each Trust, an exemption from compliance with certain requirements of Part 7.9 of the Corporations Act which are not appropriate for the Explanatory Memorandum and related documents.
- (c) In respect of each Trust, an exemption from compliance with Part 5C.7 of the Corporations Act to enable the Responsible Entities to provide financial benefits out of scheme property to Westfield and its wholly owned entities, and to the other Trust and its wholly owned entities, while Stapling applies.
- (d) In respect of each Trust, modifications of section 601FC(1)(c) and 601FD(1)(c) of the Corporations Act to enable the Responsible Entities to consider the interests of Stapled Securityholders as a whole rather than their interests solely as members of the relevant Trust.
- (e) In respect of each Trust, a modification of section 601FD(1)(d) of the Corporations Act to enable the Responsible Entities to deal with the entitlements of Foreign Securityholders as contemplated in section 1.13.
- (f) In respect of each Trust, a modification of section 601GA(1)(a) to enable the issue price of Stapled Securities to be allocated between the issue price of the Share and Unit components of that Stapled Security as the Responsible Entity sees fit.
- (g) A modification of Chapter 2M of the Corporations Act which will permit Westfield to change its financial year end to 31 December.
- (h) A modification of Part 6D.2 and Part 7.9 of the Corporations Act to permit the Issuers to apply dividends and distributions to the acquisition of additional Stapled Securities under the DRP.
- (i) Exemptions from Part 6D.2 and Part 7.9 of the Corporations Act in respect of the amendments to the Executive Options, the issue of Stapled Securities on exercise of the reconstructed Executive Options and secondary sale of those Stapled Securities.
- (j) In respect of Westfield and Amondi Pty Ltd (ACN 087 465 763), an exemption under section 911A(2)(i) of the Corporations Act from the requirement to hold an Australian Financial Services Licence in connection with the reconstructed Executive Options.

- (k) In respect of WFT, an exemption from section 1012B of the Corporations Act in respect of the issue of Stapled Securities on exercise of the reconstructed WFT Options.
- (l) An exemption from Chapter 6 and Chapter 6C of the Corporations Act to allow the Investment Bank and the Issuers temporarily to have voting power in excess of 20% in any of the Entities and (in certain circumstances) to be exempt from the requirement to provide substantial holder notices, in regard to the operation of the Sale Facility.
- (m) An exemption from Chapter 5C and Part 7.9 (including, specifically, Division 5A of Part 7.9) in regard to the operation of the Sale Facility.
- (n) A declaration under section 224(4) of the Corporations Act to permit certain related parties of Westfield (including directors and their controlled entities) to vote on the Stapling Deed Resolution.

11.24.2 ASX Waivers

The Issuers have applied to ASX for the following waivers from the operation of the following Listing Rules as they apply to the Westfield Entities:

- (a) Listing Rule 6.23.4, to the extent necessary to permit the terms of the Executive Options, WFT Options and WFA Options to be amended to provide that on exercise of the option the optionholder will receive a Stapled Security.
- (b) Listing Rule 8.10 to the extent necessary to permit a Westfield Entity to refuse to register a transfer of a share or unit (as the case may be) in the entity if not accompanied by a transfer of a share or unit (as the case may be) in each other Westfield Entity.
- (c) Listing Rule 6.24 so that the Issuers need not announce the amount of a dividend or distribution on the date that the dividend or distribution is announced on condition that an estimated dividend or distribution is advised to ASX on that date and the actual dividend and distribution rate is advised to ASX as soon as it becomes known.
- (d) Listing Rules 7.1 and 10.11 to enable the proposed issue of Securities in each Westfield Entity in accordance with the Merger on the condition that the prior approval of the securityholders of the Westfield Entities to the Merger is obtained.
- (e) Listing Rule 7.14 to the extent that the timetable for the Merger does not comply with the timetable prescribed by the Listing Rules.
- (f) Listing Rule 10.1 to the extent necessary to enable transfers of assets between the Westfield Group.
- (g) Listing Rule 7.1 (and, in the case of the Executive Options, Listing Rules 10.11 and 10.14) to permit arrangements between the Issuers necessary to effect the issue of Stapled Securities on exercise of the Executive Options, the Possfund Options, the WFT Options and the WFA Options after implementation of the Merger.
- (h) Listing Rule 7.22 to the extent necessary to permit reconstruction of the WFA Options without a change to the number of WFA Options or the exercise price of each WFA Option.
- (i) Listing Rule 2.4 to the extent necessary to permit the WFA units held by the Cross Holders not be quoted on ASX.
- (j) Listing Rule 10.1 to the extent necessary to allow WFA to subscribe for or be issued shares in WEA.
- (k) Listing Rule 6.22 to the extent necessary to permit an alternative formula for adjustment on pro-rata rights issues to be used for the restructured WFT Options.
- (l) A waiver of Listing Rule 6.2 to the extent necessary to permit the Cross Holders to hold WFA Units which are subject to the arrangements described in section 11.8.

11.25 Application for Judicial Advice

WML and WAML (as trustees of WFT and WFA respectively) applied for judicial advice in connection with the Merger to confirm their power to take steps required of them to implement the Merger. The applications were made pursuant to section 63 of the Trustee Act 1925 and on 25 May 2004, Justice Barrett made orders including an order that a summary of the orders made by him be included in this Explanatory Memorandum:

11.25.1 WFT Order

- 1 WML is justified in convening a meeting of WFT Members (within the meaning of section 9 of the Corporations Act) for the purpose of WFT Members considering and if thought fit, agreeing to the resolutions set out in the WFT Overview and WFT Notice.
- 2 WML is justified in proceeding on the basis that the making of amendments to the WFT constitution in the manner proposed, following the approval by special resolution of the WFT Members, would be within the powers of alteration conferred by clause 22 of the WFT constitution and section 601GC of the Corporations Act.
- 3 WFT is justified in valuing pursuant to section 253F(c) of the Corporations Act options in WFT in accordance with the valuation methodology proposed by John Evan Gibson of Ernst & Young for the purposes of voting on or agreeing to the resolution to be put at the WFT Members Meeting.
- 4 The application for judicial advice be stood over to 1 July 2004 at 9.15 am before His Honour Justice Barrett or as he directs.
- 5 Any person who claims that their rights as a WFT Member will be prejudiced by the amendment of the WFT constitution and by WML effecting the proposal described in the Explanatory Memorandum and WFT Overview may, on or before 1 July 2004, apply to the Court for such orders or such directions as the circumstances may require.
- 6 Except for the publication of a summary of the above orders and circulation of the Explanatory Memorandum to WFT Members registered as at 5.00 pm on Friday 21 May 2004, notice of the above proceedings and orders need not be given to or served on any person.

11.25.2 WFA Order

- 1 WAML is justified in convening a meeting of WFA Members (within the meaning of section 9 of the Corporations Act) for the purpose of WFA Members considering and if thought fit, agreeing to the resolutions set out in the WFA Overview and WFA Notice.
- 2 WAML is justified in proceeding on the basis that the making of amendments to the WFA constitution in the manner proposed, following the approval by special resolution of WFA Members, would be within the powers of alteration conferred by clause 20 of the WFA constitution and section 601GC of the Corporations Act.
- 3 WFA is justified in valuing pursuant to section 253F(c) of the Corporations Act options in WFA in accordance with the valuation methodology proposed by John Evan Gibson of Ernst & Young for the purposes of voting on or agreeing to the resolution to be put at the WFA Members Meeting.
- 4 The application for judicial advice be stood over to 1 July 2004 at 9.15 am before His Honour Justice Barrett or as he directs.
- 5 Any person who claims that their rights as a WFA Member will be prejudiced by the amendment of the WFA constitution or by WAML effecting the proposal described in the Explanatory Memorandum and WFA Overview may, on or before 1 July 2004, apply to the Court for such orders or such directions as the circumstances may require.
- 6 Except for the publication of a summary of the above orders and circulation of the Explanatory Memorandum to WFA Members registered as at 5.00 pm on Friday 21 May 2004, notice of the above proceedings and orders need not be given to or served on any person.

WML and WAML each intend to act in accordance with the above judicial advice and upon further advice proposal to be sought from the Court on 1 July 2004 in proceeding to implement the Merger.

At the Court Hearing, each of the Responsible Entities as trustees will apply for further judicial advice to the effect that each of them would be justified in implementing the Merger in accordance with, respectively, the WFT Resolutions and the WFA Resolutions as approved by WFT Securityholders and WFA Securityholders. WML and WAML each intend to act in accordance with such judicial advice in proceeding to implement the Merger.

If that advice is not given on terms acceptable to the Responsible Entities, acting reasonably, then the Responsible Entities may terminate the Implementation Deed.

11.26 Consents and disclaimers

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to be named in this Explanatory Memorandum in the form and context in which they are named:

- (a) Grant Samuel & Associates Pty Limited - as the Independent Expert;
- (b) Greenwoods & Freehills Pty Limited - as tax adviser to the Westfield Group; and
- (c) Ernst & Young and Ernst & Young Transaction Advisory Services Limited - as the Independent Accountant.

The following persons have given and have not, before the date of issue of this Explanatory Memorandum, withdrawn their consent to the inclusion of their respective reports noted next to their names and the references to those reports in the form and context in which they are included in this Explanatory Memorandum and the Overview:

- (a) Grant Samuel & Associates Pty Limited - the Independent Expert's report in section 6;
- (b) Ernst & Young and Ernst & Young Transaction Advisory Services Limited - the reports in sections 4 and 5 respectively; and
- (c) Greenwoods and Freehills Pty Limited - the taxation report in section 7.

Each person referred to in this section 11.26:

- (a) does not make, or purport to make, any statement in this Explanatory Memorandum other than those statements referred to above next to that person's name as consented to by that person; and
- (b) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Explanatory Memorandum other than as described in this section with person's consent.

11.27 No unacceptable circumstances

The Westfield Group Directors and the Westfield Entities are not aware of any matter which could in their opinion give rise to a declaration of unacceptable circumstances in relation to the Merger pursuant to Division 2B of Part 6.10 of Chapter 6 of the Corporations Act. An unacceptable circumstance is a state of affairs which is unacceptable to the Takeovers Panel:

- (a) having regard to the effect of the circumstances on the control or potential control of a company or the acquisition by a person of a substantial interest in a company; or
- (b) because it constitutes an infringement of Chapters 6, 6A, 6B or 6C of the Corporations Act.

11.28 Costs of the Merger

11.28.1 General

The costs of the Merger include legal, taxation and financial advisers, independent accountants, independent expert costs and other upfront financing costs (such as the additional costs of a bridge finance standby facility and various other costs relating to the write-off of existing option arrangements), which total approximately \$95 million. If the Merger does not proceed, not all of these costs will be incurred and accordingly the costs to be shared between the Westfield Entities will be approximately \$80 million. This figure comprises approximately \$40 million of advisers costs and approximately \$40

million costs associated with locking in the interest rate differential between the United States and Australian interest rates for 2 years (see section 3.6.4). If the Merger proceeds, the option cost to lock in those interest rates will be included as a cost over the 2 year forecast period ending 30 June 2006 and is therefore not included in the \$95 million amount referred to above.

11.28.2 Fees and Experts

Grant Samuel & Associates Pty Limited

Grant Samuel & Associates Pty Limited, is entitled to receive professional fees of approximately \$1.25 million in connection with the preparation of its Independent Expert's Report appearing in section 6. It may be entitled to further fees for this work based on its usual hourly charge out rate.

Ernst & Young

Ernst & Young, is entitled to receive professional fees of approximately \$1.4 million in connection with its report on historical and pro forma financial information appearing in section 4. It may be entitled to further fees for this work based on its usual hourly charge out rate.

Ernst & Young Transaction Advisory Services Limited

Ernst & Young Transaction Advisory Services Limited, is entitled to receive professional fees of approximately \$2.6 million in connection with the preparation of its report on forecast financial information appearing in section 5. It may be entitled to further fees for this work based on its usual hourly charge out rate.

Greenwoods and Freehills Pty Limited

Greenwoods and Freehills Pty Limited, is entitled to receive professional fees of approximately \$0.25 million in connection with the preparation of its taxation report appearing in section 7. It may be entitled to further fees for this work based on its usual hourly charge out rate.

11.29 Circumstances requiring issue of a supplementary Explanatory Memorandum

A supplementary Explanatory Memorandum will be issued if any of the Issuers becomes aware of any of the following between the date of issue of this Explanatory Memorandum and the date the Stapled Securities are quoted on the ASX:

- (a) a material statement in this Explanatory Memorandum is misleading or deceptive;
- (b) there is a material omission in this Explanatory Memorandum;
- (c) there has been a significant change or aspect in this matter included in this Explanatory Memorandum; or
- (d) a significant new circumstance has arisen and it would have been required to be included in this Explanatory Memorandum.

11.30 Directors consent to lodgment of Explanatory Memorandum

Each director of each Issuer has given, and not withdrawn their consent to the lodgment of this Explanatory Memorandum with ASIC.

12. GLOSSARY

12.1 Defined terms

This section sets out definitions for most of the terms and key words used in this document, as well as each of the Overview Documents.

AASB	Australian Accounting Standards Board.
AGAAP	Australian generally accepted accounting principles.
Applicable Laws	any one or more or all, as the context requires, of: (i) Corporations Act and the Corporations Regulations; (ii) Listing Rules; (iii) Westfield constitution; (iv) WFT constitution; (v) WFA constitution; and (vi) any practice note, policy statement, class order, declaration, guideline, policy or procedure pursuant to the provisions of which either ASIC or the ASX is authorised or entitled to regulate, implement or enforce, either directly or indirectly, the provisions of any of the foregoing statutes, regulations, rules deeds or agreements or any conduct or proposed conduct of any person pursuant to any of the abovementioned statutes, regulations, rules, deeds or agreements.
ART	AMP Shopping Centre Trust.
ASIC	Australian Securities and Investments Commission.
ASX	Australian Stock Exchange Limited (ACN 008 624 691) or the market conducted by it as the context requires.
ATSC Settlement Rules	the settlement rules of the ASX Settlement and Transfer Corporation Pty Limited.
Business Day	a business day for the purpose of the Listing Rules.
Cash Alternative	the “Cash Alternative” under the Sale Facility described in section 1.12 and in the Special Notices about the Sale Facility.
CGT	capital gains tax provisions contained in Part 3 of the Australian Income Tax Assessment Act 1997 as amended.
Conditions	the conditions precedent to implementation of the Merger as set out in clause 2.1 of the Share Scheme.
Constitution Amendment Resolution	the special resolution of Westfield to replace the existing Westfield constitution with a new constitution as set out in the Westfield General Notice.
Corporations Act	the Corporations Act 2001 (Cwlth).
Court	the Supreme Court of New South Wales.
Court Hearing	the hearing at which Westfield will request the Court to make the Share Scheme Order.
Cross Holder	the holder of the Cross Holding.

CPI	consumer price index.
Cross Holding	the WFA Units and WFA Options held by controlled entities of Westfield.
Distributable Earnings	total net profit after tax of Westfield Group.
Distribution Record Date	5.00 pm (Sydney time) on the fifth Business Day following the Effective Date, or such other date agreed between Westfield and the Responsible Entities and permitted by the ASX.
distributions	in relation to the Westfield Group means distributions comprising dividends in respect of Westfield Shares and distributions in respect of WFT Units and WFA Units.
Effective Date	the date upon which an office copy of the Share Scheme Order is lodged with ASIC.
Exchange by Sale Alternative	the Exchange by Sale Alternative under the Sale Facility described in section 1.12 and in the Special Notices about the Sale Facility.
Executive Option	an option granted over an unissued Westfield Share issued to executives of Westfield or its controlled entities pursuant to the Westfield Executive Option Plan or the Westfield Executive Performance Share Plan.
Executive Optionholder	the holder of an Executive Option.
Existing WFA Unit	a fully paid up unit in the issued capital of WFA prior to the Implementation Date.
Existing WFT Unit	a fully paid up unit in the issued capital of WFT prior to the Implementation Date.
Expected IFRS	the interpretation of those standards and proposals under IFRS that are expected to apply to the Westfield Group from 1 January 2005.
Foreign Securityholder	A Securityholder who is a citizen or resident of a jurisdiction outside Australia and New Zealand or who is located in or whose address in the relevant Westfield Entity's register is a place outside Australia and New Zealand and their respective external territories, unless the relevant Issuer is satisfied before the Effective Date that it is not precluded from lawfully issuing Securities to the Securityholder either unconditionally or after compliance with conditions which the Issuer's board in its sole discretion regards as acceptable and not unduly onerous. A list of countries into which the Issuers are satisfied they can issue Securities is set out in section 1.13.
General Meeting	a general meeting of Westfield Shareholders to consider and vote upon the General Resolutions.
General Proxy Form	the blue proxy form that accompanies Westfield General Notice in relation to the General Meeting.
General Resolutions	each of the Constitution Amendment Resolution and the Stapling Deed Resolution as set out in the Westfield General Notice.
GLA	gross lettable area.
Group or Westfield Group	each Westfield Entity and all their respective controlled entities from time to time, after the Stapling of the securities of each Westfield Entity.
IFRS	International Financial Reporting Standards.

Implementation Date	the date 4 Business Days after the Stapling Record Date and upon which Westfield Shares, Restructured WFT Units and Restructured WFA Units will be allocated and issued in accordance with the Share Scheme.
Implementation Deed	the Implementation Deed dated on or about 21 May 2004 between Westfield, WML and WAML and set out in Annexure B of this Explanatory Memorandum.
Independent Accountant	Ernst & Young in relation to the independent accountant's report on the historical and pro forma financial information as set out in section 4 and Ernst & Young Transaction Advisory Services Limited in relation to the independent accountant's report on forecast financial information as set out in section 5.
Independent Expert	Grant Samuel & Associates Pty Limited
Independent Expert's Report	the report by the Independent Expert stating whether, in its opinion, the Merger is in the best interests of shareholders of Westfield and members of WFT and members of WFA, and stating reasons for that opinion.
Institutional Offer	the offer of Stapled Securities pursuant to the Sale Facility to institutional and other investors.
Investment Bank	ABN AMRO Equities Australia Limited (ABN 84 002 768 701), who will facilitate the Securityholders to participate in the Sale Facility.
Investors	any holder of a Westfield Share, an Existing WFA Unit or an Existing WFT Unit.
Issuer	Westfield, WML or WAML.
Last Trading Date	the last date of trading on ASX of Westfield Shares, Existing WFT Units and Existing WFA Units.
Listing Rules	the listing rules (including appendices) of the ASX as amended from time to time.
Member	a member of Westfield, a WFT Member or a WFA Member (as applicable).
Merger	the proposed arrangement by which Westfield Shares, Restructured WFA Units and Restructured WFT Units are Stapled to each other.
Merger Documentation	all documents including the Implementation Deed, Stapling Deed, this Explanatory Memorandum, Westfield General Notice, the Share Scheme, the Share Scheme Notice, WFA Notice, WFT Notice, Overviews, Special Notices about the Sale Facility, Sale Election Forms, proxy forms, affidavits and Court applications in relation to the requirements of Part 5.1 of the Corporations Act and all submissions and correspondence with regulatory authorities.
Merger Meetings	the Share Scheme Meeting, the General Meeting, the WFT Members Meeting and the WFA Members Meeting.
Merger Resolutions	the Share Scheme Resolutions, General Resolutions, WFA Resolutions and WFT Resolutions.
MSCI	the global equity indices published by Morgan Stanley Capital International Inc.

Notice of Exercise	a form of notice prepared by Westfield by which Executive Optionholders may elect to exercise their Executive Options in accordance with the Option Plans.
Official List	the official list of entities that the ASX has admitted and not removed.
Official Quotation	official quotation on the ASX and "Officially Quoted" has a corresponding meaning.
Option Plan Rules	the rules of the Option Plans.
Option Plans	the Westfield Executive Option Plan and the Westfield Executive Performance Share Plan.
Option Trusts	the Westfield Executive Option Plan Trust and the Westfield Executive Performance Share Plan Trust, established in connection with the Westfield Executive Option Plan and the Westfield Executive Performance Share Plan.
Overview and Overview Document	any one of the documents entitled "Westfield Trust Overview", "Westfield America Trust Overview" and "Westfield Holdings Overview" that form part of the Merger Documentation.
Possfund	Possfund Custodian Trustee Limited.
Possfund Options	options over unissued Westfield Shares issued to Possfund under an option deed dated 1 April 2004 between Westfield and Possfund.
Post-CGT	in relation to a security or other asset, is an asset which is not a Pre-CGT asset.
Pre-CGT	in relation to a Security or other asset, refers to a pre-CGT asset for the purposes of the capital gains tax provisions of the Australian Income Tax Assessment Act 1997 as amended (generally an asset last acquired by the taxpayer concerned prior to 20 September 1985 and which, by virtue of those provisions, is not treated as having been acquired on or after that date or as having stopped being a pre-CGT asset).
Proxy Form	any proxy form accompanying any one of the Share Scheme Notice, Westfield General Notice, WFT Notice or the WFA Notice.
REIT	Real Estate Investment Trust
Responsible Entity	the responsible entity of WFT or WFA (as applicable).
Restructured Security	a Restructured WFT Unit or Restructured WFA Unit.
Restructured WFA Units	WFA Units after conversion of each Existing WFA Unit into 0.15 WFA Units.
Restructured WFT Units	WFT Units after conversion of each Existing WFT Unit into 0.28 WFT Units.
RNA	Rodamco North America.
Sale Election Form	the sale election form which is attached to the Special Notice about the Sale Facility.
Sale Facility	the arrangements for Securityholders to sell their Securities to the Investment Bank as described in section 1.12 and the Special Notice about the Sale Facility.
Security	a Westfield Share, WFT Unit or WFA Unit.
Securityholder	a holder of a Security.

Share Scheme	the proposed scheme of arrangement under section 411 of the Corporations Act between Westfield and Westfield Shareholders, the terms of which are set out in Annexure A of this Explanatory Memorandum.
Share Scheme Meeting	a meeting of Westfield Shareholders to consider and vote upon the Share Scheme Resolution.
Share Scheme Notice	the notice of meeting issued by Westfield for the purpose of convening the Share Scheme Meeting and considering the Share Scheme Resolution.
Share Scheme Order	the order of the Court under section 411 of the Corporations Act approving the Share Scheme.
Share Scheme Proxy Form	the red proxy form that accompanies the Share Scheme Notice in relation to the Share Scheme Meeting.
Share Scheme Resolution	the resolution set out in the Share Scheme Notice.
Special Notice about the Sale Facility	any one of the documents entitled "Special Notice about the Sale Facility", a different version of which is to be separately despatched to Westfield Shareholders, WFT Members and WFA Members.
Stapled or Stapling	in the case of two or more securities, being on the Official List 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 stapled security.
Stapled Security	one Westfield Share, one Restructured WFT Unit and one Restructured WFA Unit that are Stapled to each other.
Stapled Securityholder	a holder of a Stapled Security.
Stapling Deed	a deed between Westfield, WML and WAML in the form set out in Annexure C of this Explanatory Memorandum.
Stapling Deed Resolution	the ordinary resolution to approve Westfield and its controlled entities giving financial benefits under the Stapling Deed and the Westfield Guarantee described in section 11.16 as set out in the Westfield General Notice.
Stapling Record Date	5.00p.m. (Sydney time) on the sixth Business Day following the Effective Date, or such other date agreed between Westfield and the Responsible Entities and permitted by the ASX.
Subsidiary	has the meaning ascribed to that term in Division 6, Part 1.2 of the Corporations Act.
Termination Date	31 August 2004 or such later date agreed to by Westfield and the Responsible Entities.
Trust	WFT or WFA.
Units	WFT Units or WFA Units (as applicable).
VWAP	in relation to securities, the volume weighted average trading price of those securities on the ASX over the specified period.
WAML	Westfield America Management Limited (ABN 66 072 780 619).
WEA	Westfield America Inc, a controlled affiliate of WFA.
Westfield	Westfield Holdings Limited (ABN 66 001 671 496).

Westfield constitution	the constitution of Westfield.
Westfield Directors	the directors of Westfield
Westfield Entity	Westfield, WFT or WFA.
Westfield General Notice	the notice of general meeting issued by Westfield for the purpose of convening the General Meeting and considering the General Resolutions.
Westfield Group	Westfield, WFT, WFA and each of their controlled entities.
Westfield Group Directors	each of the directors of the Westfield Entities.
Westfield Holdings Overview	the overview booklet accompanying this Explanatory Memorandum despatched to Westfield Shareholders.
Westfield Register of Members	the register of members of Westfield maintained by Westfield in accordance with section 169 of the Corporations Act.
Westfield Share	an ordinary share in Westfield.
Westfield Shareholder	a person or persons registered as the holder of a Westfield Share on Westfield Register of Members.
WFA	Westfield America Trust (ARSN 092 058 449) constituted under the WFA constitution.
WFA constitution	the constitution dated 28 March 1996 as subsequently amended from time to time, pursuant to which WFA was constituted and is regulated.
WFA Directors	the directors of WAML.
WFA Members	members of WFA (including WFA Unitholders and WFA Optionholders).
WFA Members Meeting	a meeting of WFA Members convened to consider the WFA Resolutions
WFA Notice	the notice issued by WAML for the purpose of convening the WFA Members Meeting.
WFA Options	an option over an unissued WFA Unit.
WFA Optionholder	the holder of WFA Options.
WFA Overview	the overview booklet accompanying this Explanatory Memorandum despatched to WFA Members.
WFA Register of Members	the register of members of WFA maintained by WAML in accordance with section 169 of the Corporations Act.
WFA Resolutions	the resolutions set out in the WFA Notice.
WFA responsible entity	the responsible entity of WFA from time to time.
WFA Supplemental Deed Poll	the deed poll to be entered into by WAML amending the provisions of the WFA constitution referred to in the WFA Resolutions.
WFA Unit	a unit in WFA, whether an Existing WFA Unit or a Restructured WFA Unit.
WFA Unitholder	a person or persons registered as the holder of a WFA Unit on the WFA Register of Members.
WFT	Westfield Trust (ARSN 090 849 746) constituted under the WFT constitution.
WFT constitution	the constitution dated 1 April 1982, as subsequently amended from time to time, pursuant to which WFT was constituted and is regulated.

WFT Directors	the directors of WML.
WFT Members	members of WFT (including WFT Unitholders and WFT Optionholders).
WFT Members Meeting	a meeting of WFT Members or optionholders convened to consider the WFT Resolutions.
WFT Notice	the notice of general meeting issued by WML for the purpose of convening the WFT Members Meeting.
WFT Option	an option over an unissued WFA Unit.
WFT Optionholder	the holder of WFT Options.
WFT Overview	the overview booklet accompanying this Explanatory Memorandum despatched to WFT Members.
WFT Register of Members	the register of members of WFT maintained by WML in accordance with section 169 of the Corporations Act.
WFT Resolutions	the resolutions set out in the WFT Notice.
WFT responsible entity	the responsible entity of WFT from time to time.
WFT Supplemental Deed Poll	the deed poll to be entered into by WML amending the provisions of the WFT constitution referred to in the WFT Resolutions.
WFT Unit	a unit in WFT, whether an Existing WFT Unit or a Restructured WFT Unit.
WFT Unitholder	a person or persons registered as the holder of a WFT Unit on the WFT Register of Members.
WML	Westfield Management Limited (ABN 41 001 670 579).

12.2 Interpretation

Unless the context otherwise requires:

- headings used in this Explanatory Memorandum are inserted for convenience and do not affect the interpretation of this Explanatory Memorandum;
- words or phrases defined in the Corporations Act have the same meaning in this Explanatory Memorandum;
- a reference to a section is a reference to a section of this Explanatory Memorandum;
- 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;
- singular includes the plural and vice versa;
- the word “person” includes an individual, a firm, a body corporate, a partnership, a joint venture, an unincorporated body or association or any government agency; and
- a reference to:
 - Australian dollars, dollars, A\$ or \$ is a reference to the lawful currency of Australia;
 - United States dollars, US dollars, US\$ is a reference to the lawful currency of the United States of America;
 - United Kingdom pounds, UK pounds, £ is a reference to the lawful currency of the United Kingdom.

ANNEXURE A – SHARE SCHEME

Scheme of Arrangement pursuant to section 411 of the Corporations Act 2001 (Cwlth) between **Westfield Holdings Limited (ABN 66 001 671 496)** and **each Westfield Shareholder**

1 Preliminary

1.1 Incorporation of Westfield

Westfield is a public company incorporated in Australia and has its registered office at Level 24, Westfield Towers, 100 William Street, Sydney NSW 2011.

1.2 Share capital of Westfield

As at 21 May 2004, there are:

- (a) 565,363,732 Westfield Shares;
- (b) 15,531,112 Executive Options; and
- (c) 7,950,000 Possfund Options,

in Westfield on issue.

1.3 Current quotation of Westfield securities

Westfield is a company admitted to the ASX official list and Westfield Shares are quoted on the stock market conducted by ASX.

1.4 Agreement by Parties to implement Scheme

The Parties have agreed by executing and delivering the Implementation Deed to implement this Share Scheme, and the steps contemplated to follow the implementation of this Share Scheme, to the extent those steps are required to be implemented by each of them.

2 Conditions precedent

2.1 Conditions precedent

The conditions precedent to this Share Scheme are:

- (a) the Share Scheme Resolution being passed;
- (b) the Constitution Amendment Resolution being passed;
- (c) the Stapling Deed Resolution being passed;
- (d) the WFT Resolutions and the WFA Resolutions being passed;
- (e) amendment of the WFT Constitution and the WFA Constitution in the terms contemplated in the WFT Resolutions and WFA Resolutions respectively in the manner required by section 601GC of the Corporations Act;
- (f) the Court approving this Share Scheme under section 411(4)(b) of the Corporations Act; and
- (g) the Implementation Deed not having been terminated prior to the Court making the Share Scheme Order.

2.2 Effect of conditions precedent

The satisfaction of each condition precedent in clause 2.1 on or before the Second Court Date is a condition precedent to the operation of the provisions of clause 3.

2.3 Certificate

Westfield will provide to the Court at the Court hearing on the Second Court Date a certificate, or such other evidence as the Court requests, confirming whether or not the conditions precedent to this Share Scheme set out in clause 2.1 have been satisfied.

3 The Share Scheme

3.1 Lodgment of Court Orders with ASIC

Westfield will lodge with ASIC an office copy of the Court Order in relation to this Share Scheme pursuant to section 411(4)(b) of the Corporations Act as soon as practicable after the making of the Court Order.

3.2 Sale Facility

If a Westfield Shareholder:

- (a) has validly completed and lodged a Sale Election Form by the Election Date indicating that the Westfield Shareholder elects to participate in the Exchange by Sale Alternative for some or all of their Westfield Shares, and is not a Foreign Securityholder, then each such Westfield Shareholder will have, on the Stapling Record Date, transferred to the Investment Bank the unencumbered beneficial and legal title in all of the Westfield Shares in respect of which the Westfield Shareholder has elected to participate in the Exchange by Sale Alternative and which are held by that Westfield Shareholder on the Stapling Record Date.
- (b) has validly completed and lodged a Sale Election Form by the Election Date indicating that the Westfield Shareholder elects to participate in the Cash Alternative for some or all of their Westfield Shares, or is a Foreign Securityholder, then each such Westfield Shareholder will have, on the Stapling Record Date, transferred to the Investment Bank the unencumbered beneficial and legal title, in:
 - (i) in the case of Westfield Shareholders who are Foreign Securityholders, all of the Westfield Shares registered in their name on the Stapling Record Date; and
 - (ii) in the case of all other Westfield Shareholders, all of the Westfield Shares in respect of which they have elected to receive the Cash Alternative and which are held by them on the Stapling Record Date,

On the Stapling Record Date the Investment Bank will become the legal and beneficial owner of the Westfield Shares transferred to it under this clause 3.2 without the need for any further acts by the relevant Westfield Shareholders. For the avoidance of doubt, the Investment Bank will not be acting as a trustee, custodian, nominee or agent in respect of those shares (whether for the purpose of distributions to be paid on those shares on the Implementation Date or any sale or transfer of those shares or otherwise).

3.3 Application for Restructured WFT Units and Restructured WFA Units

On or before the Implementation Date, each Westfield Shareholder on the Stapling Record Date authorises and directs Westfield to, and Westfield must, apply on behalf of that Westfield Shareholder:

- (a) to WML for the issue of that number of Restructured WFT Units for which that Westfield Shareholder is entitled to apply under clause 3.4;
- (b) to WAML for the issue of that number of Restructured WFA Units for which that Westfield Shareholder is entitled to apply under clause 3.4;
- (c) the proceeds of a dividend payable to that Westfield Shareholder as follows:
 - (i) as to \$0.001 for each Restructured WFT Unit for which that Westfield Shareholder applies to WML; and
 - (ii) as to \$0.001 for each Restructured WFA Unit for which that Westfield Shareholder applies to WAML.

3.4 Calculation of entitlement

Each Westfield Shareholder on the Stapling Record Date will be entitled to apply for one Restructured WFT Unit and one Restructured WFA Unit for each Westfield Share to be held by that Westfield Shareholder.

3.5 Issue of Restructured Westfield Shares to holders of WFT Units and WFA Units

On the Implementation Date, Westfield must:

- (a) pay a special fully franked dividend of \$0.002 per share to be applied by Westfield on behalf of Westfield Shareholders on the Stapling Record Date in applying for WFT Units and WFA Units in accordance with clauses 3.8 and 3.9;
- (b) on receipt of an application by WML (on behalf of WFT Unitholders) together with a cheque for the total issue price:
 - (i) issue to the holder of each Restructured WFT Unit on the Implementation Date immediately after the conversion of Existing WFT Units into Restructured WFT Units, one Westfield Share at an issue price of \$0.01 for each Restructured WFT Unit held;
 - (ii) enter in the Westfield Register the name and address of each WFT Unitholder as the holder of Westfield Shares issued to it;
- (c) on receipt of an application by WAML (on behalf of WFA Unitholders) together with a cheque for the total issue price:
 - (i) issue to the holder of each Restructured WFA Unit on the Implementation Date (other than the holders of the Company's WFA Units) immediately after the conversion of Existing WFA Units into Restructured WFA Units, one Westfield Share at an issue price of \$0.01 for each Restructured WFA Unit held;
 - (ii) enter in the Westfield Register the name and address of each WFA Unitholder as the holder of Westfield Shares issued to it.

3.6 Agreement to be bound

As a result of the Share Scheme taking effect in accordance with clause 3.1, each Westfield Shareholder on the Stapling Record Date agrees that:

- (a) on and from the Implementation Date, it will be:
 - (i) a holder of Restructured WFT Units and bound by the provisions of the WFT Constitution; and
 - (ii) a holder of Restructured WFA Units and bound by the provisions of the WFA Constitution;
- (b) from 5.00 pm on the Implementation Date, Westfield Shares may only be transferred if there is a simultaneous transfer of the same number of WFT Units and WFA Units to the same transferee.

3.7 Westfield undertaking

Westfield must, as soon as practicable but in any event no later than 2 Business Days after the Stapling Record Date, make the application for Restructured WFT Units and Restructured WFA Units on behalf of the Westfield Shareholders in accordance with provisions of clauses 3.3(a) and 3.3(b) respectively and must apply the proceeds of the dividend in the manner set out in clause 3.3(c).

3.8 Issue of WFT Units

On the Implementation Date and upon receipt of an application by Westfield, on behalf of Westfield Shareholders, to WML for the allotment and issue of Restructured WFT Units at an issue price of \$0.001 each together with a cheque for the total issue price, Westfield must procure that WML:

- (a) allots and issues to each Westfield Shareholder the number of Restructured WFT Units requested in Westfield's application under clause 3.3; and
- (b) enters in the WFT Register the name and address of each Westfield Shareholder as the holder of the Restructured WFT Units allotted to it.

3.9 Issue of WFA Units

On the Implementation Date and upon receipt of an application by Westfield, on behalf of Westfield Shareholders, to WAML for the allotment and issue of Restructured WFA Units at an issue price of \$0.001 each together with a cheque for the total issue price, Westfield must procure that WAML:

- (a) allots and issues to each Westfield Shareholder the number of Restructured WFA Units requested in Westfield's application under clause 3.3; and
- (b) enters in the WFA Register the name and address of each Westfield Shareholder as the holder of the Restructured WFA Units allotted to it.

3.10 Delivery to Westfield Shareholders

Each Westfield Shareholder on the Stapling Record Date agrees that the obligation of WML and WAML to allot and issue the Restructured WFT Units and the Restructured WFA Units will be satisfied by WML and WAML despatching or procuring the despatch to each Westfield Shareholder concerned by pre-paid post to their address recorded in the Westfield Register at the Stapling Record Date of a holding statement in relation to that Westfield Shareholder's entitlement to Stapled Securities. In the case of joint Stapled Securityholders, the holding statement will be forwarded to the Stapled Securityholder whose name appears first in the Westfield Register on the Stapling Record Date.

3.11 Sale Facility

Westfield must procure that the Investment Bank, in accordance with the Sale Facility:

- (a) on, or as soon as reasonably practicable after, the Implementation Date, sells the Stapled Securities the subject of the Cash Alternative pursuant to the Institutional Offer;
- (b) pays the Adjusted Sale Facility Price to each Westfield Shareholder who has elected to receive the Cash Alternative by cheque within 10 Business Days of completion of the Sale Facility Process as the sale price of the Westfield Shares. The Investment Bank's obligation to make such payment will be satisfied upon it paying the Adjusted Sale Facility Price to the Westfield Share Registry, for payment to the relevant Westfield Shareholder; and
- (c) on the Implementation Date, transfers to each Westfield Shareholder who has elected to participate in the Exchange by Sale Alternative one Stapled Security for each Westfield Share transferred to the Investment Bank in accordance with clause 3.2(a).

Westfield must enter the name and address of each Westfield Shareholder in the Westfield Register as the holder of the Stapled Securities transferred to it in accordance with clause 3.11(c) above.

4 Entitlement to participate and dealings in Westfield Shares

4.1 Entitlement to participate

Each Westfield Shareholder on the Stapling Record Date will be entitled to participate in the Share Scheme.

4.2 Recognised dealings

For the purposes of determining who is a Westfield Shareholder on the Stapling Record Date, dealings in Westfield Shares on or before the close of business on the Effective Date will be recognised provided that:

- (a) in the case of dealings of the type to be effected in using CHESS, the transferee is registered in the Westfield Register as holder of the relevant Westfield Shares by the Stapling Record Date; and
- (b) in all other cases, registrable transmission applications or transfers in registrable form in respect of those dealings they received on or before 5.00 pm (Sydney time) on the Stapling Record Date at the place where the Westfield Register is kept.

For the purposes of clauses 3.3, 3.4, 3.6, 3.8 and 3.9, the Investment Bank will be deemed to be the holder of Westfield Shares that are sold and transferred to the Investment Bank under clauses 3.2 and 3.3 of this Share Scheme on and from the Stapling Record Date and any holder of those Westfield Shares will be deemed to have ceased to be a holder of those Westfield Shares on and from the Stapling Record Date.

4.3 Westfield's obligation to register

Westfield must register:

- (a) any transmission application or transfer received in accordance with clause 4.2(b); and
 - (b) each Executive Optionholder who exercises Executive Options on or before the Last Exercise Date as the holder of the Westfield Shares issued on exercise of such Executive Options,
- in each case by the Stapling Record Date.

4.4 Transfer request received after Stapling Record Date

Westfield will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Westfield Shares referred to in clause 4.2(b) received after 5.00 pm (Sydney time) on the Stapling Record Date nor any transfer or transmission in respect of a dealing in Westfield Shares that occurred after the close of business on the Effective Date.

4.5 Maintaining the Westfield Register

For the purpose of determining entitlements to participate in this Share Scheme, Westfield will, until the WFT Units and WFA Units have been issued under clauses 3.8 and 3.9, maintain the Westfield Register in accordance with the provisions of this clause 4 and entitlements to participate in this Share Scheme will be determined solely on the basis of the Westfield Register.

4.6 Statements of holding cease to have any effect

From the Stapling Record Date, any statement of holding in respect of Westfield Shares will cease to have any effect as a document of title in respect of those Shares. As from the Stapling Record Date, each entry current at that date on the Westfield Register will cease to be of any effect other than as evidence of entitlement to the issue of WFT Units and WFA Units pursuant to the Share Scheme in respect of the Stapled Securities relating to that entry.

5 Actions regarding quotation of Westfield Shares and Stapled Securities**5.1 Suspension of trading of Westfield Shares**

It is expected that trading in Westfield Shares separately on ASX will be suspended no later than the Business Day following the day on which Westfield notifies ASX of the Court approval of the Share Scheme.

5.2 Quotation of Stapled Securities

Westfield will apply for the official quotation of Stapled Securities on ASX immediately after the Effective Date.

6 General provisions**6.1 Westfield to act on behalf of Westfield Shareholders**

Each Westfield Shareholder, without the need for any further act, appoints Westfield as its attorney and agent for the purposes of executing any document necessary or taking any other act necessary to give effect to this Share Scheme.

6.2 Further assurances

Westfield will execute documents and do all things and acts necessary or expedient in order to implement the Share Scheme.

6.3 Authority of Westfield

Each of the Westfield Shareholders consents to Westfield doing all things necessary for or incidental to the implementation of this Share Scheme.

6.4 Share Scheme binding

This Share Scheme binds Westfield and all Westfield Shareholders from time to time (including those who do not attend the Share Scheme Meeting to approve the Share Scheme or do not vote at that meeting).

6.5 Notices

Where a notice, transfer, transmission application or other communication referred to in this Share Scheme is sent by post to Westfield, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Westfield's registered office or the Westfield Share Registry as the case may be.

6.6 Alterations and conditions

Westfield may, with the consent of the Responsible Entities, by its counsel consent on behalf of all persons concerned to any modification of or amendment to the Share Scheme which the Court thinks fit to impose.

6.7 End date

This Share Scheme will lapse and be of no further force or effect if the Effective Date has not occurred on or before 31 August 2004, or such later date approved by Westfield and the Responsible Entities.

6.8 Governing Law

The governing law of this Share Scheme is the law in force in the State of New South Wales.

7 Definitions and interpretation

7.1 Definitions

In this Share Scheme, unless the context otherwise requires:

Adjusted Sale Facility Price means:

- (a) In relation to the Westfield Shares which a Westfield Shareholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected Westfield Shares;
- (b) In relation to the Existing WFT Units which a WFT Unitholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected WFT Units; and
- (c) In relation to the Existing WFA Units which a WFT Unitholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected WFA Units.

ASIC means the Australian Securities and Investments Commission or any replacement or successor authority.

ASX means Australian Stock Exchange Limited or the market operated by it, as the context requires.

Business Day has the meaning given to that term in the Listing Rules.

Cash Alternative means cash for Westfield Shares to be received as the sale price of the Westfield Shares under the Sale Facility.

Constitution Amendment Resolution means the special resolution to replace the Westfield Constitution with the Replacement Westfield Constitution.

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means the Supreme Court of New South Wales.

Court Order means the order of the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act.

Effective Date means the date on which office copies of the Court Order are lodged with ASIC.

Elected Westfield Shares means the number of Westfield Shares which a Westfield Shareholder elects to sell under the Cash Alternative.

Elected WFA Units means the number of WFA Units which a WFA Unitholder elects to sell under the Cash Alternative multiplied by 0.15, rounded up to the nearest whole number.

Elected WFT Units means the number of WFT Units which a WFT Unitholder elects to sell under the Cash Alternative multiplied by 0.28, rounded up to the nearest whole number.

Election Date means the time and date by which the Sale Election Form must be lodged in accordance with the instructions specified in the Sale Election Form.

Exchange by Sale Alternative means sale of Westfield Shares, Existing WFT Units or Existing WFA Units to the Investment Bank in consideration for the transfer of Stapled Securities on the Implementation Date.

Executive Options means those options granted by Westfield over Westfield Shares issued to executives of Westfield pursuant to the Westfield Executive Option Plan or the Westfield Executive Performance Share Plan.

Executive Optionholders means holders of Executive Options.

Existing WFA Unit means a fully paid up unit in the issued capital of WFA prior to the Implementation Date.

Explanatory Memorandum means the booklet containing the Explanatory Statements required by Part 5.1 of the Corporations Act relating to this Share Scheme and all other resolutions required to implement the Merger and other information (including supplementary information) relating to all or any of the above matters.

Foreign Securityholder means a Securityholder who is a citizen or resident of a jurisdiction outside Australia and New Zealand or whose address in the Westfield Register is a place outside Australia and New Zealand and their respective external territories, unless Westfield is satisfied before the Effective Date that it would not be unlawful to issue WFT Units or WFA Units to the Securityholder either unconditionally or after compliance with conditions which Westfield's Board in its sole discretion regards as acceptable and not unduly onerous.

Group Guarantee means the Master Guarantee Deed Poll to be given by each of the Westfield Entities and certain of their controlled entities, as described in section 8.2.6 of the Explanatory Memorandum.

Implementation Date means the date 4 Business Days after the Stapling Record Date and upon which Westfield Shares, Restructured WFT Units and Restructured WFA Units will be allocated and issued in accordance with the Share Scheme.

Implementation Deed means the Implementation Deed dated 21 May 2004 between Westfield, WML and WAML.

Insolvency Event means in relation to a party:

- (a) the party becomes unable to pay its debts as and when they fall due;
- (b) the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party;
- (c) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager to the party;
- (d) the appointment of an administrator to the party; or
- (e) the entry by a party into any compromise or arrangement with creditors, other than to give effect to the Merger.

Institutional Offer means the offer of Stapled Securities to institutional and other investors pursuant to the Cash Alternative under the Sale Facility.

Investment Bank means ABN AMRO Equities Australia Limited (ABN 84 002 768 701), who will facilitate the Securityholders to obtain the Cash Alternative or the Exchange by Sale Alternative, as the case may be.

Last Exercise Date means the Effective Date.

Listing Rules means the listing rules of ASX which are applicable while Westfield or the Trusts as the case may be are admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Parties means Westfield and each of the Responsible Entities.

Possfund Options means the options over Westfield Shares issued to Possfund Custodian Trustee Limited under an Option Deed dated 1 April 2004 between Westfield and Possfund Custodian Trustee Limited.

Replacement Westfield Constitution means the proposed Replacement constitution of Westfield in the form, or substantially in the form, set out in Annexure C of the Implementation Deed.

Responsible Entities means each of WML and WAML as responsible entities of WFT and WFA respectively.

Restructured WFA Unit means a WFA Unit after the conversion of each Existing WFA Unit into 0.15 WFA Units.

Restructured WFT Unit means a WFT Unit after the conversion of each Existing WFT Unit into 0.28 WFT Units.

Sale Election Form means the Sale Election Form which accompanies the notice of the Share Scheme Meeting allowing Westfield Shareholders to elect to receive the Cash Alternative or the Exchange by Sale Alternative.

Sale Facility Price means the price of a Stapled Security as determined and announced by Westfield and the Responsible Entities through the application of the Sale Facility in relation to the Cash Alternative.

Second Court Date means the date of the hearing at which Westfield will request the Court to make the Court Order approving this Share Scheme.

Securityholder means a holder of Shares, WFT Units or WFA Units.

Share Scheme means the scheme of arrangement between Westfield and each Westfield Shareholder pursuant to section 411 of the Corporations Act together with any amendments and modifications made by the Court under section 411(6) of the Corporations Act.

Share Scheme Meeting means the meeting of Westfield Shareholders convened by the Court under section 411(1) of the Corporations Act to consider and, if thought fit, approve the Share Scheme.

Share Scheme Resolution means the resolution to approve the Share Scheme.

Stapled means the linking together of a Westfield Share, a WFT Unit and a WFA Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other term as the ASX permits.

Stapled Securities means a WFT Unit, a WFA Unit and a Westfield Share which are Stapled together and registered in the name of a person.

Stapled Securityholder means a holder of Stapled Securities.

Stapling Deed means the stapling deed dated on or about the date of this deed between Westfield and each of the Responsible Entities.

Stapling Deed Resolution means the ordinary resolution to approve Westfield making the Stapling Deed and the Group Guarantee.

Stapling Record Date means 5.00 pm (Sydney time) on the sixth Business Day following the Effective Date, or such other date agreed between Westfield and the Responsible Entities and permitted by ASX.

Trusts means WFT and WFA.

WAML means Westfield America Management Limited (ABN 66 072 780 619).

WFA means Westfield America Trust (ARSN 092 058 449)

WFA Constitution means the constitution establishing WFA dated 28 March 1996 (as amended from time to time).

WFA Register means the register of WFA Unitholders maintained by WAML in accordance with section 169 of the Corporations Act.

WFA Resolutions means the resolutions as more particularly described in section 10 of the Explanatory Memorandum.

WFA Unit means an ordinary unit in WFA, whether an Existing WFA Unit or a Restructured WFA Unit.

Westfield means Westfield Holdings Limited (ABN 66 001 671 496).

Westfield Constitution means the constitution for Westfield and includes any amendment or replacement of it.

Westfield Register means the register of Shareholders maintained by Westfield in accordance with section 169 of the Corporations Act.

Westfield Share means a fully paid ordinary share in Westfield.

Westfield Share Registry means Computershare Investor Services Pty Limited of Level 3, 60 Carrington Street, Sydney, NSW 2000.

Westfield Shareholder means a person registered as the holder of a Share including any persons jointly registered.

WFT means Westfield Trust (ARSN 090 849 746).

WFT Constitution means the constitution establishing WFT dated 1 April 1982 (as amended from time to time).

WFT Register means the register of WFT Unitholders maintained by WML in accordance with section 169 of the Corporations Act.

WFT Resolutions means the resolutions as more particularly described in section 9 of the Explanatory Memorandum.

WFT Unit means an ordinary unit in WFT.

WML means Westfield Management Limited (ABN 41 001 670 579).

7.2 Corporations Act definitions

Unless otherwise specified in this Share Scheme, terms defined in the Corporations Act are used in this Share Scheme with the same defined meanings.

7.3 Interpretation

In this Share Scheme, unless the context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this Share Scheme;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate;

- (f) a reference to a clause is a reference to a clause of this Share Scheme;
- (g) a reference to a statute, ordinance, code or other law or rule includes regulations and other instruments under it and consolidation, amendments, re-enactments or replacement;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) the word person includes a firm, body corporate, a partnership, a joint venture, an unincorporated body or association, or any government agency;
- (j) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (k) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- (l) If a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (m) a reference to a holder includes a joint holder.

ANNEXURE B – IMPLEMENTATION DEED (WITHOUT ANNEXURES)

Interpretation – definitions are at the end of the General terms

Parties	Westfield, WML and WAML	
Westfield	Name	Westfield Holdings Limited
	ABN	66 001 671 496
	Address	Level 24, Westfield Towers, 100 William Street, Sydney NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
WML	Name	Westfield Management Limited
	ABN	41 001 670 579
	Capacity	Responsible entity of Westfield Trust (ARSN 090 849 746)
	Address	Level 24, Westfield Towers, 100 William Street, Sydney NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
WAML	Name	Westfield America Management Limited
	ABN	66 072 780 619
	Capacity	Responsible entity of Westfield America Trust (ARSN 092 058 449)
	Address	Level 24, Westfield Towers, 100 William Street, Sydney NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
Recitals	A	Westfield and the Responsible Entities intend to implement a Merger of Westfield, WFT and WFA involving the steps set out in paragraphs C to F below with the objective of creating a Stapled Security comprising a Westfield Share, a WFT Unit and a WFA Unit which will be jointly quoted on ASX. In this deed, the term “Merger” or “Merge” is used to describe the process whereby the Westfield Shares, WFT Units and WFA Units will be Stapled to trade together on ASX as a single Stapled Security under the name of Westfield Group.
	B	WML is the Responsible Entity of WFT and WAML is the Responsible Entity of WFA.
	C	If the Merger proceeds, WFT and WFA will convert their capital as follows: (a) each Existing WFT Unit will be converted into 0.28 Restructured WFT Units, with each holding being rounded up to the nearest whole number of Restructured WFT Units; and (b) each Existing WFA Unit will be converted into 0.15 Restructured WFA Units, with each holding being rounded up to the nearest whole number of Restructured WFA Units.

- D** If the Merger proceeds, Westfield will:
- (a) enter into a scheme of arrangement with Westfield Shareholders and implement the proposed Stapling by way of a dividend to Westfield Shareholders and compulsory investment of the proceeds and subscription for WFT Units and WFA Units on the basis of one Restructured WFT Unit and one Restructured WFA Unit for each Westfield Share held; and
 - (b) amend the terms of the Executive Options so that Executive Options will be exercisable over Stapled Securities.
- E** WML, as Responsible Entity of WFT, will hold a meeting of WFT Members to vote on whether to approve:
- (a) amendments to the WFT Constitution to give effect to the Merger; and
 - (b) the implementation of the Merger by WML.
- If the Merger proceeds, WFT will implement the proposed Stapling by way of a distribution to WFT Unitholders and compulsory investment of the proceeds and subscription for Westfield Shares and WFA Units on the basis of one Westfield Share and one Restructured WFA Unit for each Restructured WFT Unit held.
- F** WAML, as Responsible Entity of WFA, will hold a meeting of WFA Members to vote on whether to approve:
- (a) amendments to the WFA Constitution to give effect to the Merger; and
 - (b) the implementation of the Merger by WAML.
- If the Merger proceeds, WFA will implement the proposed Stapling by way of a distribution to WFA Unitholders (except in relation to the Company's WFA Units), and compulsory investment of the proceeds and subscription for Westfield Shares and WFT Units on the basis of one Westfield Share and one Restructured WFT Unit for each Restructured WFA Unit held.

Governing law	New South Wales
Date of agreement	See Signing page

GENERAL TERMS

1 Agreement to implement the Merger

1.1 Implementation of the Merger

The parties agree to implement the Merger in accordance with this deed.

1.2 Best endeavours

Each of the parties undertakes to use its best endeavours, subject to compliance with their respective obligations, functions, powers and duties under this deed, the Westfield Constitution, the WFT Constitution, the WFA Constitution, at law and under the Listing Rules, to give effect to the Merger, including the satisfaction of the conditions in clause 2.1 of the Share Scheme.

2 Westfield undertakings

2.1 Performance of obligations

Westfield agrees to perform all of its obligations under the Share Scheme and, subject to the performance or satisfaction of the Preliminary Events, the Sale Facility, the WFT Unitholder Arrangements and the WFA Unitholder Arrangements.

2.2 General undertakings

Without limiting the generality of clause 1.2, Westfield must:

- (a) **(Merger Documentation)** prepare the Merger Documentation for which it is responsible and use its reasonable endeavours to assist in the preparation of the Merger Documentation for which WML or WAML is responsible, in accordance with the requirements of all Applicable Laws;
- (b) **(Explanatory Memorandum)** prepare, lodge with ASIC and use its reasonable endeavours to have registered by ASIC, the Explanatory Memorandum;
- (c) **(Court order)** apply to the Court for an order under section 411(1) of the Corporations Act convening the Share Scheme Meeting;
- (d) **(Election in respect of Stapled Securities)** contemporaneously with the issue of the notice of the Share Scheme Meeting, send to each Westfield Shareholder a Sale Election Form permitting them to elect before the Election Date to:
 - (i) receive the Cash Alternative in respect of some or all of the Westfield Shares registered in the name of that Westfield Shareholder on the Stapling Record Date; and/or
 - (ii) receive the Exchange by Sale Alternative for some or all of the Westfield Shares registered in the name of that Westfield Shareholder on the Stapling Record Date.

Any Westfield Shareholder who has not validly completed and lodged a Sale Election Form by the Election Date will be deemed not to have elected to receive the Cash Alternative or the Exchange by Sale Alternative. All Foreign Securityholders will be deemed to have made the election in paragraph (i) above in respect of all of their Westfield Shares;

- (e) **(convene Share Scheme Meeting)** act in accordance with any order of the Court to convene and hold the Share Scheme Meeting; and
- (f) **(Westfield General Meeting)** convene and hold the Westfield General Meeting on the same day and immediately after the Share Scheme Meeting.

2.3 Other required actions

If, and only if, all of the Preliminary Events (other than the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act) have been performed or satisfied prior to the Termination Date, Westfield must as soon as practicable:

- (a) **(Court approval)** seek the approval of the Court to the Share Scheme under section 411(4)(b) of the Corporations Act;
- (b) **(lodge amendments to constitution)** lodge with ASIC the Replacement Westfield Constitution under section 136(5) of the Corporations Act;
- (c) **(lodge Court Order)** subject to the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act, lodge with ASIC an office copy of the Court Order as soon as practicable after the making of that Court Order;
- (d) **(issue of Westfield Shares)** ensure that the Westfield Shares to be allotted and issued in connection with the Issues rank *pari passu* in all respects with each other and all other Westfield Shares on issue at that time.

2.4 Option Arrangements

- (a) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then Westfield must at the direction of WML:
 - (i) on exercise of a WFT Option; and
 - (ii) subject to WML making payment to Westfield of the amount determined under clause 5.2(b), issue Westfield Shares to the extent necessary to enable WML to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the WFT Options and the WFT Constitution.
- (b) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then Westfield must at the direction of WAML:
 - (i) on exercise of a WFA Option; and
 - (ii) subject to WAML making payment to Westfield of the amount determined under clause 5.2(b), issue Westfield Shares to the extent necessary to enable WAML to satisfy its obligation to deliver Stapled Securities in connection with the terms and conditions of the WFA Option and the WFA Constitution.
- (c) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), Westfield must amend certain of the terms of the Executive Options by amending the terms of the Executive Option Plans substantially in the manner set out in Annexure B.

2.5 Issue of Westfield Shares

Westfield must ensure that Westfield Shares to be allotted and issued in connection with the Issues rank *pari passu* in all respects with each other and all other Westfield Shares on issue at that time.

3 WML undertakings

3.1 Performance of obligations

Subject to:

- (a) compliance with its obligations, functions and powers under the WFT Constitution, the Corporations Act and the general law; and
- (b) the performance or satisfaction of all of the Preliminary Events,

WML agrees to perform all of its obligations under the WFT Unitholder Arrangements, the WFA Unitholder Arrangements and the Sale Facility.

3.2 General undertakings

Without limiting the generality of clause 1.2, WML must:

- (a) **(Merger Documentation)** prepare the Merger Documentation for which it is responsible, and use its reasonable endeavours to assist in the preparation of the Merger Documentation for which Westfield or WAML is responsible in accordance with the requirements of all Applicable Laws;

- (b) **(judicial advice)** on the date on which Westfield applies to the Court in accordance with clause 2.2(c), apply to the Court for judicial advice confirming that:
 - (i) WML would be justified in convening a meeting of WFT Members for the purpose of considering the WFT Resolutions; and
 - (ii) subject to WFT Members passing the WFT Resolutions, WML would be justified in proceeding on the basis that amending the WFT Constitution, in the manner contemplated by the WFT Supplemental Deed Poll, would be within the powers of alteration conferred by the WFT Constitution and section 601GC of the Corporations Act.
- (c) **(election in respect of Stapled Securities)** contemporaneously with the issue of the notice of the WFT Members Meeting, send to each WFT Unitholder a Sale Election Form permitting them to elect before the Election Date to:
 - (i) receive the Cash Alternative in respect of some or all of the Existing WFT Units registered in the name of that WFT Unitholder on the Stapling Record Date; and/or
 - (ii) receive the Exchange by Sale Alternative under the Sale Facility for some or all of their Existing WFT Units registered in the name of that WFT Unitholder on the Stapling Record Date.

Any WFT Unitholder who has not validly completed and lodged a Sale Election Form by the Election Date will be deemed not to have elected to participate in the Sale Facility. All Foreign Securityholders will be deemed to have made the election in paragraph (i) above in respect of all of their Existing WFT Units.
- (d) **(convene WFT Members Meeting)** subject to obtaining the judicial advice contemplated in clause 3.2(b) on terms satisfactory to WML (acting reasonably), convene the WFT Members Meeting to be held on the same day but after the time for the Westfield General Meeting and before the WFA Members Meeting; and
- (e) **(lodge amendments to constitution)** subject to WFT Members passing the WFT Resolutions, execute and lodge with ASIC the WFT Supplemental Deed Poll under section 601GC(2) of the Corporations Act.

3.3 Court appearances

WML must appear by Counsel at the application to the Court in accordance with clause 3.2(b) and on the hearing of the summons to approve the Share Scheme and if requested by the Court, consent to, and undertake to the Court to be bound by, the Share Scheme. Immediately prior to the hearing of the summons to approve the Share Scheme, WML must apply to the Court for judicial advice that WML is justified in implementing the Merger and giving effect to the provisions of the WFT Constitution (as amended by the WFT Supplemental Deed Poll).

3.4 WFT Options

WML must enter into a Deutsche WFT Options Deed Poll substantially in the form of Annexure F, with such changes as are approved by Deutsche Bank AG and not objected to by ASX.

3.5 Option Arrangements

- (a) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WML must at the direction of Westfield:
 - (i) on exercise of an Executive Option in circumstances where Westfield elects to procure the issue of Stapled Securities to satisfy its obligations on exercise of that option; and
 - (ii) subject to Westfield making payment to WML of the amount determined under clause 5.2(a)(i), issue Restructured WFT Units to the extent necessary to enable Westfield to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the Executive Options as amended in accordance with clause 2.4(c). Where Westfield elects to transfer Stapled Securities or to pay a cash amount to satisfy its obligations on exercise of an Executive Option, WML will be under no further obligation to issue Restructured WFT Units in respect of that option.

- (b) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WML must at the direction of Westfield:
 - (i) on exercise of a Possfund Option in circumstances where Westfield elects to procure the issue of Stapled Securities to satisfy its obligations on exercise of that option; and
 - (ii) subject to Westfield making payment to WML of the amount determined under clause 5.2(b), issue Restructured WFT Units to the extent necessary to enable Westfield to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the Possfund Option. Where Westfield elects to transfer Stapled Securities or to pay a cash amount to satisfy its obligations on exercise of a Possfund Option, WML will be under no further obligation to issue Restructured WFT Units in respect of that option.
- (c) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WML must at the direction of WAML:
 - (i) on exercise of a WFA Option; and
 - (ii) subject to WAML making payment to WML of the amount determined under clause 5.2(b), issue Restructured WFT Units to the extent necessary to enable WAML to satisfy its obligation to deliver Stapled Securities in connection with the terms and conditions of the WFA Option and the WFA Constitution.

3.6 Issue of WFT Units

WML must ensure that Restructured WFT Units to be allotted and issued in connection with the Issues rank pari passu in all respects with each other and all other Restructured WFT Units on issue at that time.

4 WAML undertakings

4.1 Performance of obligations

Subject to:

- (a) compliance with its obligations, functions and powers under the WFA Constitution, the Corporations Act and the general law; and
- (b) the performance or satisfaction of all of the Preliminary Events,

WAML agrees to perform all of its obligations under the WFA Unitholder Arrangements, the WFT Unitholder Arrangements and the Sale Facility.

4.2 General undertakings

Without limiting the generality of clause 1.2, WAML must:

- (a) **(Merger Documentation)** prepare the Merger Documentation for which it is responsible, and use its reasonable endeavours to assist in the preparation of the Merger Documentation for which Westfield or WML is responsible in accordance with the requirements of all Applicable Laws;
- (b) **(judicial advice)** on the date on which Westfield applies to the Court in accordance with clause 2.2(c), apply to the Court for judicial advice confirming that:
 - (i) WAML would be justified in convening a meeting of WFA Members for the purpose of considering the WFA Resolutions; and
 - (ii) subject to WFA Members passing the WFA Resolutions, WAML would be justified in proceeding on the basis that amending the WFA Constitution, in the manner contemplated by the WFA Supplemental Deed Poll, would be within the powers of alteration conferred by the WFA Constitution and section 601GC of the Corporations Act.
- (c) **(election in respect of Stapled Securities)** contemporaneously with the issue of the notice of the WFA Members Meeting, send to each WFA Unitholder a Sale Election Form permitting them to elect before the Election Date to:

- (i) receive the Cash Alternative in respect of some or all of the Existing WFA Units registered in the name of that WFA Unitholder on the Stapling Record Date; and/or
- (ii) receive the Exchange by Sale Alternative under the Sale Facility for some or all of the Existing WFA Units registered in the name of that WFA Unitholder on the Stapling Record Date.

Any WFA Unitholder who has not validly completed and lodged a Sale Election Form by the Election Date will be deemed not to have elected to participate in the Sale Facility. All Foreign Securityholders will be deemed to have made the election in paragraph (i) above in respect of all of their Existing WFA Units;

- (d) **(convene WFA Members Meeting)** subject to obtaining the judicial advice contemplated in clause 4.2(b) on terms satisfactory to WAML (acting reasonably), convene the WFA Members Meeting to be held on the same day but after the time for the WFT Members Meeting; and
- (e) **(lodge amendments to constitution)** subject to WFA Members passing the WFA Resolutions, execute and lodge with ASIC the WFA Supplemental Deed Poll under section 601GC(2) of the Corporations Act.

4.3 Court appearances

WAML must appear by Counsel at the application to the Court in accordance with clause 4.2(b) and on the hearing of the summons to approve the Share Scheme and if requested by the Court, consent to, and undertake to the Court to be bound by, the Share Scheme. Immediately prior to the hearing of the summons to approve the Share Scheme, WAML must apply to the Court for judicial advice that WAML is justified in implementing the Merger and giving effect to the provisions of the WFA Constitution (as amended by the WFA Supplemental Deed Poll).

4.4 Option Arrangements

- (a) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WAML must at the direction of Westfield:
 - (i) on exercise of an Executive Option in circumstances where Westfield elects to procure the issue of Stapled Securities to satisfy its obligations on exercise of that option; and
 - (ii) subject to Westfield making payment to WAML of the amount determined under clause 5.2(a)(ii), issue Restructured WFA Units to the extent necessary to enable Westfield to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the Executive Options as amended in accordance with clause 2.4(c). Where Westfield elects to transfer Stapled Securities or to pay a cash amount to satisfy its obligations on exercise of an Executive Option, WAML will be under no further obligation to issue Restructured WFA Units in respect of that option.
- (b) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WAML must at the direction of Westfield:
 - (i) on exercise of a Possfund Option in circumstances where Westfield elects to procure the issue of Stapled Securities to satisfy its obligations on exercise of that Option; and
 - (ii) subject to Westfield making payment to WAML in accordance with clause 5.2(b), issue Restructured WFA Units to the extent necessary to enable Westfield to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the Possfund Option. Where Westfield elects to transfer Stapled Securities or to pay a cash amount to satisfy its obligations on exercise of a Possfund Option, WAML will be under no further obligation to issue Restructured WFA Units in respect of that option.
- (c) If the Court Order has been lodged with ASIC in accordance with clause 2.3(c), then WAML must at the direction of WML:
 - (i) on exercise of a WFT Option; and
 - (ii) subject to WML making payment to WAML in accordance with clause 5.2(b),

issue Restructured WFA Units to the extent necessary to enable WML to satisfy its obligation to deliver Stapled Securities in accordance with the terms and conditions of the WFT Options and the WFT Constitution.

4.5 Issue of WFA Units

WAML must ensure that Restructured WFA Units to be allotted and issued in connection with the Issues rank pari passu in all respects with each other and all other Restructured WFA Units on issue at that time.

5 Allocation of exercise price of options

5.1 Allocation of exercise price

Westfield and the Responsible Entities agree that, for the purpose of clause 5.2, the proportion of the exercise price (or deemed exercise price under clause 5.3) of Executive Options, Possfund Options, WFT Options and WFA Options which is to be allocated to each of the Westfield Shares, Restructured WFT Units and Restructured WFA Units which will comprise the Stapled Securities to be issued on exercise of the relevant option will be as follows:

- (a) Westfield Proportion – 33.8%;
- (b) WFT Proportion – 37.5%;
- (c) WFA Proportion – 28.7%.

5.2 Amount of payments

Where:

- (a) an Executive Option is exercised and Westfield elects to procure the issue of Stapled Securities to satisfy its obligations on exercise of that option, the amount Westfield must pay to:
 - (i) WML under clause 3.5(a) is the WFT Proportion of the exercise price (or deemed exercise price under clause 5.3) of an Executive Option multiplied by the number of WFT Units to be issued under clause 3.5(a);
 - (ii) WAML under clause 4.4(a) is the WFA Proportion of the exercise price (or deemed exercise price under clause 5.3) of an Executive Option multiplied by the number of WFA Units to be issued under clause 4.4(a).
- (b) any other option is exercised, the amount payable under clauses 2.4, 3.5(b), 3.5(c), 4.4(b) and 4.4(c) is such amount as is agreed by the parties.

5.3 Deemed exercise price for Executive Options

In determining the exercise price of an Executive Option with a nil exercise price, the exercise price will be taken to be an amount equal to \$13.76.

6 Company's WFA Units

The parties acknowledge that the WFA Units held by the holders of the Company's WFA Units will not participate in the Stapling in that the holders of the Company's WFA Units will not have Stapled to their WFA Units, Westfield Shares and WFT Units. Westfield agrees that it will not, and will procure that each holder of the Company's WFA Units does not, transfer any of the Company's WFA Units, except to a Related Body Corporate of Westfield.

7 Termination

7.1 Termination on certain events

Any party may terminate this deed by notice in writing to each other party on the happening of any of the following events prior to the Court making the Court Orders:

- (a) a party being in material breach of the terms of this deed at any time from the date of this deed to the date of the Court making the Court Order;

- (b) the Share Scheme Resolution, General Resolutions, the WFT Resolutions or the WFA Resolutions not being passed on or before the Termination Date;
- (c) the Court Order not being received by Westfield on or before the Termination Date;
- (d) the judicial advice contemplated by clauses 3.2(b) and 4.2(b) not being received by WML or WAML on or before the Termination Date on terms which are satisfactory to each of them respectively, in each case acting reasonably;
- (e) any one or more of Westfield, any subsidiary of Westfield, WFT or WFA becoming subject to an Insolvency Event;
- (f) the representations and warranties given or made by a party in this deed are not all materially true and correct at every time throughout the period from the date of this deed to the date of the Court making the Court Order as if made at and by reference to the facts and circumstances subsisting at such time; and
- (g) receipt by Westfield, WML or WAML of the conditional consent in writing of ASX to grant official quotation of the Stapled Securities on terms which, in the reasonable opinion of the directors of Westfield, WML or WAML are unsatisfactory, or the failure to receive any such conditional consent on or before the Termination Date.

7.2 Termination by Responsible Entities

A Responsible Entity may terminate this deed by notice in writing to each other party if the Responsible Entity:

- (a) at any time prior to the Court making the Court Order, determines in good faith, based on expert advice, that it should do so because of the duties it owes to the WFT Members or the WFA Members, as the case may be; or
- (b) does not receive the judicial advice contemplated by clauses 3.3 or 4.3 (as the case may be) on terms which are satisfactory to it, acting reasonably.

7.3 Termination by mutual agreement

The parties may terminate this deed by mutual agreement at any time prior to the Court making the Court Order.

7.4 Effect of Termination

In the event that this deed is lawfully terminated, each party:

- (a) is released from any obligations to be performed under this deed (except for obligations under clause 12.10); and
- (b) must refrain and discontinue from taking any further steps to implement the Merger, the Share Scheme or the Sale Facility.

8 General undertakings

8.1 Regulatory authorities

Westfield and the Responsible Entities will respectively use their best endeavours to obtain all approvals, consents, modifications, waivers or decisions from regulatory authorities (including ASIC and ASX) as may be necessary or desirable for any step required of Westfield or either of the Responsible Entities under this deed or any other Merger Documentation including obtaining all approvals, consents, modifications, waivers or decisions necessary:

- (a) to give effect to the Merger, the Share Scheme and the Sale Facility; and
- (b) for the official quotation of Stapled Securities.

8.2 Co-operation

The parties must co-operate fully with each other in connection with satisfaction of the requirements for which they are respectively responsible under this deed or in accordance with the provisions of any other Merger Documentation.

8.3 Benefit of this deed

Each of Westfield, WML and WAML make the undertakings in clauses 1 to 7 of schedule 1, clauses 1 to 8 of schedule 2 and clause 3 of the Share Scheme in favour of each Westfield Shareholder, WFT Unitholder and WFA Unitholder with the intent that each such Securityholder can rely upon and enforce those undertakings even though the Securityholders are not named as parties to this deed.

9 Representations and warranties

9.1 Representations and warranties by all parties

Each party represents and warrants to each other party that:

- (a) it has power to enter into and perform its obligations under this deed and (subject to obtaining the approvals contemplated by this deed) has obtained all necessary approvals and consents to enable it to do so; and
- (b) this deed is valid and binding upon it.

9.2 Representations and warranties by Westfield

Westfield represents and warrants to each of the Responsible Entities and each of their respective directors that all information concerning Westfield which is included in a form and context approved by Westfield in the Explanatory Memorandum and all Merger Documentation will be true and correct in all material respects.

9.3 Representations and warranties by WML

WML represents and warrants to Westfield and WAML and each of their respective directors that all information provided by WML to Westfield and WAML concerning WFT which is included in a form and context approved by WML in the Explanatory Memorandum and all Merger Documentation will be true and correct in all material respects.

9.4 Representations and warranties by WAML

WAML represents and warrants to Westfield and WML and each of their respective directors that all information provided by WAML to Westfield and WML concerning WFA which is included in a form and context approved by WAML in the Explanatory Memorandum and all Merger Documentation will be true and correct in all material respects.

9.5 Enforceability

For the purposes of this clause 9, each of Westfield and the Responsible Entities is taken to be acting as agent and trustee on behalf of and for the benefit of each of their directors and each of those directors is to this extent taken to be a party to this deed.

10 Limitation of liability of WML

- (a) WML enters into this deed only in its capacity as responsible entity of WFT and in no other capacity. A liability arising under or in connection with this deed is limited and can be enforced against WML only to the extent to which it can be satisfied out of property of WFT and for which WML is actually indemnified for the liability. This limitation of WML's liability applies despite any other provisions of this deed and extends to all liabilities and obligations of WML in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed, any other document in connection with it, or WFT.
- (b) The other parties may not sue WML in any capacity other than as trustee for WFT, including seeking the appointment of a receiver, a liquidator, an administrator or similar person to WML or prove in any liquidation, administration or arrangement of or affecting WML (except in relation to property of WFT).

- (c) The limitation of liability provisions shall not apply to any obligation or liability of WML to the extent that it is not satisfied because, under this deed or any other document in connection with it, or by operation of law, there is a reduction in the extent of WML's indemnification out of the assets of WFT, as a result of WML's fraud, negligence or breach of trust.
- (d) It is also acknowledged that a breach of an obligation imposed on, or a representation or warranty given by, WML under or in connection with this deed or any other document in connection with it will not be considered a breach of trust by WML unless WML has acted with negligence, or without good faith, in relation to the breach.

11 Limitation of liability of WAML

- (a) WAML enters into this deed only in its capacity as responsible entity of WFA and in no other capacity. A liability arising under or in connection with this deed is limited and can be enforced against WAML only to the extent to which it can be satisfied out of property of WFA and for which WAML is actually indemnified for the liability. This limitation of WAML's liability applies despite any other provisions of this deed and extends to all liabilities and obligations of WAML in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed, any other document in connection with it, or WFA.
- (b) The other parties may not sue WAML in any capacity other than as trustee for WFA, including seeking the appointment of a receiver, a liquidator, an administrator or similar person to WAML or prove in any liquidation, administration or arrangement of or affecting WAML (except in relation to property of WFA).
- (c) The limitation of liability provisions shall not apply to any obligation or liability of WAML to the extent that it is not satisfied because, under this deed or any other document in connection with it, or by operation of law, there is a reduction in the extent of WAML's indemnification out of the assets of WFA, as a result of WAML's fraud, negligence or breach of trust.
- (d) It is also acknowledged that a breach of an obligation imposed on, or a representation or warranty given by, WAML under or in connection with this deed or any other document in connection with it will not be considered a breach of trust by WAML unless WAML has acted with negligence, or without good faith, in relation to the breach.

12 General

12.1 Notices

- (a) A notice, approval, consent or other communication in connection with this deed must be in writing and left at the address of the addressee, or sent by prepaid ordinary post (airmail if posted to or from a place outside Australia) to the address of the addressee or sent by facsimile to the facsimile number of the addressee specified in the Details or, if the addressee notifies another address or facsimile number, then to that address or facsimile number.
- (b) A notice, approval, consent or other communication takes effect from the time it is received unless a later time is specified in it.

12.2 Governing law

This deed is governed by the laws in force in the place specified in the Details. Each party irrevocably submits to the exclusive jurisdiction of the courts of that place.

12.3 Prohibition and enforceability

Any provision of, or the application of any provision of, this deed which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

12.4 Waivers

- (a) Waiver of any right arising from a breach of this deed or arising upon default under this deed must be in writing and signed by the party granting the waiver.

- (b) A failure or delay in exercise, or partial exercise, of a right arising from a breach of this deed does not result in a waiver of that right.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right arising from a breach of this deed or on a default under this deed as constituting a waiver of that right.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right by that other party.
- (e) This clause 12.4 may not itself be waived except by writing.

12.5 Variation

A variation of any term of this deed must be in writing and signed by the parties.

12.6 Assignment

Rights arising out of or under this deed are not assignable by one party without the prior written consent of the other party.

12.7 Further assurances

Each party must do all things and execute all further documents necessary to give full effect to this deed.

12.8 Entire agreement

This deed supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the parties.

12.9 Counterparts

This deed may be executed in any number of counterparts. All counterparts, taken together, constitute one instrument.

12.10 Costs

The parties agree to share equally all of the costs and expenses of whatever nature, incurred directly or indirectly, in connection with the Merger including legal costs, costs of other advisers and independent accountants and experts, costs associated with terminating existing option contracts and financing costs.

12.11 GST

If any party:

- (a) is liable to pay GST on a supply made in connection with this agreement; and
- (b) certifies to the recipient of the supply that it has not priced the supply to include GST,

then the recipient of the supply agrees to pay that party an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

12.12 Stapling and separate entities

Notwithstanding any other provision of this deed:

- (a) each of Westfield, WFT and WFA will remain as separate legal entities and will be separately admitted to the official list of ASX notwithstanding that their securities are jointly quoted on ASX as Stapled Securities; and
- (b) WFT and WFA will at all times be maintained as an Australian unit trust registered as a "managed investment scheme" under the Corporations Act, with its main class of units quoted on ASX.

13 Definitions and Interpretation

13.1 Definitions

In this deed, unless the context otherwise requires:

Adjusted Sale Facility Price means:

- (a) in relation to the Westfield Shares which a Westfield Shareholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected Westfield Shares;
- (b) in relation to the Existing WFT Units which a WFT Unitholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected WFT Units; and
- (c) in relation to the Existing WFA Units which a WFA Unitholder elects to sell under the Cash Alternative, an amount equal to the Sale Facility Price multiplied by the number of Elected WFA Units.

Applicable Laws means any one or more or all, as the context requires, of:

- (a) the Corporations Act and the Corporations Regulations;
- (b) the Listing Rules;
- (c) the Westfield Constitution;
- (d) the WFT Constitution;
- (e) the WFA Constitution; and
- (f) any practice note, policy statement, class order, declaration, guideline, policy or procedure pursuant to the provisions of which either ASIC or ASX is authorised or entitled to regulate, implement or enforce, either directly or indirectly, the provisions of any of the foregoing statutes, regulations, rules, deeds or agreements or any conduct or proposed conduct of any person pursuant to any such statutes, regulations, rules, deeds or agreements.

ASIC means the Australian Securities and Investments Commission or any replacement or successor authority.

ASX means Australian Stock Exchange Limited or the market operated by it, as the context requires.

Business Day has the meaning given to that term in the Listing Rules.

Cash Alternative means cash for Westfield Shares, Existing WFT Units and Existing WFA Units to be received as the sale price of those securities under the Sale Facility.

Company's WFA Units means the WFA Units held by Westfield and its controlled entities from time to time.

Constitution Amendment Resolution means the special resolution to replace the Westfield Constitution with the Replacement Westfield Constitution.

Corporations Act means the Corporations Act 2001 (Cwlth).

Court means the Supreme Court of New South Wales.

Court Order means the order of the Court approving the Share Scheme under section 411(4)(b) of the Corporations Act.

Distribution Record Date means 5.00 pm (Sydney time) on the fifth Business Day following the Effective Date, or such other date agreed between Westfield and the Responsible Entities and permitted by ASX.

Effective Date means the date on which an office copy of the Court Order is lodged with ASIC.

Elected Westfield Shares means the number of Westfield Shares which a Westfield Shareholder elects to sell under the Cash Alternative.

Elected WFA Units means the number of WFA Units which a WFA Unitholder elects to sell under the Cash Alternative multiplied by 0.15, rounded up to the nearest whole number.

Elected WFT Units means the number of WFT Units which a WFT Unitholder elects to sell under the Cash Alternative multiplied by 0.28, rounded up to the nearest whole number.

Election Date means the time and date by which the Sale Election Form must be lodged in accordance with the instructions specified in a Sale Election Form.

Exchange by Sale Alternative means sale of Existing Westfield Shares, Existing WFT Units or Existing WFA Units to the Investment Bank in consideration for the transfer of Stapled Securities on the Implementation Date.

Executive Options means those options granted by Westfield over Westfield Shares issued to executives of Westfield pursuant to the Westfield Executive Option Plan or the Westfield Executive Performance Share Plan.

Executive Optionholders means holders of Executive Options.

Existing WFT Unit means a fully paid up unit in the issued capital of WFT prior to the Implementation Date.

Explanatory Memorandum means the booklet containing the Explanatory Statements required by Part 5.1 of the Corporations Act relating to the Share Scheme, notices of meeting and explanatory materials in relation to the Trust Meetings and all other resolutions required to implement the Merger and other information (including supplementary information) relating to all or any of the above matters.

Foreign Securityholder means a Securityholder who is a citizen or resident of a jurisdiction outside Australia and New Zealand or who is located in or whose address in the relevant Westfield Entity's register is a place outside Australia and New Zealand and their respective external territories, unless the relevant Issuer is satisfied before the Effective Date that it is not precluded from lawfully issuing securities to the Securityholder either unconditionally or after compliance with conditions which the Issuer's board, in its sole discretion, regards as acceptable and not unduly onerous.

General Resolutions means each of the Constitution Amendment Resolution and the Stapling Deed Resolution.

Governmental Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, but does not include any of the parties to this agreement.

Group Guarantee means the Master Guarantee Deed Poll to be given by each of the Westfield Entities and certain of their controlled entities, as described in section 8.2.6 of the Explanatory Memorandum.

GST has the same meaning as in the GST Law.

GST Law has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cwlth) and any other Act or regulation relating to the imposition or administration of GST.

Implementation Date means the date 4 Business Days after the Stapling Record Date and upon which Westfield Shares, Restructured WFT Units and Restructured WFA Units will be allocated and issued in accordance with the Share Scheme, or such other date agreed by the parties.

Insolvency Event means in relation to a party:

- (a) the party becomes unable to pay its debts as and when they fall due;
- (b) the making of any order, or the passing of any resolution, for the winding up, liquidation or bankruptcy of the party;
- (c) the appointment of a provisional liquidator, liquidator, receiver or a receiver and manager to the party;
- (d) the appointment of an administrator to the party; or
- (e) the entry by a party into any compromise or arrangement with creditors, other than to give effect to the Merger.

Investment Bank means ABN AMRO Equities Australia Limited (ABN 84 002 768 701), who will facilitate the Securityholders to obtain the Cash Alternative or the Exchange by Sale Alternative as the case may be.

Issuer means Westfield, WML or WAML as the context requires.

Issues means the allotment and issue of any security in a Westfield Entity as a result of the implementation of any one or more of:

- (a) the Share Scheme;
- (b) the WFT Unitholder Arrangements; or
- (c) the WFA Unitholder Arrangements.

Institutional Offer means the offer of Stapled Securities to institutional and other investors pursuant to the Cash Alternative under the Sale Facility.

Listing Rules means the listing rules of ASX which are applicable while Westfield or the Trusts as the case may be are admitted to the official list of ASX, each as amended or replaced from time to time except to the extent of any express written waiver by ASX.

Merger means the arrangement by which Westfield Shares, Restructured WFT Units and Restructured WFA Units are Stapled to each other as provided for in the Share Scheme, the General Resolutions, the WFT Resolutions and the WFA Resolutions, following which they will trade together on ASX as a single Stapled Security.

Merger Documentation means all documents including this deed, the Stapling Deed, the Explanatory Memorandum, the Notices of Meeting, the Share Scheme, the Sale Election Forms, proxy forms, affidavits and Court applications in relation to the requirements of Chapter 5 of the Corporations Act and all submissions and correspondence with regulatory authorities.

Notices of Meeting means the notices of meeting in relation to the Share Scheme Meeting, the Westfield General Meeting and the Trust Meetings.

NZSE means the New Zealand Stock Exchange.

Possfund Options means the options over Westfield Shares issued to Possfund Custodian Trustee Limited under the Possfund Option Deed.

Possfund Option Deed means the Option Deed dated 1 April 2004 between Westfield and Possfund Custodian Trustee Limited.

Preliminary Events means each of the events set out in clause 2.1 of the Share Scheme.

Registry means Computershare Investor Services Pty Limited of Level 3, 60 Carrington Street, Sydney NSW 2000.

Related Body Corporate has the meaning given to that term in section 50 of the Corporations Act.

Replacement Westfield Constitution means the proposed Replacement constitution of Westfield in the form, or substantially in the form, set out in Annexure C.

Responsible Entities means each of WML and WAML as responsible entities of WFT and WFA respectively.

Restructured WFA Unit means a WFA Unit after the conversion of each Existing WFA Unit into 0.15 WFA Units.

Restructured WFT Unit means a WFT Unit after the conversion of each Existing WFT Units into 0.28 WFT Units.

Sale Election Form means the Sale Election Form which accompanies any one of the Notices of Meeting allowing Securityholders to elect to receive the Cash Alternative or the Exchange by Sale Alternative under the Sale Facility.

Sale Facility means the arrangements which Westfield Entities have put in place in order for the Investment Bank to:

- (a) offer Stapled Securities for sale to various Institutional and other investors under the Cash Alternative; or
- (b) facilitate the exchange of Existing Westfield Shares, Existing WFT Units or Existing WFA Units for Stapled Securities under the Exchange by Sale Alternative.

Sale Facility Price means the price of a Stapled Security as determined and announced by Westfield and the Responsible Entities through the application of the Sale Facility in relation to the Cash Alternative.

Second Court Date means the date of the hearing at which Westfield will request the Court to make the Court Orders approving the Share Scheme.

Securityholder means a holder of Westfield Shares, WFT Units or WFA Units.

Share Scheme means the Scheme of Arrangement between Westfield and each Shareholder pursuant to section 411 of the Corporations Act in the form set out in Annexure A together with any amendments and modifications made by the Court under section 411(6) of the Corporations Act.

Share Scheme Meeting means the meeting of Shareholders convened by the Court under section 411(1) of the Corporations Act to consider and, if thought fit, approve the Share Scheme.

Stapled means the linking together of a Westfield Share, a WFT Unit and a WFA Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other term as the ASX permits.

Stapled Securities means a WFT Unit, a WFA Unit and a Westfield Share which are Stapled together and registered in the name of a person.

Stapling means the linking process that results in each Westfield Share, WFT Unit and WFA Unit (other than the Company's WFA Units) being and remaining Stapled to each other.

Stapling Deed means the stapling deed dated on or about the date of this deed between Westfield and each of the Responsible Entities.

Stapling Deed Resolution means the ordinary resolution to approve Westfield making the Stapling Deed and the Group Guarantee.

Stapling Record Date means 5.00 pm (Sydney time) on the sixth Business Day following the Effective Date, or such other date agreed between Westfield and the Responsible Entities and permitted by ASX.

Termination Date means 31 August 2004, or such later date agreed to be Westfield and the Responsible Entities.

Trust Meetings means the WFA Members Meeting and the WFT Members Meeting.

Trusts means WFT and WFA.

Unit means a WFT Unit or a WFA Unit.

Unitholder means a person registered as the holder of a Unit including any persons jointly registered.

WFA means Westfield America Trust (ARSN 092 058 449).

WFA Constitution means the constitution establishing WFA dated 28 March 1996 (as amended from time to time).

WFA Member means a person registered as a holder of WFA Units or WFA Options, including any persons jointly registered.

WFA Members Meeting means the meeting of WFA Members to consider the approval of the WFA Resolutions.

WFA Option means an option over unissued WFA Units as at the date of this deed.

WFA Register means the register of WFA Unitholders maintained by WAML in accordance with section 169 of the Corporations Act.

WFA Resolutions means the resolutions as more particularly described in section 10 of the Explanatory Memorandum.

WFA Supplemental Deed Poll means the deed poll under which WAML will amend the WFA Constitution in order to enable it to give effect to the Merger substantially in the form set out in Annexure E.

WFA Unit means an ordinary unit in WFA, whether an Existing WFA Unit or a Restructured Unit.

WFA Unitholder means a person registered as the holder of a WFA Unit.

WFA Unitholder Arrangements means the arrangements set out in Schedule 2.

Westfield Constitution means the constitution for Westfield and includes any amendment or replacement of it.

Westfield Entity means Westfield, WFT or WFA.

Westfield General Meeting means a general meeting of the members of Westfield, to consider and, if thought fit, approve the General Resolutions.

Westfield Group means, collectively, the Trusts, the Company and each of their respective controlled entities.

Westfield Register means the register of Shareholders maintained by Westfield in accordance with section 169 of the Corporations Act.

Westfield Share means a fully paid ordinary share in Westfield.

Westfield Shareholder means a person registered as the holder of a Westfield Share, including any persons jointly registered.

WFT means Westfield Trust (ARSN 090 849 746).

WFT Constitution means the constitution establishing WFT dated 1 April 1982 (as amended from time to time).

WFT Member means a person registered as the holder of WFT Units or WFT Options, including any persons jointly registered.

WFT Members Meeting means the meeting of WFT Members to consider the approval of the WFT Resolutions.

WFT Option means an option over unissued WFT Units as at the date of this deed.

WFT Optionholder means a person registered as the holder of a WFT Option.

WFT Register means the register of WFT Unitholders maintained by WML in accordance with section 169 of the Corporations Act.

WFT Resolutions means the resolutions as more particularly described in section 9 of the Explanatory Memorandum.

WFT Supplemental Deed Poll means the deed poll under which WML will amend the WFT Constitution in order to enable it to give effect to the Merger substantially in the form set out in Annexure D.

WFT Unit means an ordinary unit in WFT, whether an Existing WFT Unit or a Restructured WFT Unit.

WFT Unitholder means a person registered as the holder of a WFT Unit.

WFT Unitholder Arrangements means the arrangements set out in Schedule 1.

13.2 Corporations Act definitions

Unless otherwise specified in this deed, terms defined in the Corporations Act are used in this deed with the same defined meanings.

13.3 Interpretation

In this deed, unless the context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate;
- (f) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 13.3 implies that performance of part of an obligation constitutes performance of the obligation;
- (g) a reference to a clause or party is a reference to a clause of, a party to, this deed;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of this deed will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this deed or that provision;
- (k) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind
- (l) a reference to a body, other than a party to this deed (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or function; and
- (m) a reference to a statute, ordinance, code or other law or rule includes regulations and other instruments under it and consolidation, amendments, re-enactments or replacement.

EXECUTED as a deed

Schedule 1 – WFT Unitholder Arrangements

1 Sale Facility

- 1.1 If a WFT Unitholder on the Stapling Record Date has validly completed and lodged a Sale Election Form by the Election Date indicating that the WFT Unitholder elects to receive the Exchange by Sale Alternative for some or all of their Existing WFT Units:
- (a) all of the Existing WFT Units in respect of which the WFT Unitholder has elected to receive the Exchange by Sale Alternative and which are held by that WFT Unitholder on the Stapling Record Date will be transferred by WML, on behalf of such WFT Unitholder, to the Investment Bank without the need for any further acts by the WFT Unitholder;
 - (b) WML must procure that, on the Implementation Date, the Investment Bank transfers to the WFT Unitholder that number of Stapled Securities the unitholder would have received had they participated in the Merger in respect of each Existing WFT Unit transferred to the Investment Bank in accordance with clause 1.1(a); and
 - (c) WML must enter the name and address of the WFT Unitholder in the WFT Register as the holder of the Stapled Securities transferred to it in accordance with clause 1.1(b) above.
- 1.2 If a WFT Unitholder on the Stapling Record Date:
- (a) has validly completed and lodged a Sale Election Form by the Election Date indicating that the WFT Unitholder elects to receive the Cash Alternative for some or all of their Existing WFT Units; or
 - (b) is a Foreign Securityholder,
- then:
- (c) in the case of WFT Unitholders who are Foreign Securityholders, all of the Existing WFT Units registered in the name of that WFT Unitholder on the Stapling Record Date; and
 - (d) in the case of all other WFT Unitholders, all of the Existing WFT Units in respect of which the WFT Unitholder has elected to receive the Cash Alternative and which are held by that WFT Unitholder on the Stapling Record Date,
- must be transferred by WML, on behalf of each such WFT Unitholder, to the Investment Bank in consideration for WML procuring the payment by the Investment Bank to that WFT Unitholder of the Adjusted Sale Facility Price for the Existing WFT Units transferred to, the Investment Bank on behalf of that WFT Unitholder.
- 1.3 WML must procure that the Investment Bank:
- (a) on, or as soon as reasonably practicable after, the Implementation Date, sells the Stapled Securities the subject of the Sale Facility pursuant to the Institutional Offer; and
 - (b) pays the Adjusted Sale Facility Price to each WFT Unitholder who has elected to receive the Cash Alternative by cheque within 10 Business Days of receipt by the Investment Bank of the Sale Facility Price for all Stapled Securities sold under the Sale Facility. The Investment Bank's obligation to make such payment will be satisfied upon it paying the Adjusted Sale Facility Price to the Registry, for payment to the relevant WFT Unitholder.
- 1.4 It is a condition precedent to the formation of any contract for sale between a WFT Unitholder and the Investment Bank to sell Existing WFT Units pursuant to the Sale Facility that the Court Order has been lodged with ASIC. No such contract will become binding unless and until that Court Order has been lodged with ASIC.

2 Application for Restructured Westfield Shares and Restructured WFA Units

On the Implementation Date, WML must immediately following the conversion of Existing WFT Units under paragraph 5 of this Schedule 1, make a capital distribution of \$1.01 per Restructured WFT Unit to the WFT Unitholders on the Stapling Record Date and must apply, on behalf of each WFT Unitholder on the Stapling Record Date:

- (a) to Westfield for the issue of that number of Westfield Shares for which that WFT Unitholder is entitled to apply under paragraph 3 of this schedule 1 and to execute any required application form as agent and attorney for the WFT Unitholder;
- (b) to WAML for the issue of that number of Restructured WFA Units for which that WFT Unitholder is entitled to apply under paragraph 3 of this schedule 1 and to execute any required application form as agent and attorney for the WFT Unitholder; and
- (c) the proceeds of the distribution of \$1.01 per WFT Unit payable to that WFT Unitholder on the Implementation Date as follows:
 - (i) as to \$0.01 for each Westfield Share for which that WFT Unitholder applies to Westfield under paragraph (a) above; and
 - (ii) as to \$1.00 for each Restructured WFA Unit for which that WFT Unitholder applies to WAML under paragraph (b) above.

3 Calculation of entitlement

Each WFT Unitholder on the Stapling Record Date will be entitled to apply for one Restructured WFA Unit and one Westfield Share for each Restructured WFT Unit to be held by that WFT Unitholder immediately after the conversion referred to in paragraph 5 of this schedule 1.

4 Issue of WFT Units to holders of Westfield Shares and WFA Units

On the Implementation Date, WML must:

- (a) upon receipt of an application by Westfield (on behalf of Westfield Shareholders) together with a cheque for the total issue price:
 - (i) issue to the holder of each Westfield Share on the Implementation Date, one Restructured WFT Unit at an issue price of \$0.001 for each Westfield Share held; and
 - (ii) enter in the WFT Register the name and address of each Westfield Shareholder as the holder of Restructured WFT Units issued to it;
- (b) upon receipt of an application by WAML (on behalf of WFA Unitholders other than the holders of the Company's WFA Units) together with a cheque for the total issue price:
 - (i) issue to the holder of each Restructured WFA Unit on the Implementation Date (other than the holders of the Company's WFA Units) immediately after the conversion of Existing WFA Units into Restructured WFA Units, one Restructured WFT Unit at an issue price of \$1.00 for each Restructured WFA Unit held; and
 - (ii) enter in the WFT Register the name and address of each WFA Unitholder as the holder of Restructured WFT Units issued to it.

5 Conversion of WFT Units

On the Implementation Date, WML must convert each Existing WFT Unit into 0.28 Restructured WFT Units. If as a result of that consolidation, the number of Restructured WFT Units held by any WFT Unitholder is not a whole number, then that WFT Unitholder shall be registered in respect of the next whole number of Restructured WFT Units above the number which that WFT Unitholder would otherwise hold. For the purpose of this rounding calculation, the Existing WFT Units held by the Investment Bank on the Stapling Record Date under the Sale Facility will be treated as comprising the separate holdings of those WFT Unitholders who transferred those units to the Investment Bank under the Sale Facility, with the rounding calculation applying to each such separate holding.

6 Westfield undertakings

On the Implementation Date and upon receipt by Westfield of an application by WML (on behalf of WFT Unitholders), for the issue of Westfield Shares at an issue price of \$0.01 each, together with a cheque for the total issue price, Westfield must:

- (a) allot and issue to each of those WFT Unitholders the number of Westfield Shares requested in WML's application at an issue price of \$0.01 each; and
- (b) enter in the Westfield Register the name and address of each WFT Unitholder as the holder of the Westfield Shares allotted and issued to it.

7 WAML Undertakings

On the Implementation Date and upon receipt by WAML of an application by WML (on behalf of WFT Unitholders) for the issue of Restructured WFA Units at an issue price of \$1.00 each, together with a cheque for the total issue price, WAML must:

- (a) allot and issue to each of those WFT Unitholders the number of Restructured WFA Units requested in WML's application at an issue price of \$1.00 each; and
- (b) enter in the WFA Register the name and address of each WFT Unitholder as the holder of the Restructured WFA Units allotted and issued to it.

8 Dealings in WFT Units

8.1 Last day for dealings in WFT Units

For the purpose of establishing who is a WFT Unitholder on the Stapling Record Date:

- (a) dealings in Existing WFT Units on or before the close of business on the Effective Date will be recognised provided that:
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is Registered in the WFT Register as holder of the relevant Existing WFT Units by the Stapling Record Date; and
 - (ii) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before 5.00 pm (Sydney time) on the Stapling Record Date, at the place where the WFT Register is kept; and
- (b) for the purposes of paragraphs 2, 3, 6 and 7 of this schedule 1, on and from the Stapling Record Date:
 - (i) the Investment Bank will be deemed to be the holder of those Existing WFT Units to be transferred to the Investment Bank under paragraphs 1.1 and 1.2 of this schedule 1; and
 - (ii) any holder of Existing WFT Units which are to be transferred under paragraphs 1.1 and 1.2 of this schedule 1 will be deemed to have ceased to be a holder of those Existing WFT Units.

8.2 WML's obligations to Register

WML must Register transmission applications or transfers of the kind referred to in paragraph 8.1(a)(ii) of this schedule 1 by the Stapling Record Date.

8.3 Transfer requests received after Stapling Record Date

WML will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Existing WFT Units received after 5.00 pm (Sydney time) on the Stapling Record Date nor any transfer or transmission in respect of dealings in Existing WFT Units that have occurred after the close of business on Effective Date.

8.4 Maintaining the WFT Register

For the purpose of determining entitlements under paragraphs 6 and 7 of this schedule 1, WML will, until the Westfield Shares and Restructured WFA Units have been issued under those paragraphs, maintain the WFT Register in accordance with the provisions of this paragraph 8 and entitlements to be issued Westfield Shares and Restructured WFA Units will be determined solely on the basis of the WFT Register.

9 Prevention of Splitting of Holdings

If WML is of the opinion that several WFT Unitholders have, before the Stapling Record Date, been party to a unitholder splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of the conversion of the Existing WFT Units into Restructured WFT Units under paragraph 5 of this Schedule 1, WML may give notice to those WFT Unitholders:

- (a) setting out the names and registered addresses of all of them;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the WFT Units held by all of them,

and, after the notice has been so given, the WFT Unitholder specifically identified in the notice shall, for the purposes of implementation of the Merger, be taken to hold all those WFT Units and each of the other WFT Unitholders whose names are set out in the notice shall, for the purposes of implementation of the Merger, be taken to hold no WFT Units.

10 Official quotation of Westfield Group Stapled Securities

10.1 Application for official quotation

Westfield, WML and WAML will, prior to the Effective Date, apply for official quotation of Stapled Securities on ASX, such official quotation to be effective from the commencement of trading on ASX on the first trading day after the Implementation Date.

10.2 Suspension of trading in WFT Units

WML will apply:

- (a) prior to the Effective Date, but at the same time as the application pursuant to paragraph 10.1 is made, for the termination of trading on ASX of Existing WFT Units to the extent that any Existing WFT Unit is traded or able to be traded on ASX otherwise than as a Restructured WFT Unit and without being Stapled to a Westfield Share and a Restructured WFA Unit, such suspension to be effective from the commencement of trading on ASX on the first trading day after the Effective Date; and
- (b) at least one month prior to the Effective Date, for the termination of trading of WFT Units on, and the delisting of WFT from, the NZSE, such suspension and delisting to be effective on the first trading day after the Effective Date.

Schedule 2 – WFA Unitholder arrangements

1 Sale Facility

1.1 If a WFA Unitholder on the Stapling Record Date has validly completed and lodged a Sale Election Form by the Election Date indicating that the WFA Unitholder elects to receive the Exchange by Sale Alternative for some or all of their Existing WFA Units:

- (a) all of the Existing WFA Units in respect of which the WFA Unitholder has elected to receive the Exchange by Sale Alternative and which are held by that WFA Unitholder on the Stapling Record Date will be transferred by WAML, on behalf of such WFA Unitholder, to the Investment Bank without the need for any further acts by the WFA Unitholder;
- (b) WAML must procure that, on the Implementation Date, the Investment Bank transfers to the WFA Unitholder that number of Stapled Securities the unitholder would have received had they participated in the Merger in respect of each Existing WFA Unit transferred to the Investment Bank in accordance with clause 1.1(a); and
- (c) WAML must enter the name and address of the WFA Unitholder in the WFA Register as the holder of the Stapled Securities transferred to it in accordance with clause 1.1(b) above.

1.2 If a WFA Unitholder on the Stapling Record Date:

- (a) has validly completed and lodged a Sale Election Form by the Election Date indicating that the WFA Unitholder elects to receive the Cash Alternative for some or all of their existing WFA Units; or

(b) is a Foreign Securityholder,

then

(c) in the case of WFA Unitholders who are Foreign Securityholders, all of the Existing WFA Units registered in the name of the WFA Unitholder on the Stapling Record Date; and

(d) in the case of all other WFA Unitholders, all of the Existing WFA Units in respect of which the WFA Unitholder has elected to receive the Cash Alternative and which are held by that WFA Unitholder on the Stapling Record Date,

must be transferred by WAML, on behalf of each such WFA Unitholder, to the Investment Bank in consideration for WAML procuring the payment by the Investment Bank to that WFA Unitholder of the Adjusted Sale Facility Price for the Existing WFA Units transferred to the Investment Bank on behalf of that WFA Unitholder.

1.3 WAML must procure that the Investment Bank:

(a) on, or as soon as reasonably practicable after, the Implementation Date, sells the Stapled Securities the subject of the Sale Facility pursuant to the Institutional Offer; and

(b) pays the Adjusted Sale Facility Price to each WFA Unitholder who has elected to receive the Cash Alternative by cheque within 10 Business Days of receipt by the Investment Bank of the Sale Facility Price for all Stapled Securities sold under the Sale Facility. The Investment Bank's obligation to make such payment will be satisfied upon it paying the Adjusted Sale Facility Price to the Registry, for payment to the relevant WFT Unitholder.

1.4 It is a condition precedent to the formation of any contract for sale between a WFA Unitholder and the Investment Bank to sell Existing WFA Units pursuant to the Sale Facility that the Court Orders have been lodged with ASIC. No such contract will become binding unless and until those Court Orders have been lodged with ASIC.

2 Special distribution

Subject to the Court Order being lodged with ASIC, WAML must pay to each person registered as a WFA Unitholder on the Distribution Record Date their entitlement, in accordance with the WFA Constitution, to a special distribution of 0.9 cents per WFA Unit, such distribution to be paid by 31 August 2004.

3 Application for Restructured Westfield Shares and Restructured WFT Units

On the Implementation Date, WAML must, immediately following the conversion of Existing WFA Units under paragraph 6 of this schedule 2, make a capital distribution of \$1.01 per Restructured WFA Unit to the WFA Unitholders on the Stapling Record Date (other than the holders of the Company's WFA Units) and must apply, on behalf of each WFA Unitholder on the Stapling Record Date (other than the holders of the Company's WFA Units):

(a) to Westfield for the issue of that number of Westfield Shares for which that WFA Unitholder is entitled to apply under paragraph 4 of this schedule 2 and to execute any required application form as agent and attorney for that WFA Unitholder;

(b) to WML for the issue of that number of Restructured WFT Units for which that WFA Unitholder is entitled to apply under paragraph 4 of this schedule 2 and to execute any required application form as agent and attorney for that WFA Unitholder; and

(c) the proceeds of the distribution of \$1.01 per WFA Unit payable to that WFA Unitholder on the Implementation Date as follows:

(i) as to \$0.01 for each Westfield Share for which that WFA Unitholder applies to Westfield under paragraph (a) above; and

(ii) as to \$1.00 for each Restructured WFT Unit for which that WFA Unitholder applies to WML under paragraph (b) above.

4 Calculation of entitlement

Each WFA Unitholder on the Stapling Record Date (other than the holders of the Company's WFA Units) will be entitled to apply for one Westfield Share and one Restructured WFT Unit for each Restructured WFA Unit held by that WFA Unitholder immediately after the conversion referred to in paragraph 6 of this schedule 2.

5 Issue of WFA Units to holders of Westfield Shares and WFT Units

On the Implementation Date, WAML must:

- (a) upon receipt of an application by Westfield (on behalf of Westfield Shareholders) together with a cheque for the total issue price:
 - (i) issue to the holder of each Westfield Share on the Implementation Date one Restructured WFA Unit at an issue price of \$0.001 for each Westfield Share held; and
 - (ii) enter in the WFA Register the name and address of each Westfield Shareholder as the holder of Restructured WFA Units issued to it;
- (b) upon receipt of an application by WML (on behalf of WFT Unitholders) together with a cheque for the total issue price:
 - (i) issue to the holder of each Restructured WFT Unit on the Implementation Date immediately after the conversion of Existing WFT Units into Restructured WFT Units, one Restructured WFA Unit at an issue price of \$1.00 for each Existing WFT Unit held; and
 - (ii) enter in the WFA Register the name and address of each Restructured WFT Unitholder as the holder of Restructured WFA Units issued to it.

6 Conversion of WFA Units

On the Implementation Date, WAML must convert each Existing WFA Unit into 0.15 Restructured WFA Units. If as a result of that conversion, the number of Restructured WFA Units held by any WFA Unitholder is not a whole number then that WFA Unitholder shall be registered in respect of the next whole number of Restructured WFA Units above the number which that WFA Unitholder would otherwise hold. For the purpose of this rounding calculation, the Existing WFA Units held by the Investment Bank on the Stapling Record Date under the Sale Facility will be treated as comprising the separate holdings of those WFA Unitholders who transferred those units to the Investment Bank under the Sale Facility, with the rounding calculation applying to each such separate holding.

7 Westfield Undertakings

On the Implementation Date and upon receipt by Westfield of an application by WAML, (on behalf of WFA Unitholders) for the issue of Westfield Shares at an issue price of \$0.01 each, together with a cheque for the total issue price, Westfield must:

- (a) allot and issue to each of those WFA Unitholders (other than the holders of the Company's WFA Units) the number of Westfield Shares requested in WAML's application at an issue price of \$0.01 each; and
- (b) enter in the Westfield Register the name and address of each WFA Unitholder (other than the holders of the Company's WFA Units) as the holder of the Westfield Shares allotted and issued to it.

8 WML Undertakings

On the Implementation Date and upon receipt by WML of an application by WAML, (on behalf of WFA Unitholders) for the issue of Restructured WFT Units at an issue price of \$1.00 each together with a cheque for the total issue price, WML must:

- (a) allot and issue to each of those WFA Unitholders (other than the holders of the Company's WFA Units) the number of Restructured WFT Units requested in WAML's application at an issue price of \$1.00; and

- (b) enter in the WFT Register the name and address of each WFA Unitholder (other than the holders of the Company's WFA Units) as the holder of the Restructured WFT Units allotted and issued to it.

9 Dealings in WFA Units

9.1 Last day for dealings in WFA Units

For the purpose of establishing who is a WFA Unitholder on the Stapling Record Date:

- (a) dealings in Existing WFA Units on or before the close of business on the Effective Date will be recognised provided that:
 - (i) in the case of dealings of the type to be effected using CHESS, the transferee is Registered in the WFA Register as holder of the relevant Existing WFA Units by the Stapling Record Date; and
 - (ii) in all other cases, if registrable transmission applications or transfers in respect of those dealings are received on or before 5.00 pm (Sydney time) on the Stapling Record Date, at the place where the WFA Register is kept; and
- (b) for the purposes of paragraphs 2, 4, 5 and 8 of this schedule 2, on and from the Stapling Record Date:
 - (i) the Investment Bank will be deemed to be the holder of those Existing WFA Units to be transferred to the Foreign Securityholder Nominee under paragraphs 1.1 and 1.2 of this schedule 2; and
 - (ii) any holder of Existing WFA Units which are to be transferred under paragraphs 1.1 and 1.2 of this schedule 2 will be deemed to have ceased to be a holder of those Existing WFA Units.

9.2 WAML's obligation to Register

WAML must Register transmission applications or transfers of the kind referred to in paragraph 9.1(a)(ii) of this schedule 2 by the Stapling Record Date.

9.3 Transfer requests received after Stapling Record Date

WAML will not accept for registration or recognise for any purpose any transmission application or transfer in respect of Existing WFA Units received after 5.00 pm (Sydney time) on the Stapling Record Date nor any transfer or transmission in respect of dealings in Existing WFA Units that have occurred after the close of business on the Effective Date.

9.4 Maintaining the WFA Register

For the purpose of determining entitlements under paragraphs 7 and 8 of this schedule 1, WAML will, until the Westfield Shares and Restructured WFT Units have been issued under those paragraphs, maintain the WFA Register in accordance with the provisions of this paragraph 9 and entitlements to be issued Westfield Shares and Restructured WFT Units will be determined solely on the basis of the WFA Register.

10 Prevention of splitting of holdings

If WAML is of the opinion that several WFA Unitholders, have, before the Stapling Record Date, been party to a unitholding splitting or division in an attempt to obtain an advantage by reference to the rounding provided for in the calculation of the conversion of their Existing WFA Units into Restructured WFA Units under paragraph 6 of this schedule 2, WAML may give notice to those WFA Unitholders:

- (a) setting out the names and registered addresses of all of them;
- (b) stating that opinion; and
- (c) attributing to one of them specifically identified in the notice the WFA Units held by all of them, and, after the notice has been so given, the WFA Unitholder specifically identified in the notice shall, for the purposes of implementation of the Merger, be taken to hold all those WFA Units and each of the other WFA Unitholders whose names are set out in the notice shall, for the purposes of implementation of the Merger, be taken to hold no WFA Units.

Official quotation of Westfield Group Stapled Securities

11.1 Application for official quotation

Westfield, WML and WAML will, prior to the Effective Date, apply for official quotation of Stapled Securities on ASX, such official quotation to be effective from the commencement of trading on ASX on the first trading day after the Implementation Date.

11.2 Suspension of trading in WFA Units

WAML will apply, prior to the Effective Date, but at the same time as the application pursuant to paragraph 11.1 is made, for the termination of trading on ASX of Existing WFA Units to the extent that any Existing WFA Unit is traded or able to be traded on ASX otherwise than as a Restructured WFA Unit and without being Stapled to a Westfield Share and a Restructured WFT Unit, such suspension to be effective from the commencement of trading on ASX on the first trading day after the Effective Date.

Annexures

- Annexure A – Share Scheme
- Annexure B – Amendment to terms of Executive Options
- Annexure C – Replacement Westfield Constitution
- Annexure D – WFT Supplemental Deed Poll
- Annexure E – WFA Supplemental Deed Poll
- Annexure F – Deutsche WFT Options Deed

ANNEXURE C – STAPLING DEED

Interpretation - definitions are at the end of the General terms

Parties	WML, WAML and Company	
WML	Name	Westfield Management Limited
	ABN	41 001 670 579
	Capacity	Responsible entity of Westfield Trust (ARSN 090 849 746)
	Address	Level 24, Westfield Towers, 100 William Street, Sydney, NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
WAML	Name	Westfield America Management Limited
	ABN	66 072 780 619
	Capacity	Responsible entity of Westfield America Trust (ARSN 092 058 449)
	Address	Level 24, Westfield Towers, 100 William Street, Sydney, NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
Company	Name	Westfield Holdings Limited
	ABN	66 001 671 496
	Address	Level 24, Westfield Towers, 100 William Street, Sydney, NSW 2011
	Telephone	9358 7000
	Fax	9358 7077
	Attention	Company Secretary
Recitals	A	WML is the responsible entity of Westfield Trust (" WFT ").
	B	WAML is the responsible entity of Westfield America Trust (" WFA ").
	C	The WFT Constitution, WFA Constitution and the Company Constitution will provide for Stapling.
	D	This deed sets out the terms and conditions of the relationship between WML, WAML and the Company in respect of the WFT Units, the WFA Units and the Shares and arrangements for the provision of financial benefits.
Governing law	New South Wales	
Date of deed	See Signing page	

WESTFIELD GROUP STAPLING DEED

General terms

In consideration of, among other things, the mutual promises in this deed, the parties agree as follows.

1 Commencement

Notwithstanding anything contained in this deed, no provision of this deed will become of any force or effect unless and until the "Merger" referred to in the Implementation Deed is implemented by the Stapling of securities in Westfield, WFT and WFA.

2 Co-operation and Consultation

2.1 Disclosure of Information

- (a) **(Disclosure to each other):** WML, WAML and the Company agree to make available to each other all information in their possession as may be necessary or desirable to fulfil their respective obligations under this deed or any other document, deed or arrangement relating to the Stapled Securities or the affairs of any Group Member.
- (b) **(Accounts):** The primary form of financial reporting will be group accounts, prepared as the consolidated financial statements of the Westfield Group.
- (c) **(Information to investors):** WML, WAML and the Company must make available to each other all information and provide all assistance necessary to enable the provision of all other reports, circulars or other information which are required to be provided or disclosed by law or the Listing Rules or which it is reasonably desirable to provide to the Investors.
- (d) **(Confidentiality):** WML, WAML and the Company must keep confidential any information obtained concerning the affairs or assets of each other and not disclose it other than:
 - (i) with the prior written consent of the other parties (which consent shall not be unreasonably withheld or delayed);
 - (ii) if it is required to do so by law, by any regulatory or Governmental Agency or by ASX;
 - (iii) if the information has come within the public domain, other than by a breach of this agreement; and
 - (iv) to the party's bankers or professional advisers.

2.2 Co-operation

To the extent permitted by law, WML, WAML and the Company must co-operate with each other in respect of all matters relating to the Stapled Securities and must do all things necessary to give effect to this deed, including each of WML, WAML and the Company acting with a view to ensuring that they respectively:

- (a) **(Compliance with Listing Rules):** comply with their obligations under the Listing Rules;
- (b) **(Disclosures):** co-ordinate their disclosure to ASIC, ASX, any other applicable stock market or regulatory authority and Investors;
- (c) **(Auditor):** maintain the same auditor from time to time and agree on any change of auditor so that any change of auditor is implemented for the Company and the Trusts at the same time;
- (d) **(Accounting policies):** where appropriate, adopt consistent accounting policies;
- (e) **(Valuation policies):** where appropriate, adopt consistent valuation policies;
- (f) **(Boards of Directors):** have, to the extent possible, boards of directors which are identical or substantially the same;

- (g) **(Proposed investments):** take a consistent approach on proposed investments, and keep each other properly informed of their investment policies and any changes to those policies;
- (h) **(Meetings):** hold Investors' meetings concurrently or, where necessary, consecutively;
- (i) **(New issues, redemptions):** agree on the terms and timing of all new issues, bonus and rights issues, placements and redemptions and buy-backs;
- (j) **(Value):** consult before taking any action (or omitting any action) which may materially affect the value of the Stapled Securities;
- (k) **(Distribution):** co-ordinate the announcement and payment of dividends and distributions;
- (l) **(Reinvestments):** co-ordinate any dividend or distribution re-investment plan.

2.3 Restructuring

WML, WAML and the Company may agree with each other in relation to:

- (a) reorganising or restructuring of the capital of the Trusts and the Company; or
- (b) changing the stapling arrangements contemplated by this deed in order to comply with any law, regulation or rule or to otherwise overcome the adverse effect of any law, regulation or rule; and
- (c) any changes to this deed which are reasonably required by any party as a consequence of any of the above matters.

The REs and the Company must not staple any other entity's securities to Units or Shares unless that is approved by Special Resolutions of both Unitholders and Shareholders (and may do so if so authorised).

3 Dealings in Stapled Securities

3.1 Units and Shares to be Stapled

- (a) On and from the Stapling Commencement Date:
 - (i) each WFT Unit, WFA Unit (other than the Company's WFA Units) and Share must be Stapled to one another;
 - (ii) WML must not issue a WFT Unit unless a Share and a WFA Unit is issued at the same time and to the same person;
 - (iii) WAML must not issue a WFA Unit unless a Share and a WFT Unit is issued at the same time and to the same person;
 - (iv) the Company must not issue a Share unless a WFT Unit and a WFA Unit is issued at the same time and to the same person;
 - (v) the Company must not issue any right or option to acquire any Share unless the REs issue a corresponding right or option to acquire Units (and vice versa);
 - (vi) the Company may not without the prior written consent of the REs issue any other class of share in the Company or any right or option to acquire any such share; and
 - (vii) each RE may not without the prior consent of the Company and the other RE issue any class of unit other than an ordinary unit or any right or option to acquire any such unit.
- (b) Each WFT Unit, WFA Unit (other than the Company's WFA Units) and Share must be Stapled to one another immediately after the later of:
 - (i) the date of issue of the relevant Unit; and
 - (ii) the date of issue of the corresponding Share and Unit.

3.2 Dealings in Shares and Units

- (a) **(No unstapling):** On and from the Stapling Commencement Date, WML, WAML and the Company must not:
- (i) do any act, matter or thing (including registering any transfer of any Unit or Share); or
 - (ii) refrain from doing any act, matter or thing,
- if to do so or refrain from doing so (as the case may be) would result directly or indirectly in any Unit or any Share no longer being Stapled as a Stapled Security, other than in accordance with clause 7.
- (b) **(Issue of WFT Units):** On and from the Stapling Commencement, Date WML must not:
- (i) offer any WFT Units for subscription or sale unless an offer is made at the same time and to the same person for an identical number of Shares and WFA Units for issue or sale;
 - (ii) offer any WFT Units for subscription or sale unless the terms of that offer require each offeree to subscribe for or buy a number of Shares and WFA Units equal to the number of WFT Units subscribed for or bought;
 - (iii) issue or sell any WFT Units to any person unless an identical number of Shares and WFA Units are also issued or sold to the same person at the same time;
 - (iv) cancel, buy-back or redeem any WFT Units unless at the same time there is a corresponding cancellation, buy-back or redemption of Shares and WFA Units; and
 - (v) register any transfer of WFT Units to any person unless an identical number of Shares and WFA Units is also transferred to the same person at the same time.
- (c) **(Issue of WFA Units):** On and from the Stapling Commencement Date, WAML must not:
- (i) offer any WFA Units for subscription or sale unless an offer is made at the same time and to the same person for an identical number of Shares and WFT Units for issue or sale;
 - (ii) offer any WFA Units for subscription or sale unless the terms of that offer require each offeree to subscribe for or buy a number of Shares and WFT Units equal to the number of WFA Units subscribed for or bought;
 - (iii) issue or sell any WFA Units to any person unless an identical number of Shares and WFT Units are also issued or sold to the same person at the same time;
 - (iv) cancel, buy-back or redeem any WFA Units (other than the Company's WFA Units) unless at the same time there is a corresponding cancellation, buy-back or redemption of Shares and WFT Units; and
 - (v) register any transfer of WFA Units to any person unless an identical number of Shares and WFT Units is also transferred to the same person at the same time.
- (d) **(Issue of Shares):** On and from the Stapling Commencement Date, the Company must not:
- (i) offer any Shares for subscription or sale unless the offer is made at the same time and to the same person for an identical number of WFT Units and WFA Units for issue or sale;
 - (ii) offer any Shares for subscription or sale unless the terms of that offer require each offeree to subscribe for or buy a number of WFT Units and WFA Units equal to the number of Shares subscribed for or bought;
 - (iii) issue or sell any Shares to any person unless an identical number of WFT Units and WFA Units are also issued or sold to the same person at the same time;
 - (iv) cancel, buy-back or redeem any Shares unless at the same time there is a corresponding cancellation, buy-back or redemption of the WFT Units and WFA Units to which they are Stapled; and
 - (v) register any transfer of any Share unless there is a matching transfer of the Units to which it is Stapled.

- (e) **(Compliance with law):** A party is not obliged to effect a buy-back, cancellation, redemption, transfer or issue or other corporate action in a manner inconsistent with any constitutional, contractual or fiduciary obligation or law by which it is bound, or if it does not have any necessary consent or approval.
- (f) **(Forfeiture):** If either a Share or a Unit is to be sold pursuant to forfeiture as a consequence of non-payment of a call, the Company and the REs will, to the maximum extent permitted by law and the Listing Rules, ensure that the Unit(s) and/or Share to which it is stapled is also sold so that the Share or Unit is sold as part of a Stapled Security.

3.3 Joint quotation as Stapled Securities

Unless and until Stapled Securities are Unstapled in accordance with this deed, the parties must use reasonable endeavours to ensure that each Stapled Security which is quoted on ASX continues to be so quoted and jointly quoted as a Stapled Security.

3.4 Joint certificates or joint holding statements

The Company and the REs must procure that joint certificates or joint holding statements are issued to each holder of Stapled Securities.

3.5 Separate entities

Notwithstanding any other provisions of this deed:

- (a) each of the Westfield Entities will remain:
 - (i) as separate legal entities; and
 - (ii) separately admitted to the official list of ASX notwithstanding their securities are jointly quoted as Stapled Securities; and
- (b) Each of WFA and WFT will at all times be maintained as an Australian unit trust registered as a "managed investment scheme" under the Corporations Act, with its main class of units quoted on ASX.

3.6 No joint venture or partnership

Nothing contained or implied in this deed is to be construed as creating an association, joint venture or partnership among the parties for any purpose or authorising the sharing of the benefit of any assets (and any profits therefrom) of the Company, WFT or WFA as a result of the Stapling.

4 Financial Benefits

4.1 Obligation to give financial benefits

The Company covenants and agrees with each of the REs that, while Stapling applies and to the maximum extent permitted by law, if called upon by both of the REs, it must, and it must procure that each of its controlled entities, on the terms and conditions proposed by the REs, enter into any agreement, document or arrangement and do any other act, matter or thing at the request or direction of the REs in respect of any of the following:

- (a) lending money or providing financial accommodation to either or both of the Trusts or any controlled entities of the Trusts;
- (b) guaranteeing any loan or other financing facility or financial accommodation of either or both of the REs or any controlled entities of the Trusts including providing any security or indemnity to any person providing the loan facility or financial accommodation to either or both of the REs or any controlled entities of the Trusts;
- (c) entering into any covenant, undertaking, restraint, or pledge at the request of either or both of the REs including, without limitation, a negative pledge on the obtaining of financial accommodation or the provision of any guarantee or security in connection with any financial accommodation;
- (d) issuing redeemable preference shares or units (as the case may be) or any other form of securities to either or both of the REs;

- (e) entering into any joint borrowing or joint financial accommodation with either or both of the REs or any controlled entities of the Trusts and providing any guarantee, security, indemnities and undertakings in connection with the borrowing or other financial accommodation obtained jointly with either or both of the REs or any controlled entities of the Trusts;
- (f) guaranteeing the obligations of or providing an indemnity or undertaking to a third party in respect of the obligations of either or both of the REs or any of the controlled entities of the Trusts;
- (g) amending any agreement, document or arrangement between entities in the Westfield Group; and
- (h) the activities or operations of either of the Trusts or any of their controlled entities.

4.2 Limitation on financial benefits

The Company is not obliged to, and must not and must procure that its controlled entities do not, enter into any document or perform any act, matter or thing pursuant to this clause 4:

- (a) unless the directors of the Company consider at that time that entering into of the document or the performance of the act, matter or thing is in the interests of the holders of the Stapled Securities as a whole; or
- (b) if the directors of the Company consider at that time that entering into of the document or the performance of the act, matter or thing would cause it to breach any contractual obligation to a third party or accelerate any payment obligation to a third party entered into prior to the date of this deed or entered into subsequent to the date of this deed with the consent of the other;
- (c) to the extent it could result in a deemed or constructive transfer of shares in WEA held by any entity to another entity.

5 Allocation of issue price

5.1 Parties to agree price

- (a) The REs and the Company must agree what part of the amount payable for the issue, redemption or buy-back of a Stapled Security is to represent the issue, redemption or buy-back price of each of the Units and the Share.

The allocation of this amount must be determined on the basis of fair value by agreement between the REs and the Company prior to the issue, redemption or buyback of the Stapled Security. However, where the Stapled Security is being issued pursuant to the exercise of one or more options issued on or before the Stapling Commencement Date the issue price of the Share and each of the Units shall be determined in accordance with any relevant provisions of the terms of the option or options and as the REs and the Company have agreed.

Where an option to acquire a Stapled Security is issued after the Stapling Commencement Date, the allocation of the issue price of the Stapled Security must be determined on the basis of fair value by agreement between the REs and the Company either prior to the issue of the option or, if not agreed at that time, at the time of exercise of the option.

- (b) The proportion determined under clause 5.1(a) must be consistent for each Unit and Share issued, redeemed or boughtback to or from each Investor at the same time.

5.2 Accountant to resolve dispute

If the parties are unable to reach agreement under clause 5.1 within four Business Days after any of them notifies the others that an agreement must be reached, a suitably experienced independent accountant nominated by one of the parties and reasonably approved by the others must be instructed within seven days to determine what part of the amount payable is to represent the price of each of the Units and the Share based on fair value as determined by the accountant having regard to the respective net tangible asset backing of each of the Units and the Share immediately prior to the issue, redemption or buy-back of the Stapled Security and any other factors which the accountant believes should be taken into account. The accountant's decision is, in the absence of manifest error, binding on the parties.

6 Registers

6.1 Register of Stapled Securities

- (a) The REs and the Company must maintain, or procure the maintenance of, a register of Stapled Securities. This includes, without limitation, appointment of a common registrar.
- (b) All details of Stapled Securities and dealings in those Stapled Securities must be entered in the register.
- (c) All details of the Units and the Shares which comprise the Stapled Securities and dealings in those Units and Shares must be entered in the register.

6.2 Registers must be consistent

The Company and the REs must ensure that the Company register and the Trust register, if kept separately, are entirely consistent with one another.

7 Unstapling

7.1 Procedure for Unstapling

From the Stapling Commencement Date all WFT Units, WFA Units (other than the Company's WFA Units) and Shares will remain Stapled to each other for so long as the Stapled Securities remain on issue, unless otherwise determined by Special Resolutions of the Shareholders, the members of WFT and the members of WFA or unless Stapling becomes unlawful or prohibited by the Listing Rules. On and from such date as may be determined under the previous sentence:

- (a) the REs and the Company must procure that the WFT Units, WFA Units and the Shares are Unstapled; and
- (b) except in relation to the ongoing obligations under clauses 2.1(d) and 7.2 and the acknowledgements and covenants in clauses 10 and 11, this deed ceases to be of any force or effect.

7.2 Consequences of Unstapling

If the WFT Units, WFA Units and Shares are no longer Stapled to one another:

- (a) the Company must promptly:
 - (i) repay any outstanding amount under any loan given to the Company or its controlled entities by either of the REs prior to Unstapling, unless the relevant RE otherwise agrees;
 - (ii) pay, or procure payment of, any outstanding amounts which the relevant parties have agreed is the responsibility of the Company to repay unless such parties otherwise agree; and
 - (iii) obtain a release of the relevant RE from any guarantee given by that RE to any person in respect of any liability of the Company; and
- (b) each RE must promptly:
 - (i) repay any outstanding amount under any loan given to the RE or its controlled entities by the Company or the other RE prior to Unstapling, unless the Company or that other RE otherwise agrees;
 - (ii) pay, or procure payment of, any outstanding amounts which the relevant parties have agreed is the responsibility of the RE to repay unless such parties otherwise agree; and
 - (iii) obtain a release of the Company or the other RE from any guarantee given by the Company or the other RE to any person in respect of any liability of the RE.

8 Duties in relation to Stapling

While Stapling applies, notwithstanding any other provision of this deed, or any rule of law or equity to the contrary, in exercising any power or discretion, the REs and the Company may, subject to the Corporations Act and any relief granted thereunder, have regard to the interests of the holders of Stapled Securities as a whole and not only to the interests of the Shareholders or the Unitholders considered separately.

9 Retirement of REs

If either of the incumbent REs retires as responsible entity of either of the Trusts:

- (a) the incumbent RE must use its best endeavours to procure that any new responsible entity appointed under the relevant Trust Constitution executes a deed in a form acceptable to the Company and the other RE undertaking to be bound by all of the obligations of the RE under this deed; and
- (b) upon the new responsible entity assuming the obligations of the RE under this deed, the previous responsible entity shall be discharged and released from its obligations under this deed other than in relation to any negligence, default or breach of this deed by it while it was still the responsible entity of the relevant Trust.

10 Limitation of liability of WML

- (a) WML enters into this deed only in its capacity as responsible entity of WFT and in no other capacity. A liability arising under or in connection with this deed is limited and can be enforced against WML only to the extent to which it can be satisfied out of property of WFT and for which WML is actually indemnified for the liability. This limitation of WML's liability applies despite any other provisions of this deed and extends to all liabilities and obligations of WML in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed, any other document in connection with it, or WFT.
- (b) The other parties may not sue WML in any capacity other than as trustee for WFT, including seeking the appointment of a receiver, a liquidator, an administrator or similar person to WML or prove in any liquidation, administration or arrangement of or affecting WML (except in relation to property of WFT).
- (c) The limitation of liability provisions shall not apply to any obligation or liability of WML to the extent that it is not satisfied because, under this deed or any other document in connection with it, or by operation of law, there is a reduction in the extent of WML's indemnification out of the assets of WFT, as a result of WML's fraud, negligence or breach of trust.
- (d) It is also acknowledged that a breach of an obligation imposed on, or a representation or warranty given by, WML under or in connection with this deed or any other document in connection with it will not be considered a breach of trust by WML unless WML has acted with negligence, or without good faith, in relation to the breach.

11 Limitation of liability of WAML

- (a) WAML enters into this deed only in its capacity as responsible entity of WFA and in no other capacity. A liability arising under or in connection with this deed is limited and can be enforced against WAML only to the extent to which it can be satisfied out of property of WFA and for which WAML is actually indemnified for the liability. This limitation of WAML's liability applies despite any other provisions of this deed and extends to all liabilities and obligations of WAML in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to this deed, any other document in connection with it, or WFA.
- (b) The other parties may not sue WAML in any capacity other than as trustee for WFA, including seeking the appointment of a receiver, a liquidator, an administrator or similar person to WAML or prove in any liquidation, administration or arrangement of or affecting WAML (except in relation to property of WFA).
- (c) The limitation of liability provisions shall not apply to any obligation or liability of WAML to the extent that it is not satisfied because, under this deed or any other document in connection with it, or by operation of law, there is a reduction in the extent of WAML's indemnification out of the assets of WFA, as a result of WAML's fraud, negligence or breach of trust.
- (d) It is also acknowledged that a breach of an obligation imposed on, or a representation or warranty given by, WAML under or in connection with this deed or any other document in connection with it will not be considered a breach of trust by WAML unless WAML has acted with negligence, or without good faith, in relation to the breach.

12 Subordination

12.1 Trusts Constitutions to prevail over this deed

- (a) Nothing in this deed shall be taken to amend or alter a Trust Constitution.
- (b) If there is any inconsistency between the obligations of an RE under this deed and the relevant Trust Constitution, the provisions of the Trust Constitution apply to the extent of the inconsistency.

12.2 Company Constitution to prevail over this deed

- (a) Nothing in this deed shall be taken to amend or alter the Company Constitution.
- (b) If there is any inconsistency between the obligations of the Company under this deed and the Company Constitution, the provisions of the Company Constitution apply to the extent of the inconsistency.

13 Dispute Resolution

13.1 No proceedings

A party must not start court proceedings about a dispute arising out of this deed unless it first complies with this part, except:

- (a) where a party seeks urgent injunctive relief; or
- (b) where the dispute relates to compliance with this clause.

13.2 Notice

A party claiming that a dispute has arisen must notify each other party giving details of the dispute.

13.3 Best efforts to resolve

Each party to the dispute must use its best endeavours to resolve the dispute within 10 Business Days of receiving notice of the dispute or a longer period agreed by the parties to the dispute.

13.4 Negotiate in good faith

If the parties do not resolve the dispute under clause 13.3, the chief executive officer or other senior employee of each party must negotiate in good faith to resolve the dispute for a period of up to 10 Business Days after the end of the period referred to in clause 13.3.

14 General

14.1 Notices

- (a) A notice, approval, consent or other communication in connection with this deed must be in writing and left at the address of the addressee, or sent by prepaid ordinary post (airmail if posted to or from a place outside Australia) to the address of the addressee or sent by facsimile to the facsimile number of the addressee specified in this deed or, if the addressee notifies another address or facsimile number, then to that address or facsimile number.
- (b) A notice, approval, consent or other communication takes effect from the time it is received unless a later time is specified in it.

14.2 Governing law

This deed is governed by the laws in force in the place specified in the Details. Each party irrevocably submits to the exclusive jurisdiction of the courts of that place.

14.3 Prohibition and enforceability

Any provision of, or the application of any provision of, this deed which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

14.4 Waivers

- (a) Waiver of any right arising from a breach of this deed or arising upon default under this deed must be in writing and signed by the party granting the waiver.
- (b) A failure or delay in exercise, or partial exercise, of a right arising from a breach of this deed does not result in a waiver of that right.
- (c) A party is not entitled to rely on a delay in the exercise or non-exercise of a right arising from a breach of this deed or on a default under this deed as constituting a waiver of that right.
- (d) A party may not rely on any conduct of another party as a defence to exercise of a right by that other party.
- (e) This clause 14.4 may not itself be waived except by writing.

14.5 Variation

A variation of any term of this deed must be in writing and signed by the parties. The parties may amend this deed in any manner agreed amongst them without approval from the holders of Stapled Securities.

14.6 Assignment

Rights arising out of or under this deed are not assignable by one party without the prior written consent of the other party.

14.7 Further assurances

Each party must do all things and execute all further documents necessary to give full effect to this deed.

14.8 Entire agreement

This deed supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the parties.

14.9 Counterparts

This deed may be executed in any number of counterparts. All counterparts, taken together, constitute one instrument.

14.10 GST

If any party:

- (a) is liable to pay GST on a supply made in connection with this agreement; and
- (b) certifies to the recipient of the supply that it has not priced the supply to include GST,

then the recipient of the supply agrees to pay that party an additional amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

15 Definitions and Interpretation

15.1 Definitions

In this deed, unless the context otherwise requires:

ASIC means the Australian Securities and Investments Commission or any replacement or successor authority.

ASX means Australian Stock Exchange Limited or the market operated by it as the context requires.

Business Day has the meaning given to that term in the Listing Rules.

Company Constitution means the constitution for the Company and includes any amendment or replacement of it.

Company's WFA Units means the WFA Units held by the Company and its controlled entities from time to time.

Corporations Act means the Corporations Act 2001 (Cwth)

Governmental Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, but does not include any of the parties to this agreement.

Group Member means each of the Company, WFT and WFA and their respective controlled entities from time to time.

GST has the same meaning as in the GST Law.

GST Law has the meaning given to that term in A New Tax System (Goods and Services Tax) Act 1999 (Cwth) and any other Act or regulation relating to the imposition or administration of GST.

Implementation Date has the same meaning as in the Implementation Deed.

Implementation Deed means the deed so entitled dated on or about 21 May 2004 between each of the parties to this deed.

Investor means a holder of Stapled Securities.

Listing Rules means the listing rules published by ASX from time to time.

REs means each of WML and WAML as responsible entities of WFT and WFA respectively.

Share means an undivided ordinary share in the Company but does not include any preference or non-voting share in the Company.

Shareholder means a person registered as the holder of a Share including any persons jointly registered.

Special Resolution has the meaning ascribed to it in section 9 of the Corporations Act.

Stapled means the linking together of a Share, a WFT Unit and a WFA Unit so that one may not be transferred or otherwise dealt with without the other and which are quoted on ASX jointly as a "Stapled Security" or such other term as the ASX permits.

Stapled Securities means a WFT Unit, a WFA Unit and a Share which are Stapled together and registered in the name of a person.

Stapling means the linking process that results in each Share, WFT Unit and WFA Unit (other than the Company's WFA Units) being and remaining Stapled to each other.

Stapling Commencement Date means such date as agreed between the parties but no later than the Implementation Date.

Trust Constitution means:

- (a) in the case of WFT, the WFT Constitution; and
- (b) in the case of WFA, the WFA Constitution.

Trusts means WFT and WFA.

Unit means a WFT Unit or a WFA Unit.

Unitholder means a person registered as the holder of a Unit including any persons jointly registered.

Unstapled means a WFT Unit, a WFA Unit or a Share not being Stapled.

Unstapling means the process that results in a Share, a WFT Unit or a WFA Unit no longer being Stapled to each other.

WFA means Westfield America Trust (ARSN 092 058 449).

WFA Constitution means the constitution establishing WFA dated 28 March 1996 (as amended from time to time).

WFA Unit means an ordinary unit in WFA.

WEA means Westfield America, Inc.

Westfield Entities means Westfield, WFT or WFA.

Westfield Group means, collectively, the Trusts, the Company and each of their respective controlled entities from time to time.

WFT Constitution means the constitution establishing WFT dated 1 April 1982 (as amended from time to time).

WFT means Westfield Trust (ARSN 090 849 746).

WFT Unit means an ordinary unit in WFT.

15.2 Corporations Act definitions

Unless otherwise specified in this deed, terms defined in the Corporations Act are used in this deed with the same defined meanings.

15.3 Interpretation

In this deed, unless the context otherwise requires:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) words importing the singular include the plural and vice versa;
- (c) words importing a gender include any gender;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate;
- (f) a reference to any thing (including, but not limited to, any right) includes a part of that thing but nothing in this clause 15.3 implies that performance of part of an obligation constitutes performance of the obligation;
- (g) a reference to a clause or party is a reference to a clause of, a party to, this deed;
- (h) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assigns;
- (j) no provision of this deed will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this deed or that provision;
- (k) a reference to a body, other than a party to this deed (including, without limitation, an institute, association or authority), whether statutory or not:
 - (i) which ceases to exist; or
 - (ii) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or function; and
- (l) a reference to a statute, ordinance, code or other law or rule includes regulations and other instruments under it and consolidation, amendments, re-enactments or replacement.

EXECUTED as a deed

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CORPORATE DIRECTORY

Westfield Holdings Limited

ABN 66 001 671 496

Westfield Trust

ABN 55 191 750 378

ARSN 090 849 746

Responsible Entity

Westfield Management Limited

ABN 41 004 670 579

AFS Licence 230329

Westfield America Trust

ABN 27 374 714 905

ARSN 092 058 449

Responsible Entity

Westfield America Management Limited

ABN 66 072 780 619

AFS Licence 230324

Registered Office

Level 24, Westfield Towers

100 William Street

Sydney NSW 2011

Telephone: +61 2 9358 7000

Facsimile: +61 2 9358 7077

Secretaries

Maureen T McGrath

Simon J Tuxen

Auditors

Ernst & Young

The Ernst & Young Building

321 Kent Street

Sydney NSW 2000

Investor Information

Westfield Holdings Limited

Level 24, Westfield Towers

100 William Street

Sydney NSW 2011

Principal Registry

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

GPO Box 7045

Sydney NSW 2001

Telephone: +61 3 9415 4070

Enquiries: 1300 132 211

Facsimile: +61 3 9611 5710

Email: westfield@computershare.com.au

Website: computershare.com

Listings

Australian Stock Exchange – WSF, WFT, WFA

New Zealand Stock Exchange – WFT

Website

westfield.com/groupmerger

Westfield Group Merger Information Line

1300 766 010 (Australia)

+61 2 9240 7455 (Overseas)



Special Notice About The Sale Facility

Westfield America Management Limited

(ABN 66 072 780 619)

as responsible entity of Westfield America Trust

(ARSN 002 058 449)

in relation to a proposal to staple
the shares of Westfield Holdings Limited
and the units of Westfield Trust and
Westfield America Trust

WHAT IS THIS DOCUMENT?

This document describes the Sale Facility and contains the election form for the Sale Facility. The Sale Facility is optional and provides you with a simple and convenient way to sell some or all of your existing Westfield America Trust ("WFA") units either for cash ("**Cash Alternative**") or in exchange for Westfield Group Stapled Securities ("**Exchange by Sale Alternative**"). Whether you choose either alternative depends upon your own particular circumstances.

The purpose of this document is to start you considering what is in your best interests having regard to your particular circumstances as a unitholder and to encourage you to obtain immediate advice from your investment, financial, taxation or other professional adviser.

DO I NEED TO DO ANYTHING?

If the Merger is approved, your WFA units will automatically be stapled to shares in Westfield Holdings Limited and to units in the Westfield Trust, even if you voted against the Merger.

In considering whether you want to sell some or all of your WFA units, you will need to take account of all relevant factors of which tax may be one, eg some of your WFA units may have a different tax cost base or acquisition date to others.

It is important that you read the taxation report in section 7 of the Explanatory Memorandum ("**Tax Report**") for a summary of the general Australian taxation implications of the Merger and of selling your WFA units under the Sale Facility.

WHAT SHOULD I DO?

Step 1:

Read carefully this Special Notice, the Westfield America Trust Overview and the Explanatory Memorandum, including the Tax Report.

Step 2:

Seek your own independent advice on the factors you need to take into account before using the Sale Facility. For other information, you can contact the Westfield Information Line on 1300 766 010 (toll free within Australia) or +61 2 9240 7455 (from outside Australia).

Step 3:

Decide if you want to sell all or any of your existing WFA units for cash under the Sale Facility by electing the Cash Alternative.

Step 4:

Decide if you want to sell all or any of your existing WFA units and acquire in exchange new Westfield Group Stapled Securities under the Sale Facility by electing the Exchange by Sale Alternative.

Step 5:

If you do not wish to sell your WFA units under the Sale Facility – DO NOTHING FURTHER – DO NOT COMPLETE the Sale Election form attached to this document.

IMPORTANT NOTICES

This document does not constitute investment, tax or other advice nor any recommendation. None of Westfield, ABN AMRO Equities Australia Limited ("ABN AMRO Equities"), Greenwood & Freehills Pty Limited nor any of their respective related bodies corporate, officers, employees or agents make any recommendation about whether you should use the Sale Facility.

Terms used in the Explanatory Memorandum have the same meaning when used in this document and the Sale Election form.

THE SALE FACILITY

The Sale Facility is available to WFA unitholders, but only if the Merger proceeds.

If the Merger proceeds, the Sale Facility is a simple and convenient way for you to sell some or all of your existing WFA units, either for cash under the Cash Alternative or in exchange for Westfield Group Stapled Securities under the Exchange by Sale Alternative.

By properly completing and lodging the Sale Election form attached to this document, you will be agreeing to sell WFA units nominated by you to ABN AMRO Equities ("**Investment Bank**"). The agreement to sell your WFA units only becomes a binding contract on the Effective Date (expected to be 2 July 2004) if the court approves the Merger. The nominated WFA units will be transferred to the Investment Bank on the Stapling Record Date (expected to be 12 July 2004).

Since the transfer of your WFA units under the Sale Facility will not occur until the business day after the record date for determining the 7.8¢ per WFA unit distribution for the six month period ending 30 June 2004, you will be entitled to receive this distribution (whether or not you sell your units under the Sale Facility, and whether or not the Merger proceeds). You will also be entitled to receive the special distribution of 0.9¢ per WFA unit, but only if the Merger proceeds.

WFA units sold under the Sale Facility will be transferred to the Investment Bank on an ex-distribution basis. The Investment Bank will then become the owner of the WFA units you have elected to sell through the Sale Facility. The Investment Bank has bound itself by Deed Poll in favour of each Westfield Entity and each WFA unitholder to perform its obligations under the Sale Facility as required by the Implementation Deed and the Share Scheme.

If you elect to sell under the Sale Facility, you must choose on the Sale Election form to sell under either (or partly under each of):

- the **Cash Alternative**, in which case the Investment Bank will pay to you the Adjusted Sale Facility Amount as outlined below; or
- the **Exchange by Sale Alternative**, in which case the Investment Bank will transfer Stapled Securities to you on the Implementation Date as outlined below.

Foreign Securityholders will be deemed to have elected to participate in the Cash Alternative for all of their WFA units.

If your WFA units are CHESS sponsored and your broker does not consent to the sale (for example, because your broker has security over your units), you will not be able to use the Sale Facility.

Cash Alternative

You can choose to sell under the Cash Alternative by completing the "Cash Alternative" section on the Sale Election form in which case the consideration provided by the Investment Bank will be cash in the amount of the Adjusted Sale Facility Amount.

The Adjusted Sale Facility Amount will be calculated as:

Sale Facility Price X Elected WFA units.

Sale Facility Price is the price announced by the Westfield Entities as the Stapled Security price under the Sale Facility as determined below.

Elected WFA units is the number of WFA units you nominate to sell under the Cash Alternative multiplied by the Merger conversion ratio of 0.15, rounded up, in circumstances where you are not also electing the Exchange by Sale Alternative, to the nearest whole number.

You will be paid the Adjusted Sale Facility Amount by cheque within 10 Business Days after the settlement of the sale of the last of the securities to be sold under the Sale Facility.

No brokerage or other fees will be charged to WFA unitholders on a sale under the Sale Facility.

General comments on the Australian tax implications for WFA unitholders who elect to participate in the Cash Alternative are set out in the Tax Report in the Explanatory Memorandum. The **Adjusted Sale Facility Price** is the Adjusted Sale Facility Amount divided by the number of WFA units you nominate to sell under the Cash Alternative. WFA unitholders should take their own investment, financial, taxation or other professional advice having regard to their own particular circumstances before electing to participate in the Cash Alternative.

Determining the Sale Facility Price and Adjusted Sale Facility Amount under the Cash Alternative

All of the Stapled Securities to be sold by the Investment Bank under the Cash Alternative (including under equivalent Cash Alternative arrangements for Westfield Shareholders and Westfield Trust unitholders) will be pooled and made available for purchase by institutional and other investors, such process to be co-ordinated by the Investment Bank. This sale process will commence on or as soon as reasonably practicable after the Implementation Date.

The final number of Stapled Securities offered under the Cash Alternative in the Sale Facility for Securityholders in all three Westfield Entities will only be known at the end of the period during which Sale Election forms can be lodged and will be announced by the Westfield Entities on or about the Effective Date.

Following the close of the offer to institutional and other investors under the Sale Facility, the Investment Bank will determine the Sale Facility Price after consultation with the Westfield Group Directors.

The following example is used to demonstrate the above, using values and amounts for illustrative purposes only. They may bear no relation to actual values or amounts and should not be relied upon.

Example: John sells WFA units under the Cash Alternative

John owns 2000 WFA units and elects to sell all those units under the Cash Alternative.

If the Merger is approved, the Investment Bank will sell Stapled Securities acquired by it. The assumed sale price of the Stapled Securities is \$15.00 each (Sale Facility Price).

The Adjusted Sale Facility Amount which the Investment Bank will pay to John is \$4,500 representing $\$15.00 \times 2000 \times 0.15$.

No assurance is given as to the Sale Facility Price that will be set for Stapled Securities under the Sale Facility conducted by the Investment Bank.

WFA unitholders who participate in the Cash Alternative will have no control over the time of the sale of Stapled Securities under the Sale Facility, and therefore will not be able to personally ensure that the sale occurs at a certain price. The price at which Stapled Securities are sold under the Sale Facility will not necessarily be the highest price at which the Stapled Securities could be sold on the ASX. The price may be affected by a number of factors, including the number of Stapled Securities available under the Cash Alternative in the Sale Facility, the prevailing market conditions, the demand for Stapled Securities in the Sale Facility and maintaining an orderly secondary market for all Stapled Securities.

The Sale Facility Price will be determined having regard to the above factors affecting price and the objective of achieving the best price reasonably obtainable for WFA unitholders electing the Cash Alternative (and for Westfield Shareholders and Westfield Trust Unitholders under their equivalent Cash Alternative arrangements). Further, the Sale Facility Price may be adversely affected by the requirement that the Sale Facility be completed as soon as reasonably practicable on or following the Implementation Date.

Exchange by Sale Alternative

You can choose to sell under the Exchange by Sale Alternative by completing the "Exchange by Sale Alternative" section on the Sale Election form, in which case the Investment Bank will transfer to you 0.15 Stapled Securities in exchange for each WFA unit you agree to sell. The total number of Stapled Securities transferred to you will be rounded up to the nearest whole number.

Foreign Securityholders are not eligible to participate in the Exchange by Sale Alternative.

General comments on the Australian tax implications for WFA unitholders who elect to participate in the Exchange by Sale Alternative are set out in the Exchange by Sale section of this document and in the Independent Expert's Report and the Tax Report in the Explanatory Memorandum. WFA unitholders should take their own investment, financial, taxation or other professional advice having regard to their own particular circumstances before electing to participate in the Exchange by Sale Alternative.

THE CASH ALTERNATIVE

As indicated above, if you elect the Cash Alternative you are agreeing to sell your WFA units to the Investment Bank for the Adjusted Sale Facility Price Amount.

As an alternative to choosing the Cash Alternative, you can of course sell your existing WFA units in the ordinary course on the ASX.

The Cash Alternative is different from selling units in the ordinary course on the ASX because under the Sale Facility:

- no brokerage or other fees are payable by you
- you have no control over the final sale price
- the sale occurs only if the Merger is approved

You should immediately obtain independent investment and professional advice as to whether this alternative is best suited to you.

If you decide to sell under the Cash Alternative, complete the "Cash Alternative" section in the Sale Election form attached to this document by:

- indicating the number of units you agree to sell
- completing the other details and signing it

Tear off the Sale Election form and return it in the pre-addressed envelope or fax the duly completed Sale Election form so that it is received no later than 10:00 am (Sydney time) on Wednesday, 23 June 2004.

If you decide to sell on the ASX, the last day of trading in WFA units if the Merger is approved is expected to be 2 July 2004. This day may be extended if there is a delay in obtaining the necessary approvals. A public announcement will be made of any extended date. After that last day, trading on the ASX will only be in Westfield Group Stapled Securities.

If you decide to sell on the ASX you should not return the Sale Election form.

The closing price of WFA units on the ASX as at 24 May 2004 was \$2.28. Information on the price of WFA units and, if and when the Merger is approved, the Stapled Securities can be obtained from the ASX website **www.asx.com.au**. The price of WFA units and Stapled Securities are subject to change from time to time. If you decide to sell WFA units under the Cash Alternative, the sale price you will receive may be more or less than the total market value of those WFA units as at the close of trading on 24 May 2004.

THE EXCHANGE BY SALE ALTERNATIVE

You do not need to choose this alternative to own Westfield Group Stapled Securities as this will occur automatically if the Merger is approved. The Exchange by Sale Alternative is a way for you to sell some or all of your existing WFA units and reinvest in new Westfield Group Stapled Securities. Choosing this alternative means:

- you are disposing of your WFA units for tax purposes
- no tax rollover relief is available
- you may realise a taxable gain or loss depending on your particular circumstances
- for the WFA units sold under the Sale Facility, you will receive in exchange 0.15 new Westfield Group Stapled Securities rounded up to the next whole number.

You should therefore consider, very carefully, together with your investment, taxation or other professional adviser, whether to sell your WFA units under this alternative.

As an alternative to choosing the Exchange by Sale Alternative, you could sell your WFA units (eg using the Cash Alternative or by selling on the ASX) and then reinvesting in Westfield Group Stapled Securities on the ASX (although note that the consequences from such a course of action may differ from those described below in relation to the Exchange by Sale Facility).

The Exchange by Sale Alternative of the Sale Facility is different from selling your WFA units and then reinvesting on the ASX because if you decide to so reinvest:

- You will need to wait until the stapled securities are quoted on the ASX to reinvest. The first trading day of Westfield Group Stapled Securities is expected to be 5 July 2004 and trading will be on a deferred settlement basis until normal trading commences on 19 July 2004. Those dates may be extended by delays in obtaining the necessary approvals for the Merger. If this occurs a public announcement will be made of the new dates.
- The number of Westfield Group Stapled Securities you will be able to buy on the ASX will of course depend on the market price at which you are able to purchase them. This price may differ from the price at which you sold your WFA units as adjusted for the consolidation of units as part of the Merger.

If you decide to sell under the Exchange by Sale Alternative, complete the "Exchange by Sale Alternative" in the Sale Election form attached to this document by:

- indicating the number of units you agree to sell
- completing the other details and signing it

Tear off the Sale Election form and return it in the pre-addressed envelope or fax the duly completed Sale Election form so that it is received no later than 10:00 am (Sydney time) on Wednesday, 23 June 2004. Failure to lodge the Sale Election form by the due date may have an adverse impact on you, depending on your circumstances.

Examples

The following commentary is intended to assist you in starting to think about whether to sell under the Sale Facility by electing the Sale by Exchange Alternative. It is not advice nor a recommendation. You must seek your own investment, financial, taxation or other professional advice on what is in your best interests having regard to your particular circumstances.

The commentary applies to WFA unitholders who are treated as holding their WFA units on capital account for tax purposes and not to WFA unitholders who hold their shares on revenue account.

The information below is adapted from the Tax Report in the Explanatory Memorandum. It represents Westfield's understanding of the position. Because of the complexities and uncertainties of the tax law, no assurance is given as to its accuracy or completeness.

Participation in the Merger and subsequent disposal of Stapled Securities held as a result of the Merger

If the Merger is approved, WFA will issue a substantial number of additional units to Westfield Shareholders and WFT Unitholders which will dilute the value of existing WFA units. This reduction in value of a WFA unitholder's units will be balanced by the value obtained in the newly acquired Westfield Shares and WFT units, which together with the WFA units will form the Stapled Securities. In economic terms, part of the value in the existing WFA units will be reallocated to the new Westfield Shares and WFT units.

When you then come to sell a Westfield Group Stapled Security, as noted in the Tax Report, a capital gain or loss on the sale will be calculated separately for the Westfield Share, the Westfield Trust unit and the Westfield America Trust unit that together make up the Stapled Security.

As noted in the Tax Report in the Explanatory Memorandum, participation in the Merger by a WFA unitholder should not generally give rise to a taxable event for CGT purposes unless the WFA stapling distribution (of \$1.01 per Restructured WFA unit) exceeds the unitholder's cost base in any of the unitholder's Restructured WFA Units, in which case a capital gain equal to such excess will arise.

For a person who holds WFA units and participates in the Merger and subsequently disposes of the Stapled Securities held as a result of the Merger, any capital loss arising on disposal of the WFA units could be offset against any capital gain arising on the disposal of the Westfield Trust units and Westfield Shares which would have cost bases of \$1.00 and \$0.01 respectively for CGT purposes, representing the stapling distribution value. Only the net gain overall would be assessable to tax. Note that the amount of any capital gain or loss arising on the disposal of a WFA unit will depend on the cost base of that unit. For a person holding WFA units with a low cost base, it may be that there will not be a capital loss on disposal of that unit following the Merger.

Selling under the Exchange by Sale Alternative and subsequent disposal of the Stapled Securities acquired on exchange

As noted in the Tax Report, if you choose the Exchange by Sale Alternative and the Merger is approved, you will, for CGT purposes, have disposed of your existing WFA units in exchange for 0.15 new Westfield Group Stapled Securities. The date of the disposal for CGT purposes will be the Effective Date (expected to be 2 July 2004). No rollover relief is available in relation to this disposal. Therefore, this could result in a taxable capital gain or a capital loss depending on your particular circumstances.

On the disposal of your existing WFA units, you will be treated for CGT purposes as receiving capital proceeds equal to the market value of the Westfield Group Stapled Securities that you receive in exchange. The market value must be apportioned over your existing WFA units on a reasonable basis. For example, if the market value of a Staple Security is \$15.00, you may be treated for CGT purposes as having disposed of your existing WFA units for \$2.25 each (\$15.00 times 0.15). The Tax Report notes that it is expected that the ATO will accept that the market value of a Westfield Group Stapled Security may be calculated as the volume weighted average price for Westfield Group Stapled Securities over the first five days of trading on a deferred settlement basis.

In addition, the new Westfield Group Stapled Securities you receive in exchange will be taken to be acquired for CGT purposes on the Effective Date for a cost equal to the market value of the WFA units which you sold. The Tax Report notes that it is expected that the ATO will accept as a proxy for this market value the volume weighted average price for Westfield Group Stapled Securities over the first five days of trading on a deferred settlement basis. This tax cost of the Westfield Group Stapled Security should be apportioned over the individual securities comprising the Westfield Group Stapled Security on a reasonable basis to determine the cost base of those individual securities. The Tax Report notes that it is expected that the ATO will accept that that this apportionment may be done on the basis of the relative net tangible asset backing of the three securities.

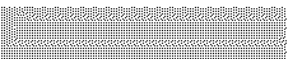
Other Considerations

There are potentially a number of other important tax and timing considerations in connection with the decision to participate in the Exchange by Sale Alternative. For example:

- your existing cost base in your WFA units
- the acquisition date of your existing WFA units and of the Westfield Shares and WFT units that may be acquired pursuant to the Merger for CGT purposes
- The cost base of your newly acquired WFT units.

In relation to the above points you should note that:

- the cost base of the individual shares or units is important not only on a subsequent sale but also when "tax advantaged" distributions are made by any of the three entities;
- the "tax advantaged" component of distributions made in respect of WFT units or WFA units may be taxable to you as a capital gain once the aggregate of the "tax advantaged" amounts received exceeds your cost base of those units
- the CGT discount concession is generally only available for certain shareholders/unitholders where the shares or units have been held for at least 12 months.



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Westfield America Management Limited
ABN 66 072 780 619
as responsible entity of Westfield America Trust
(ARSN 092 058 449)

SALE FACILITY ELECTION FORM

(“Sale Election Form”)

Registry:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 8060 Australia
Enquiries (within Australia) 1300 766 010
(outside Australia) 61 2 9240 7455
Facsimile 61 2 8235 8220
www.computershare.com

Important Notice - please read

You should only complete and return this form if you wish to participate in the Sale Facility.

Your decision whether or not to participate in the Sale Facility and, if you participate, which alternative to select, should be made only after consultation with your investment, financial, taxation or other professional adviser based on your own particular circumstances.

In considering what to do, and when to do it, you need to take into account the possibility that the Merger may be approved or not approved contrary to your vote.

Failure to lodge a duly completed Sale Election form before the due date may have an adverse impact on you depending on your circumstances.

You should independently seek advice. You should be aware that participating in the Sale Facility will amount to a disposal on the Effective Date of your existing Westfield America Trust units for CGT purposes.

Before electing to participate in the Sale Facility, you should consider the matters described in the Overview, the Explanatory Memorandum (particularly Section 7 (the taxation report) and the Special Notice about the Sale Facility, to which this Sale Election form is attached.

None of Westfield America Management Limited (“Westfield”), ABN AMRO Equities, Greenwoods & Freehills Pty Limited nor any of their respective related bodies corporate, officers, employees or agents make any recommendation about whether you should use the Sale Facility.

Sale election

Cash Alternative - If you wish to participate in the Cash Alternative for some or all of your Westfield America Trust units from the holding indicated by you below, please indicate that number here:

Exchange by Sale Alternative - If you wish to participate in the Exchange by Sale Alternative for some or all of your Westfield America Trust units from the holding indicated by you below, please indicate that number here:

Completing the form

Your Westfield America Trust unitholding

Provide your Securityholder Reference Number or Holder Identification Number and your name as it appears on the trust register – both are found at the top of your proxy form that accompanies this Sale Election form.

**Securityholder Reference Number (SRN) or
Holder Identification Number (HIN)**

**Name on the Westfield
America Trust register**

Provide your daytime telephone number and a contact name (optional) in case we need to contact you.

Contact Name

Contact Daytime Telephone

Please sign below

I/We make the election set out above in respect of my/our Westfield America Trust units and agree to be bound by the terms and conditions as set out on the reverse of this form. If this form is signed under power of attorney, the attorney declares that they have no notice of revocation of that power

Signature of Unitholder(s) (see below for instructions)

Individual or First Unitholder

**Director/Company Secretary
(if applicable)**

Unitholder 2

Director (if applicable)

Unitholder 3

**Sole Director and Sole Company
Secretary (if applicable)**

INSTRUCTIONS

- If you do not indicate a choice, or give unclear or conflicting instructions or do not return this form before 10.00 am (Sydney time) Wednesday 23 June 2004, you will be deemed to have elected not to participate in the Sale Facility.

- How to sign the Sale Election form

Joint holders – all holders must sign the Sale Election form.

Companies – the Sale Election form must be signed in any way allowed by the law of their jurisdiction or by an attorney. For companies with a sole director and sole company secretary, please sign the appropriate specific box on the Sale Election form.

Power of Attorney – if not already noted by Computershare Investor Services Pty Limited, the relevant Power of Attorney must be produced for noting or a certified copy of the Power of Attorney must accompany the Sale Election form.

Deceased Estates – all executors or administrators must sign. If not already noted by Computershare Investor Services Pty Limited, the Probate or Letters of Administration must be produced for noting or a certified copy of the Probate or Letters of Administration must accompany the Sale Election form.

- If you are a custodian, nominee or bare trustee holding Westfield America Trust units, each beneficial holder of the Westfield America Trust units is entitled to participate in the Sale Facility – in this instance the custodian, nominee or bare trustee should append to the Sale Election form the names of the underlying beneficial unitholders and the number of Westfield Shares each beneficial unitholder wishes to sell through the Sale Facility.

Further information

If you require further information on how to complete this Sale Election form or if you have any queries, please telephone the Westfield Information Line on 1300 786 010 (toll free from within Australia) or +61 2 9240 7455 (from outside Australia).

Terms and conditions

By signing and returning this Sale Election form, you:

- acknowledge that you have read, and agreed to, the terms and conditions of the Sale Facility as set out in this Sale Election form and in the Explanatory Memorandum;
- acknowledge that, if the Merger is approved:
 - by electing to participate in the Cash Alternative, you are irrevocably bound to sell to ABN AMRO Equities the number of Westfield America Trust units held by you on the Stapling Record Date and nominated by you in the Sale Election form for the Adjusted Sale Facility Amount; or
 - by electing to participate in the Exchange by Sale Alternative, you are irrevocably bound to sell to ABN AMRO Equities the number of Westfield America Trust units held by you on the Stapling Record Date and nominated by you in the Sale Election form in return for the transfer by ABN AMRO Equities to you of 0.15 Stapled Security for each Westfield America Trust unit sold under the Exchange by Sale Alternative (with the total number of Stapled Securities transferred rounded up to the nearest whole number);
- acknowledge that ABN AMRO Equities Australia Limited is the holder of an Australian financial services licence (Licence No. 240530). ABN AMRO Equities is required to give unitholders who use the Sale Facility a Financial Services Guide. The Financial Services Guide can be provided to the unitholder's agent in a way agreed by the agent. If you use the Sale Facility, you agree to appoint Westfield as your agent to receive the Financial Services Guide (and any update of that document) from ABN AMRO Equities. ABN AMRO Equities will provide a Financial Services Guide and any updates to Westfield and Westfield will post them on its website. However, Westfield does not take any responsibility for the content or the provision of the Financial Services Guide or any update of that document;
- warrant that you are the registered holder of the Westfield America Trust units specified in the Sale Election form and that on the Stapling Record Date ABN AMRO Equities will acquire good title to the Westfield America Trust units the subject of your election and full legal and beneficial ownership of them free from all mortgages, charges, liens, encumbrances (whether legal or equitable), restrictions on transfer of any kind and from any third party rights;
- warrant that you are not acting on behalf of a person resident or located in the United States of America or, if you have elected to participate in the Exchange by Sale Alternative, you are not a Foreign Securityholder;
- agree not to sell any of the Westfield America Trust units for which you have elected to participate in the Sale Facility to any person once the Sale Election form has been lodged. You also authorise Computershare Investor Services Pty Limited ("Westfield Registry"), an Authorised Representative (No. 268511) of Computershare Clearing Pty Ltd (the holder of an Australian financial services licence (Licence No. 234715)) to take any measures to prevent the transfer of any such Westfield America Trust units other than in accordance with the Sale Facility;
- irrevocably authorise Westfield, whether through the Westfield Registry, any other agent or otherwise, to take such action on your behalf as is necessary to effect the sale and settlement of your Westfield America Trust units and, if applicable, your Stapled Securities and to act as your agent to receive any notice required to be provided under the Corporations Act;
- acknowledge that the Adjusted Sale Facility Amount may not be the highest price at which your Westfield America Trust units could be sold and by participating in the Cash Alternative you accept that the Sale Facility Price may be lower than the prevailing price at which Stapled Securities trade on the ASX;
- accept the risk associated with payment being dispatched to you by cheque to the address shown in the Westfield Register if you have elected to participate in the Cash Alternative;
- acknowledge that:
 - none of Westfield, the Westfield Registry, ABN AMRO Equities, Greenwood & Freehills Pty Limited, their related bodies corporate, officers, employees or agents nor any other party involved in the Sale Facility has provided you with any investment advice or made any securities recommendations, nor do any of them have any obligation to provide such advice or make any such recommendations concerning your decision to participate in the Sale Facility;
 - you have made your own decision to sell your Westfield America Trust units under the Sale Facility based on your consideration of your own objectives, financial situation and needs and your own analysis of the effect of the Sale Facility;
- acknowledge that none of Westfield, ABN AMRO Equities, their related bodies corporate, officers, employees or agents nor any other person will on any account be liable, and you may not bring any claim or action against them, for:
 - not having sold Stapled Securities under the Cash Alternative at any specific price or on any specific date;
 - any liability to you other than for the payment of the Adjusted Sale Facility Amount under the Cash Alternative or the transfer of Stapled Securities under the Exchange by Sale Alternative in accordance with the Sale Facility; and
- agree that Westfield, ABN AMRO Equities and the Westfield Registry reserve the right to reject or not process any Sale Election form, whether completed correctly or not, and may assume the authenticity of any Sale Election form returned or purportedly returned by you or your authorised representative and that any person claiming to be you or your authorised representative is in fact that person, and authorise Westfield, ABN AMRO Equities and the Westfield Registry to act on any Sale Election form believed by any of them to be authentic.

Lodgment of Sale Election form

Please use the pre-addressed envelope provided to return your Sale Election form, or return it by fax to Computershare Investor Services Pty Limited (Westfield's share registry) **by no later than 10.00 am (Sydney time) Wednesday 23 June 2004:**

Facsimile 61 2 8235 8220