

PRODUCT DISCLOSURE STATEMENT

SHARE IN THE OWNERSHIP

UNDERWRITERS



CREDIT SUISSE



Morgan Stanley

JOINT LEAD MANAGERS

ANZ Commonwealth Bank Deutsche Bank J.P. Morgan Merrill Lynch
Moelis & Company National Australia Bank RBS UBS Westpac

PRODUCT DISCLOSURE STATEMENT DATED 3 NOVEMBER 2010

RE1 LIMITED (ABN 80 145 743 862) (AFS LICENCE 380202)
AS RESPONSIBLE ENTITY OF WESTFIELD RETAIL TRUST 1 (ARSN 146 934 536)
RE2 LIMITED (ABN 41 145 744 065) (AFS LICENCE 380203)
AS RESPONSIBLE ENTITY OF WESTFIELD RETAIL TRUST 2 (ARSN 146 934 652)

Westfield
RETAIL TRUST

PUBLIC OFFER

**AN OPPORTUNITY TO
INVEST IN AUSTRALIA
AND NEW ZEALAND'S
PRE-EMINENT SHOPPING
CENTRE PORTFOLIO
DELIVERING ATTRACTIVE
RETURNS TO INVESTORS**





Westfield
RETAIL TRUST

PUBLIC OFFER

IMPORTANT NOTICES

This document is important and requires your immediate attention. You should read the entire document carefully before deciding whether to invest in Stapled Units. In particular, you should consider the risk factors outlined in section 7 and the tax implications outlined in section 9. The potential tax effects of the Offer will vary between investors. All investors should satisfy themselves of any possible tax consequences by consulting their own professional tax adviser.

Product disclosure statement

This document (the **PDS**) is a product disclosure statement for the purposes of Part 7.9 of the Corporations Act issued by:

- RE1 as responsible entity of Westfield Retail Trust 1 and RE2 as responsible entity of Westfield Retail Trust 2, each in respect of the Offer of Stapled Units; and
- Westfield Management Limited (**WML**) as responsible entity of Westfield Trust (**WFT**) in respect of the transfer of units in Westfield Retail Trust 1 and Westfield Holdings Limited (**WHL**) in respect of the transfer of units in Westfield Retail Trust 2, each under the Capital Distribution.

Each Stapled Unit issued under the Offer or transferred under the Capital Distribution will comprise one unit in Westfield Retail Trust 1 and one unit in Westfield Retail Trust 2.

RE1, RE2, WML and WHL each takes full responsibility for the whole of this PDS.

This PDS was prepared in accordance with section 1013A of the Corporations Act. This PDS is dated Wednesday, 3 November 2010 and was lodged with ASIC on that date.

Westfield Retail Trust will apply within seven days of the date of this PDS for the quotation of the Stapled Units on ASX. Neither ASIC nor ASX takes any responsibility for the contents of this PDS nor for the merits of the investment to which this PDS relates.

Not investment advice

The information provided in this PDS is not financial product advice. It is general information only, and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. You should consider whether the information in this PDS is appropriate for you in light of your objectives, financial situation and needs. In particular, you should consider the risk factors (see section 7) that could affect the financial performance of Westfield Retail Trust before deciding what course you should follow. You should consider these factors in light of your personal circumstances (including financial and taxation issues – see section 9). To obtain advice or more information about the products offered in this PDS, you should speak to an Australian financial services licensee or an authorised representative.

Please carefully read the instructions on the accompanying Application Form in connection with the Offer.

No cooling-off rights

Cooling-off rights do not apply to an investment in Stapled Units pursuant to the Offer. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Electronic PDS

This PDS may be viewed online during the Offer Period on Westfield Retail Trust's website at www.westfieldretailoffer.com. It is not available to persons in the United States. If you access the electronic version of this PDS you should ensure that you download and read the entire PDS.

A paper copy of this PDS can be obtained during the Offer Period, free of charge by calling the Westfield Retail Trust Offer Information Line:

- Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia);
- New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia),

at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday.

You will only be entitled to accept the Offer by completing an Application Form attached to or which accompanies this PDS (refer to the "How to apply" section for further information).

Updated information

Information about the Capital Distribution or the Offer may need to be updated by RE1, RE2, WML or WHL. Any updated information about the Capital Distribution or the Offer which is not materially adverse to investors will be made available on Westfield Retail Trust's website at www.westfieldretailoffer.com. RE1, RE2, WML and WHL will provide a copy of the updated information free of charge to any person who requests a copy by calling the Westfield Retail Trust Offer Information Line:

- Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia);
- New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia),

at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday.

Where updated information about the Capital Distribution or the Offer is materially adverse to investors, RE1, RE2, WML and WHL will issue a supplementary product disclosure statement in accordance with their obligations under the Corporations Act.

Foreign jurisdictions

This PDS does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the Stapled Units or otherwise permit an offering of Stapled Units in any jurisdiction outside of Australia or New Zealand.

The distribution of this PDS (whether electronically or otherwise) outside Australia and New Zealand may be restricted by law.

If you come into possession of this PDS (electronically or otherwise), you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws.

This PDS may not be distributed to, or relied upon by, persons in the United States unless accompanied by the Institutional Offering Memorandum as part of the institutional component of the Offer. This PDS does not constitute an offer to any person in the United States.

The Stapled Units have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act of 1933 (**U.S. Securities Act**) and applicable U.S. state securities laws.

See section 11.20 for further details.

Warning for New Zealand investors

The warning statement below is required under the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008 (New Zealand) and relates to the Retail Westfield Securityholder Offer and the Public Offer, which are made pursuant to those Regulations in New Zealand. Please see section 11.20(c) for details of the applicable legal restrictions in relation to the other offers to New Zealand investors contained in this PDS.

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

The dispute resolution process described in this offer document is only available in Australia and is not available in New Zealand.

Underwriting

The Offer is underwritten up to \$1.75 billion by Citigroup Global Markets Australia Pty Limited, Credit Suisse (Australia) Limited and Morgan Stanley Australia Securities Limited (**Underwriters**).

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer or Capital Distribution described in this PDS, which is not contained in this PDS. Any information or representation not contained in this PDS may not be relied on as having been authorised by Westfield Retail Trust or Westfield Group in connection with the Offer or Capital Distribution.

This PDS contains forecast financial information along with forward looking statements which are identified by words such as “may”, “could”, “believes”, “estimates”, “expects”, “intends”, and other similar words that involve risks and uncertainties. These forecasts and forward looking statements are subject to various risk factors that could cause Westfield Retail Trust’s actual results to differ materially from the results expressed or anticipated in these forecasts or statements. These risk factors are set out in section 7. These and other factors could cause actual results to differ materially from those expressed in any forecast or forward looking statement made by, or on behalf of, Westfield Retail Trust or Westfield Group.

Financial amounts

Money as expressed in this PDS is in Australian dollars unless otherwise indicated.

Definitions and abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary at the end of this PDS.



WESTFIELD CHATSWOOD, SYDNEY





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CHAIRMAN'S LETTER



On behalf of the Board, it gives me great pleasure to offer you this opportunity to invest in Westfield Retail Trust.

On behalf of the Board, it gives me great pleasure to offer you this opportunity to invest in Westfield Retail Trust.

Westfield Retail Trust is a new group that will apply to be listed on ASX providing investors with a geographic specific entity focused on investing in high quality retail real estate in Australia and New Zealand.

Westfield Retail Trust will be Australia's largest domestic retail focused real estate investment trust, having assets with a current book value of approximately \$12 billion, relatively low gearing and income being derived primarily in Australian dollars.

Our principal investment will be the joint venture ownership, alongside Westfield Group, in a pre-eminent and unrivalled shopping centre portfolio comprising interests in 54 major shopping centres located predominantly in Australia with 10% of the assets located in New Zealand.

Our strategy will be to maximise the income and capital returns from our investment portfolio. We intend to grow, in partnership with Westfield Group, through redevelopment and shared acquisition opportunities. We will also examine other potential third party acquisition opportunities as they arise.

Shopping centres are an integral part of the retail landscape in Australia and New Zealand. Through the aggregation of retailers and services, shopping centres provide the opportunity for retailers to interact with the consumer in an efficient and exciting environment.

The Westfield brand is synonymous with retailing. Last year, over 550 million customers visited a Westfield Retail Trust shopping centre in Australia and New Zealand spending in excess of \$22 billion. Around 70% of the Australian population and more than 50% of the New Zealand population lives within 30 minutes drive time of

a Westfield shopping centre. As the joint owner of a pre-eminent shopping centre portfolio, we will be an important partner for most of the major household retail brands.

The Trust will be a major joint venture partner to the Westfield Group, one of the world's largest retail property groups with a global portfolio of 119 high quality shopping centres. Westfield Group will continue in its existing property management and development roles on behalf of the joint venture on terms and fees materially consistent with those Westfield Group has in place with its other joint venture partners in Australia. Westfield Group will not charge any responsible entity, asset management or acquisition fees.

Westfield Group will also permit Westfield Retail Trust to use the Westfield brand and give the Trust access to its significant operating platform. Westfield Group will be reimbursed for providing the corporate services which the Trust chooses to outsource to Westfield.

Through this joint venture partnership, the Trust will benefit from the Westfield Group's extensive experience and expertise in the management, leasing and development of major shopping centres globally. There are also arrangements in place whereby acquisition opportunities will be shared between Westfield Group and Westfield Retail Trust.

Investment in Australian retail property has shown, over many years, to be a sound proposition with strong and stable cash flows that are resilient throughout economic cycles. The Trust's portfolio of shopping centres has a track record of delivering stable income and earnings growth. Over the last 10 years, the portfolio of shopping centres has delivered compound annual investment returns of 14.6%, with compound annual income growth of 5.0%.



WESTFIELD DONCASTER, MELBOURNE

This consistent investment performance has been driven by the quality of the Trust's portfolio that consists of a diverse range of approximately 13,200 retail outlets covering over 3.9 million square metres with an occupancy rate in excess of 99.0% for the last 10 years.

The establishment of Westfield Retail Trust is part of a proposal that is being put to members of the Westfield Group at a meeting on Thursday, 9 December 2010. If approved, members of the Westfield Group will receive units in the Trust on a one for one basis, representing some \$7.3 billion of equity capital.

Westfield Retail Trust is undertaking an offering of new units to investors, comprising:

- The Public Offer, which is open to all members of the general public in Australia and New Zealand and seeks to raise gross proceeds of up to \$2.0 billion; and
- The Westfield Securityholder Offer, which is available to existing Westfield Group Securityholders and seeks to raise gross proceeds of up to \$1.5 billion.

The Offer Price is \$2.75 for each new unit. This represents an 11% discount to the diluted net tangible asset value of the Trust following the \$1.75 billion underwritten component of the Offer.

The proceeds from the Public Offer and the Westfield Securityholder Offer will be used to reduce the Trust's borrowings.

The Trust is expected to deliver attractive returns to unitholders. For the financial year ending 31 December 2011, the Trust is forecast to achieve earnings per Stapled Unit in the range of 18.1 cents to 18.5 cents, representing a forecast earnings yield of between 6.6% and 6.7% on the Offer Price.

Given its stable, income-generating asset base, Westfield Retail Trust intends to have a distribution payout level of approximately 90% of distributable earnings, which is forecast to be in the range of 16.3 cents and 16.6 cents per Stapled Unit for its first full year, representing a forecast distribution yield of between 5.9% and 6.0%.

The Trust's initial gearing ratio will be around 38% before the Offer, 24% with the underwritten component only and less than 10% if the Offer is fully subscribed.

I am pleased that Westfield Retail Trust will be overseen by a high quality board and management team with an appropriate mix of skills and experience. Details of the Westfield Retail Trust Board and executives are included in the PDS.

This PDS contains important information about Westfield Retail Trust, the details of the Offer and a description of the key risks associated with an investment in Westfield Retail Trust. I urge you to read it carefully and in its entirety. You should seek appropriate professional advice before making an investment decision.

To apply for Stapled Units, you will need to fill out the relevant Application Form(s) attached to this PDS. If you have any questions about how to apply for Stapled Units, please call the Westfield Retail Trust Offer Information Line:

- Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia);
- New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia),

from 8.30am until 5.00pm (Sydney time) Monday to Friday or visit the website at www.westfieldretailoffer.com. The Public Offer and the Retail Westfield Securityholder Offer are expected to close at 5.00pm (Sydney time) on Monday, 6 December 2010.

I can confirm that the Lowy family interests propose to subscribe for their full entitlement under the Westfield Securityholder Offer.

On behalf of the Board, I recommend you consider this investment opportunity.

Richard F E Warburton AO
Chairman Elect

KEY OFFER STATISTICS

	Capital Distribution	Public Offer	Westfield Securityholder Offer
Offer Price	N/A.	\$2.75 per Stapled Unit.	\$2.75 per Stapled Unit.
Who can participate?	Westfield Group Securityholders on the Westfield Register on the Capital Distribution Record Date.	All Australian and New Zealand resident Retail Investors can apply as General Applicants under the Public Offer. Institutional Investors can also apply under the Public Offer.	Eligible Westfield Group Securityholders will be entitled to subscribe for 1 Stapled Unit for every 4.23 Westfield Stapled Securities.
Approximate number of Stapled Units to be issued	2,308 billion.	Up to 727.3 million.	Up to 545.5 million.
Offer proceeds	N/A.	Up to \$2.0 billion.	Up to \$1.5 billion.

KEY DATES

Event	Date
Institutional Westfield Securityholder Offer opens	Wednesday, 3 November 2010
Institutional Westfield Securityholder Offer closes	Friday, 5 November 2010
Westfield Group trades ex-Westfield Securityholder Offer	Monday, 8 November 2010
Record Date for Westfield Securityholder Offer	Monday, 8 November 2010
Retail Westfield Securityholder Offer and Public Offer opens	Thursday, 11 November 2010
Retail Westfield Securityholder Offer and Public Offer closes	Monday, 6 December 2010
Meeting of Westfield Group Securityholders	Thursday, 9 December 2010
Westfield Retail Trust commences trading on ASX on a conditional and deferred settlement basis	Monday, 13 December 2010
Settlement of Public Offer and Westfield Securityholder Offer	Monday, 20 December 2010
Allotment of Stapled Units under the Public Offer and Westfield Securityholder Offer	Tuesday, 21 December 2010
Despatch of holding statements	Wednesday, 22 December 2010
Westfield Retail Trust commences trading on a normal settlement basis	Thursday, 23 December 2010
First distribution of Westfield Retail Trust	Monday, 28 February 2011
Second distribution of Westfield Retail Trust	Wednesday, 31 August 2011

The timetable above is indicative only. Westfield Group and Westfield Retail Trust, in conjunction with the Underwriters, reserve the right to amend any or all of these dates and times subject to the Corporations Act, the Listing Rules and other applicable laws. In particular, they reserve the right to extend the Closing Date for the Offer, to accept late Applications either generally or in particular cases, to withdraw the Offer (or elect not to proceed with the Capital Distribution) without prior notice. The commencement of quotation of Stapled Units is subject to confirmation from ASX.

WESTFIELD RETAIL TRUST

- Largest real estate investment trust focused exclusively on retail assets in Australia and New Zealand
- Joint venture with Westfield Group – one of the world's leading integrated shopping centre groups
- Strategy to invest in high quality retail assets in Australia and New Zealand and to maximise the long term income and capital return from its investments
- Ownership of a pre-eminent retail portfolio focused on Australia and New Zealand comprising interests in 54 major shopping centres currently valued at approximately \$12 billion
 - 42 centres (90% of the portfolio value)¹ located across Australia, including 15 of the top 20 Australian shopping centres by annual sales
 - 12 centres (10% of the portfolio value)¹ located across New Zealand, including 5 of the 8 largest New Zealand shopping centres

1 As at 30 June 2010.

An opportunity to invest in Australia and New Zealand's pre-eminent shopping centre portfolio delivering attractive returns to investors

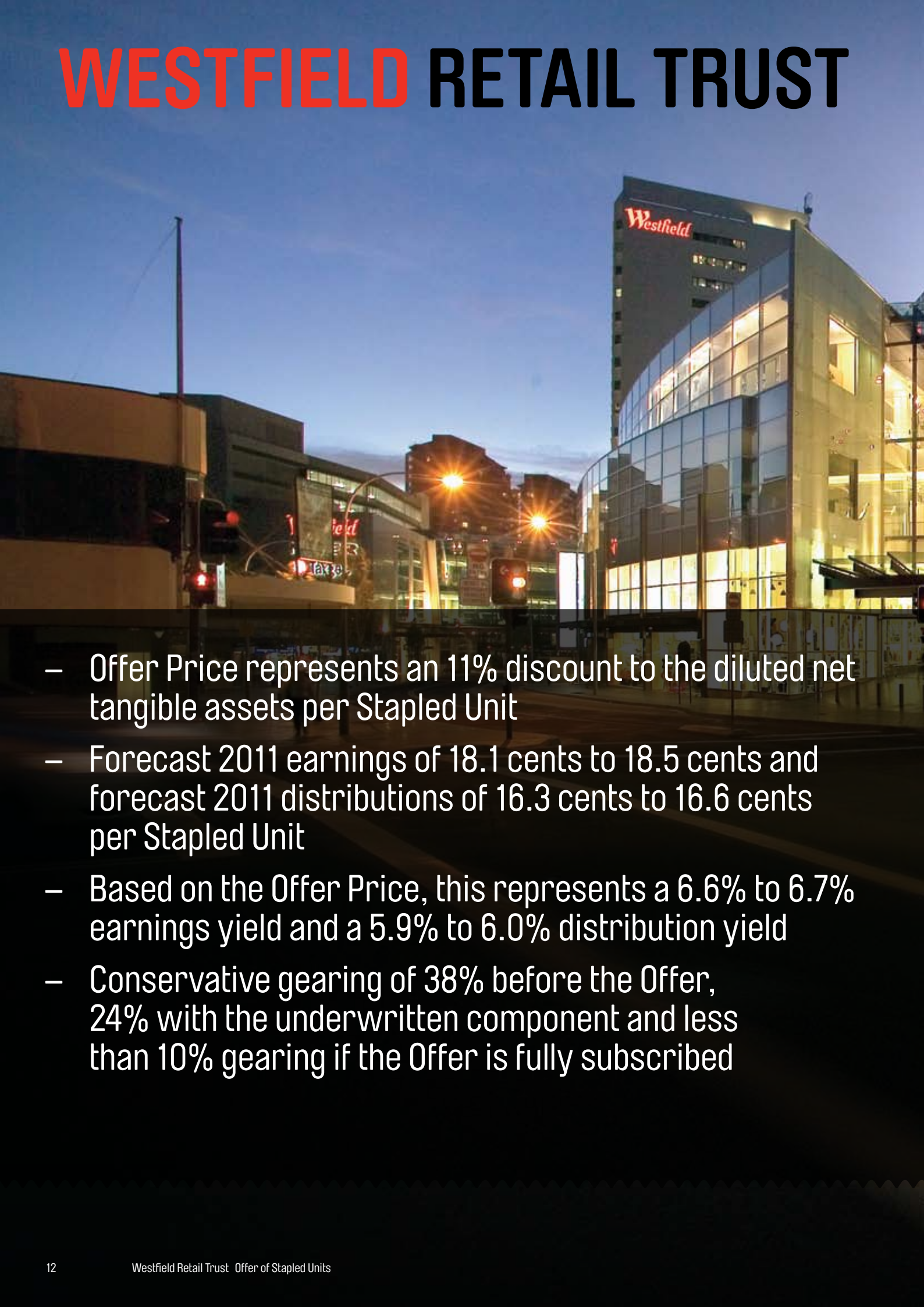
Portfolio summary as at 30 June 2010

	Australia	New Zealand	Total
Centres	42	12	54
Retail outlets	11,479	1,716	13,195
GLA (million square metres)	3.5	0.4	3.9
Portfolio leased %	99.5%	99.5%	99.5%
Total annual sales (billion)	\$20.4	NZ\$2.1	\$22.1
Specialty sales per square metre ⁽¹⁾	\$9,674	NZ\$7,703	N/A
Westfield Retail Trust book value (billion)	\$11.0	\$1.2	\$12.2
Weighted average estimated valuation yield	6.1%	7.4%	6.2%

(1) Year ended 30 September 2010.

WESTFIELD NEWMARKET, AUCKLAND

WESTFIELD RETAIL TRUST

- 
- Offer Price represents an 11% discount to the diluted net tangible assets per Stapled Unit
 - Forecast 2011 earnings of 18.1 cents to 18.5 cents and forecast 2011 distributions of 16.3 cents to 16.6 cents per Stapled Unit
 - Based on the Offer Price, this represents a 6.6% to 6.7% earnings yield and a 5.9% to 6.0% distribution yield
 - Conservative gearing of 38% before the Offer, 24% with the underwritten component and less than 10% gearing if the Offer is fully subscribed

A photograph of the Westfield Bondi Junction shopping center at dusk. The building is a modern, multi-story structure with a prominent glass facade. The 'Westfield' logo is illuminated in red on the upper part of the building. The interior lights are on, and the ground floor is brightly lit, showing various retail spaces. A large tree is in the foreground on the right, and a street with a traffic light is visible on the left. The sky is a deep blue.

**Attractive valuation metrics with a
portfolio that delivers stable,
consistent returns to investors**

WESTFIELD BONDI JUNCTION, SYDNEY

WESTFIELD RETAIL TRUST

Partnership with Westfield Group, a brand synonymous with retail

- Shopping centres are an integral part of the retailing landscape in Australia and New Zealand
- Westfield Retail Trust's portfolio will include interests in some of the largest and best shopping centres in the region
- Last year more than 550 million customers visited a Westfield Retail Trust centre spending over \$22 billion



- Approximately 70% of the Australian population and more than 50% of the New Zealand population lives within 30 minutes drive of a Westfield Retail Trust centre
- Last year 64% of Westfield Retail Trust's Australian centres, by value¹ (18 of the 42 centres) had annual sales in excess of \$500 million²
- Westfield Retail Trust centres include major household retail brands such as David Jones, Myer, Farmers (NZ), Target, Kmart, Big W, Coles and Woolworths

¹ As at 30 June 2010

² This represents 43% of the Australian Properties by number.



WESTFIELD LIVERPOOL, SYDNEY

WESTFIELD RETAIL TRUST

Stable, consistent operating results


Unmatched operational metrics:¹

- Above 99.5% leased²
- 13,195 retail outlets
- \$22 billion in annual retail sales
- Specialty sales of \$9,674³ per square metre for Australian Properties
- 99.1% of rental income is contracted minimum base rent not linked to sales turnover
- Approximately 3,000 new retail leases executed on average each year
- Long term lease maturity profile with over 45% of leases based on GLA expiring post 2015

¹ Metrics are for the 12 month period ended 30 June 2010 unless otherwise stated.

² Excludes Westfield Sydney which is under redevelopment.

³ Year ended 30 September 2010.



Westfield's Australia and New Zealand portfolio has a long track record of delivering consistent returns. Over the last 10 years:

- Compound investment returns¹ from its portfolio of 14.6% per annum
- Over 99.0% of the portfolio leased
- 5.0% compound annual income growth
- Specialty store compound annual growth in rent per square metre of 4.2%²
- Specialty store compound annual growth in total sales in Australia of 4.6%

Over the next 5 to 7 years, Westfield Retail Trust's share of identified future development projects is \$1.5 billion, representing 12.4% of the current book value of its assets

¹ Compound investment return is the internal rate of return that has been achieved through the ownership of the portfolio over the last 10 years, taking into account the value of the portfolio at the start of the time period, the income achieved and capital reinvested over that period and the value of the portfolio at the end of the 10 year time period.

² Includes stores less than 400m² only.

WESTFIELD RETAIL TRUST

- 
- Board comprising a majority of independent directors, appointed by Westfield Group, with broad range of skills, strong property and finance expertise and significant experience
 - Experienced management team employed and remunerated by Westfield Retail Trust – aligning executive management with Westfield Retail Trust investors' interests

Experienced Board and management team



WESTFIELD PARRAMATTA, SYDNEY

WESTFIELD RETAIL TRUST

Partnering with Westfield Group,
one of the world's leading owners,
managers and developers of
shopping centres



WESTFIELD HORNSBY, SYDNEY

- Westfield Retail Trust's initial portfolio will be owned in joint venture with Westfield Group¹, which will continue its existing property management and development roles²
- Westfield Group is one of the world's leading integrated shopping centre groups with proven property management expertise in Australia and New Zealand:
 - Over 50 years of experience in Australia and 14 years experience in New Zealand
 - Interests in 119 shopping centres throughout Australia, New Zealand, the United States and the United Kingdom, valued at over \$61 billion as at 30 June 2010³
 - Manages the largest retail portfolio focused on Australia and New Zealand with 56 centres valued at over \$32 billion as at 30 June 2010⁴
- Westfield Group is an experienced shopping centre developer with more than \$8.8 billion of projects in Australia and New Zealand since 1992
- Through the Responsible Entities, Westfield Retail Trust will have access to the Westfield brand and the operating platform of Westfield Group providing it with a low cost and efficient structure
- Westfield Retail Trust and Westfield Group will have the opportunity to share in future retail acquisition and development opportunities in Australia and New Zealand

¹ Some assets to which the Shopping Centre Interests relate will be owned in joint venture with both Westfield Group and other property investors including AMP Group, GPT, LaSalle Investment Management, GIC, Dexus, UniSuper, Queensland Investment Corporation, Perron Group and Australian Prime Property Fund.

² There are six Properties which are managed by AMP Group.

³ Includes the Shopping Centre Interests to be transferred to Westfield Retail Trust.

⁴ Two of the Group's Australian shopping centres, Cairns and Carindale (held through the Carindale Property Trust) are excluded from the Proposal and do not comprise part of the Shopping Centre Interests.

KEY INVESTMENT RISKS

There are risks associated with an investment in Westfield Retail Trust. Some of the key risks that may have an adverse impact on Westfield Retail Trust are:

- Westfield Retail Trust has not previously traded independently of Westfield Group, so there is no trading history for Stapled Units;
- Westfield Retail Trust is newly established and has not previously operated as a standalone entity. It has its own corporate governance, risk management and financial reporting processes and any disruption to the development of these processes may impact the business;
- The Shopping Centre Interests will be exposed to any downturn in the property market, or economy, or any regulatory changes in the retail property markets in Australia or New Zealand;
- Risks associated with co-ownership as owning an interest in an asset with co-owners imposes restrictions which do not apply where the asset is wholly owned;
- Risks associated with third parties (including Westfield Group) having the right to provide property management and property development services to the Properties and the initial outsourcing of corporate services to Westfield Group;

- Property specific risks including a possible inability to continue to lease space in shopping centres on economically favourable terms, bankruptcy or store closures of major tenants, and a possible inability to successfully expand and redevelop the Properties on time and on budget;
- Risks that funds will not be available to pay down the Acquisition Facility if, and to the extent, the Offer is under-subscribed resulting in higher gearing and the risk that refinancing of any outstanding debt is on less favourable terms than would otherwise be available; and
- General market risks including changes in general economic conditions such as fluctuations in interest rates, currency exchange rates and fluctuations in the value and rental income of the Properties.

Before applying for Stapled Units, investors should consider these risks carefully and read this PDS in its entirety. Before making a decision to apply for Stapled Units, investors should seek appropriate professional advice.

THE OFFER AT A GLANCE



Westfield Group is proposing to transfer 50% of its interests in 54 major Australian and New Zealand shopping centres to Westfield Retail Trust. Westfield Retail Trust will apply to be listed, and have the Stapled Units quoted, on ASX.

As part of the Proposal:

- Westfield Group will transfer approximately 2.308 billion Stapled Units to Westfield Group Securityholders under the Capital Distribution;
- Westfield Retail Trust will acquire the Shopping Centre Interests from Westfield Group; and
- there will be a public float of Westfield Retail Trust.

Following the public float, Westfield Retail Trust's interests in the Properties will constitute a pre-eminent retail portfolio focused on Australia and New Zealand covering 54 shopping centres with a current book value of over \$12 billion.

The Proposal requires Westfield Group Securityholder approval and a meeting of Westfield Group Securityholders is being held on Thursday, 9 December 2010 for this purpose. The Offer is conditional on the relevant resolutions in connection with the Proposal being approved at that meeting and on the Implementation Deed not having been terminated.

This PDS relates to the transfer of Stapled Units in Westfield Retail Trust under the Capital Distribution and to the offer of additional new Stapled Units under the Public Offer and the Westfield Securityholder Offer. Each Stapled Unit comprises one unit in Westfield Retail Trust 1 and one unit in Westfield Retail Trust 2, which will be stapled together and cannot be traded separately.

Offer structure

The Offer will comprise:

- the Public Offer to raise up to \$2.0 billion; and
- the Westfield Securityholder Offer to raise up to \$1.5 billion.

The Offer is underwritten up to \$1.75 billion.

Under the Public Offer, all Australian and New Zealand residents may apply. Under the Westfield Securityholder Offer, Eligible Westfield Securityholders may subscribe for 1 new Stapled Unit for every 4.23 Westfield Stapled Securities they hold as at the Westfield Securityholder Offer Record Date. Eligible Westfield Securityholders may choose to take up their entitlements in whole, in part or not at all. Those Westfield Group Securityholders who wish to apply for more Stapled Units than their entitlements may apply under the Public Offer.

Sources and uses

Initially, the acquisition by Westfield Retail Trust of the Shopping Centre Interests will be funded by way of the Acquisition Facility, equity distributed by Westfield Group and the Westfield Sydney Facility (which is a loan provided by Westfield Group relating to the purchase of a 50% interest in Westfield Sydney).

The initial sources and application of funds (including the Capital Distribution) are detailed below:

Sources	\$ million
Value of equity distributed through the Capital Distribution	7,301
Acquisition Facility	3,700
Westfield Sydney Facility	942
Payables and deferred tax liability	437
Total sources	12,380
Uses	
Acquisition of Shopping Centre Interests	12,108
Estimated transaction costs (excluding equity raising costs)	163
Cash and working capital	109
Total uses	12,380

Funds raised through the Offer will be used to pay down the Acquisition Facility. If the Offer is fully subscribed, the Acquisition Facility will reduce to approximately \$200 million.

Westfield Retail Trust and the Shopping Centre Interests

Portfolio Summary as at 30 June 2010

	Australia	New Zealand	Total
Centres	42	12	54
Retail outlets	11,479	1,716	13,195
GLA (million square metres)	3.5	0.4	3.9
Portfolio leased % ⁽¹⁾	99.5%	99.5%	99.5%
Total annual sales (billion) ⁽¹⁾	\$20.4	NZ\$2.1	\$22.1
Specialty sales per square metre ^{(1),(2)}	\$9,674	NZ\$7,703	N/A
Westfield Retail Trust gross asset value (billion)	\$11.0	\$1.2	\$12.2
Weighted average estimated valuation yield ^{(1),(3)}	6.1%	7.4%	6.2%

(1) Excludes Westfield Sydney.

(2) Year ended 30 September 2010.

(3) Estimated valuation yield is the forecast net operating income that is expected from the property interest for the proceeding 12 month period divided by the current book value of the property interest.

THE OFFER AT A GLANCE

Westfield Retail Trust's initial investment will consist of the Shopping Centre Interests, being an interest in a pre-eminent portfolio of 54 major Australian and New Zealand shopping centres with approximately 13,200 retail outlets, which will comprise:

- a 50% interest in the Australian Properties (being 17 Australian shopping centres) with the other 50% continuing to be held by Westfield Group;
- interests ranging from 12.5% to 37.5% in the Existing JV Properties (being 25 Australian shopping centres) with the other interests continuing to be held by Westfield Group and third parties; and
- a 50% interest in the New Zealand Properties (being 12 New Zealand shopping centres) with the other 50% continuing to be held by Westfield Group.

Shopping centres are an integral part of the retail landscape in Australia and New Zealand. Through the aggregation of retailers and services, shopping centres provide the opportunity for retailers to interact with the consumer in an efficient and exciting environment. As the joint owner of a pre-eminent shopping centre portfolio, Westfield Retail Trust will become an important partner for most of the major household retail brands.

Structure of Westfield Retail Trust and Westfield Group

The simplified ownership structure and property interests of each of Westfield Retail Trust and Westfield Group following the implementation of the Proposal are shown below.



* The portfolio includes the Existing JV Properties, for which Westfield Retail Trust and Westfield Group will share 50% of Westfield Group's current interest in those Properties.

Summary financials

For further information on the basis of preparation of the financial information, see section 5.2.

Summary pro forma balance sheet as at 30 June 2010

30 June 2010 \$ million	Pro forma prior to the Offer	Pro forma after the Offer – subscribed to \$1.75 billion	Pro forma after the Offer – fully subscribed
Cash	59	59	59
Property investments			
– Shopping centres	10,998	10,998	10,998
– Development projects	1,110	1,110	1,110
Total Property investments	12,108	12,108	12,108
Other assets	50	50	50
Total assets	12,217	12,217	12,217
Borrowings	4,652	2,949	1,199 ⁽¹⁾
Deferred tax	243	243	243
Other liabilities	184	184	184
Total liabilities	5,079	3,376	1,626
Net Assets	7,138	8,841	10,591
Net asset value (NAV) per stapled unit excluding deferred tax (\$)	3.20	3.09	3.03

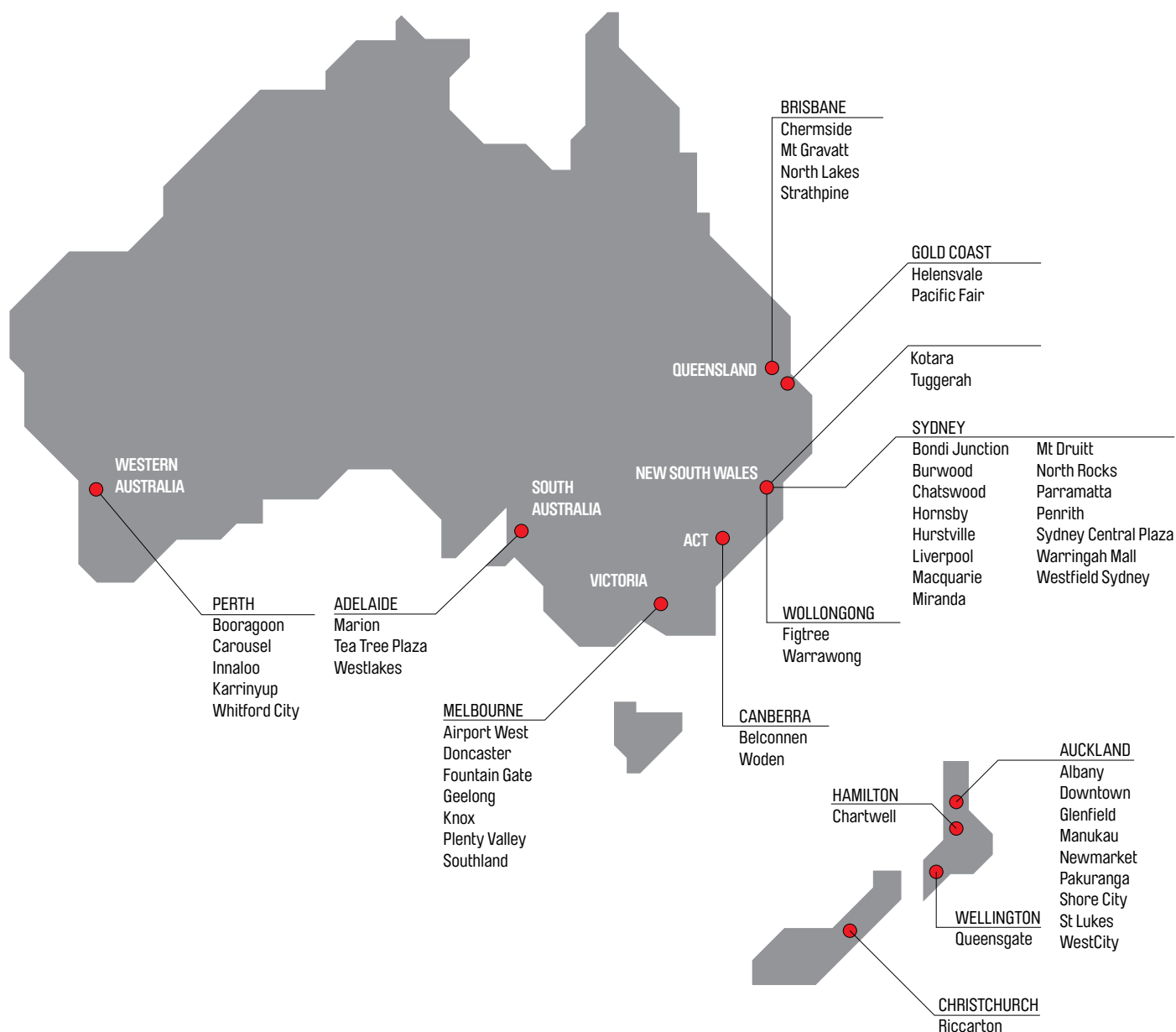
(1) Borrowings have been reduced by \$3,453 million (comprising \$3,500 million of equity raised less associated costs of \$47 million).

Summary forecast income statement FY 2011

Forecast FY 2011 \$ million	Pro forma prior to the Offer	Pro forma after the Offer – subscribed to \$1.75 billion	Pro forma after the Offer – fully subscribed
Property revenue	1,019	1,019	1,019
Property expenses and outgoings	(269)	(269)	(269)
Net operating income	750	750	750
Corporate expenses	(35)	(35)	(35)
EBIT	715	715	715
Net interest expense	(285)	(164)	(40)
Income tax	(12)	(12)	(13)
Earnings available for distribution	418	539	662
Earnings available for distribution per Stapled Unit (cents)	18.1	18.3	18.5
Distribution per Stapled Unit (cents)	16.3	16.5	16.6

INVESTMENT HIGHLIGHTS

Exposure to pre-eminent retail portfolio focused on Australia and New Zealand



Westfield Retail Trust is expected to be the largest Australian listed real estate investment trust focused exclusively on Australian and New Zealand retail property and one of the 25 largest entities listed on the ASX based on anticipated market capitalisation.

Westfield Retail Trust will operate as a separately listed entity with a core strategy of long term investment in retail real estate in Australia and New Zealand, utilising the expertise and operating platforms of Westfield Group and other appropriately resourced and qualified third party asset managers. Westfield Retail Trust will seek to provide Stapled Unitholders with attractive returns consistent with the rental income and capital growth from these assets, as a long term holder.

Westfield Retail Trust is offering new Stapled Units at \$2.75 to raise up to \$2.0 billion under the Public Offer and up to \$1.5 billion under the Westfield Securityholder Offer.

The Offer Price represents an 11% discount to Westfield Retail Trust's diluted net tangible asset value following the \$1.75 billion underwritten component of the Offer.

For the financial year ending 31 December 2011, being Westfield Retail Trust's first full financial year, forecast earnings per Stapled Unit is between 18.1 cents and 18.5 cents, representing an earnings yield of between 6.6% – 6.7% on the Offer Price.

Given its stable, income-generating asset base, Westfield Retail Trust intends to have a distribution payout level of approximately 90% of Distributable Earnings, which is forecast to be in the range of 16.3 cents and 16.6 cents per Stapled Unit for its first full financial year, representing a distribution yield of between 5.9% and 6.0% based on the Offer Price.

Prior to the Offer, Westfield Retail Trust's gearing will be 37.8%. Following completion of the Offer, as it is underwritten up to \$1.75 billion, Westfield Retail Trust gearing will be 23.8% and will be less than 10% if the Offer is fully subscribed.

The Shopping Centre Interests to be acquired by Westfield Retail Trust have a current book value of approximately \$12.1 billion.

Portfolio summary as at 30 June 2010

	Australia	New Zealand	Total
Centres	42	12	54
Retail outlets	11,479	1,716	13,195
GLA (million square metres)	3.5	0.4	3.9
Portfolio leased % ⁽¹⁾	99.5%	99.5%	99.5%
Total annual sales (billion) ⁽¹⁾	\$20.4	NZ\$2.1	\$22.1
Specialty sales per square metre ⁽¹⁾⁽²⁾	\$9,674	NZ\$7,703	N/A
Westfield Retail Trust gross asset value (billion) ⁽³⁾	\$11.0	\$1.2	\$12.2
Weighted average estimated valuation yield ⁽¹⁾⁽⁴⁾	6.1%	7.4%	6.2%

(1) Excludes Westfield Sydney.

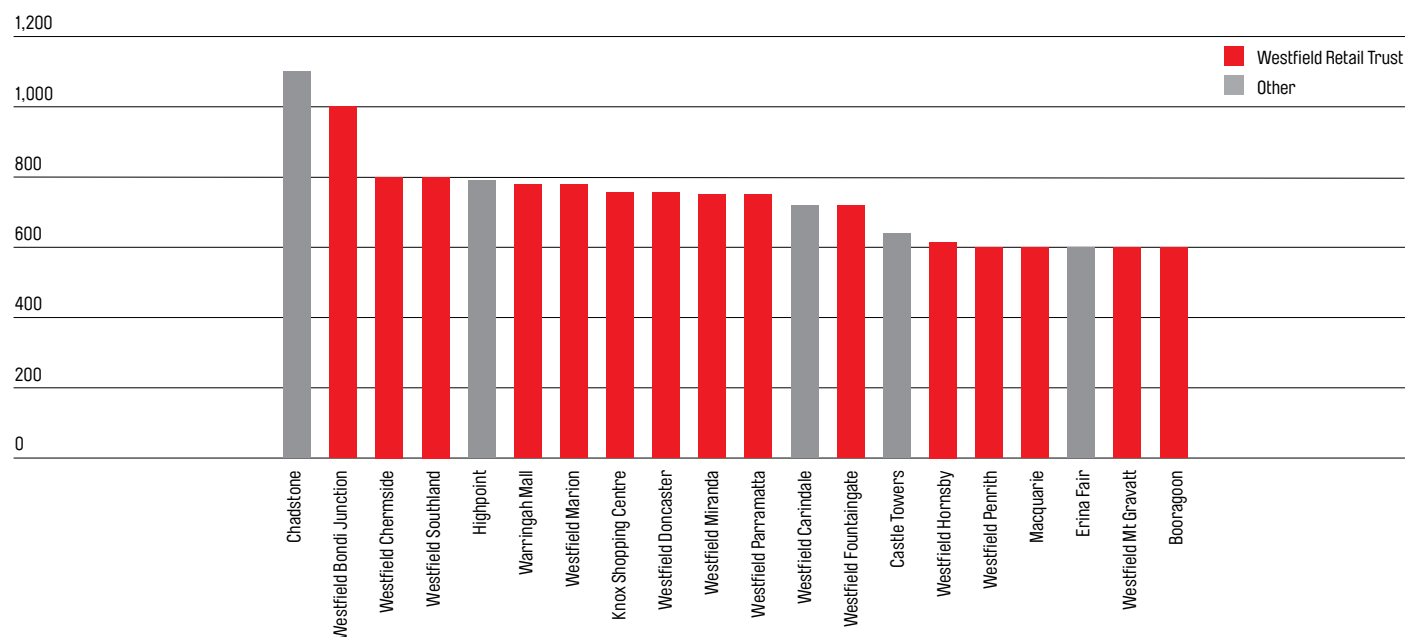
(2) Year ended 30 September 2010.

(3) Westfield Retail Trust's share of shopping centre assets and includes work in progress and assets held for development.

(4) Estimated valuation yield is the forecast net operating income that is expected from the property interest for the proceeding 12 month period divided by the current book value of the property interest.

The Shopping Centre Interests are located largely in Australia, with 42 centres representing 90% of the Shopping Centre Interests current book value (\$10.9 billion), including 15 of Australia's top 20 performing shopping centres by annual sales.

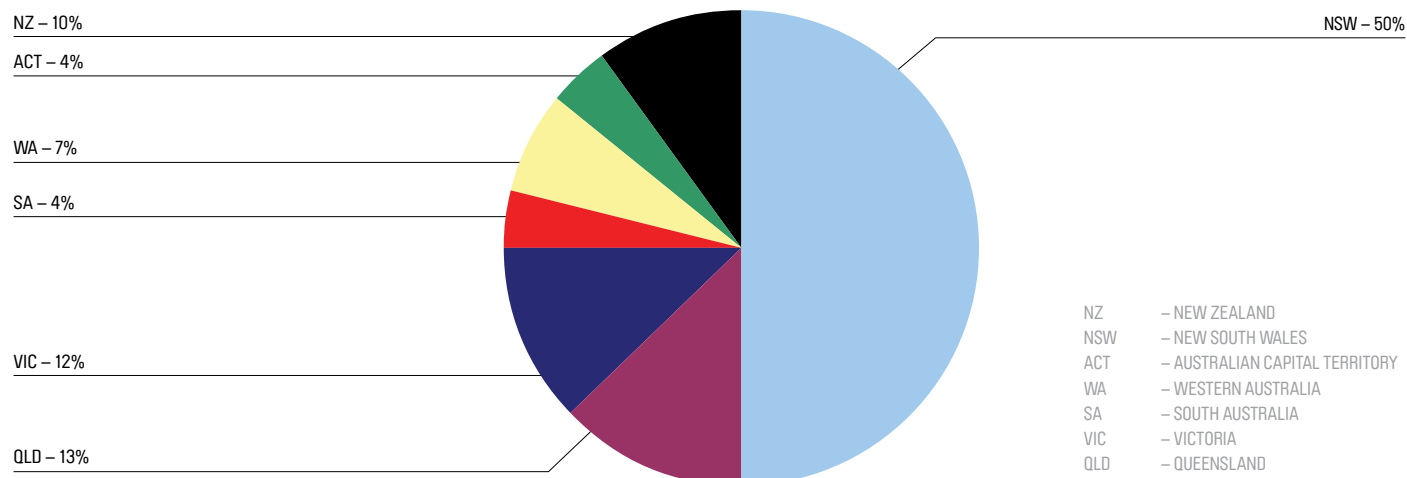
Annual sales \$ (million)



Source: Shopping Centre Council of Australia

INVESTMENT HIGHLIGHTS

Geographic Distribution by Value



In addition to its portfolio of operating centres, Westfield Retail Trust will own a 50% interest in the Westfield Sydney development, which is expected to be completed in early 2012. The development is located at Sydney's best retail site at Pitt Street Mall, Castlereagh and Market Streets, and connects to two of the highest grossing department stores in Australia – David Jones Sydney and Myer Sydney. On completion, and combined with Westfield Sydney Central Plaza, the new development will comprise approximately 350 fashion, food and lifestyle stores across 90,000 square metres. The development also includes 76,000 square metres of prime office space. The development will be progressed and completed by Westfield Group with Westfield Retail Trust as a co-owner.

On completion of its development, Westfield Retail Trust is expected to have invested \$1.340 billion for its interest in Westfield Sydney and achieve a yield on cost of 5.6%, which is supported by a guarantee from Westfield Group for three years.

Westfield Retail Trust will also own interests in 12 centres located in New Zealand, which represent 10% of the Shopping Centre Interests by current asset value (\$1.2 billion), including five of New Zealand's eight largest shopping centres.

Partnership with Westfield Group

Westfield Retail Trust's initial portfolio will be owned in joint venture with Westfield Group (together with other third parties in the case of Existing JV Properties). Other than for six Existing JV Properties managed by the AMP Group, Westfield Group will continue its existing property management and development roles. Westfield Group is one of the world's leading integrated shopping centre groups with proven property management expertise. Globally, Westfield Group has interests in and operates 119 shopping centres throughout Australia, New Zealand, the United States and the United Kingdom, valued at over \$61 billion as at 30 June 2010.¹

Westfield Group is vertically integrated and manages all aspects of shopping centre development, from design and construction through to leasing, management and marketing. Westfield Group creates value through intensive management at an operational level and a strategic development program that continually improves the quality of the portfolio to generate income and capital growth.

With over 50 years experience, Westfield Group has interests in and operates the largest retail portfolio in Australia and New Zealand with 56 centres with a current value of over \$32 billion.² Each year, Westfield executes, on average, approximately 3,000 lease deals in Australia and New Zealand covering in excess of 350,000 square metres of retail space.

Westfield Group is also an experienced shopping centre developer with more than \$8.8 billion of Australian and New Zealand projects since 1992.

Westfield Retail Trust and Westfield Group have the opportunity to share future retail acquisition and development opportunities in Australia and New Zealand.

Westfield Retail Trust will have access to the operating platform of Westfield Group providing it with a low cost and efficient structure.

Westfield Retail Trust will have access to the Westfield brand, which is synonymous with retailing in Australia and New Zealand.

¹ Includes the Shopping Centre Interests to be transferred to Westfield Retail Trust.

² Two of the Group's Australian shopping centres, Cairns and Carindale (held through the Carindale Property Trust) are excluded from the Proposal and do not comprise part of the Shopping Centre Interests.

Westfield Retail Trust's portfolio

Westfield Retail Trust's portfolio will include interests in some of the largest and best shopping centres in the region. Last year over 550 million customers visited a Westfield Retail Trust centre, spending in excess of \$22 billion.

Approximately 70% of the Australian population and more than 50% of the New Zealand population lives within 30 minutes drive of a Westfield Retail Trust centre.

Westfield is the major landlord and integral partner to major household retail brands such as David Jones, Myer, Farmers, Target, Kmart, Big W, Coles and Woolworths.

The portfolio's size and quality is unrivalled in the Australian market, with over 60% of the portfolio's Australian centres (by current book value) achieving annual sales in excess of \$500 million for the year ended 30 June 2010.¹ The portfolio also achieves high sales productivity for retailers with average annual specialty store sales per square metre of \$9,674 for the Australian Properties (for the year ended 30 September 2010).

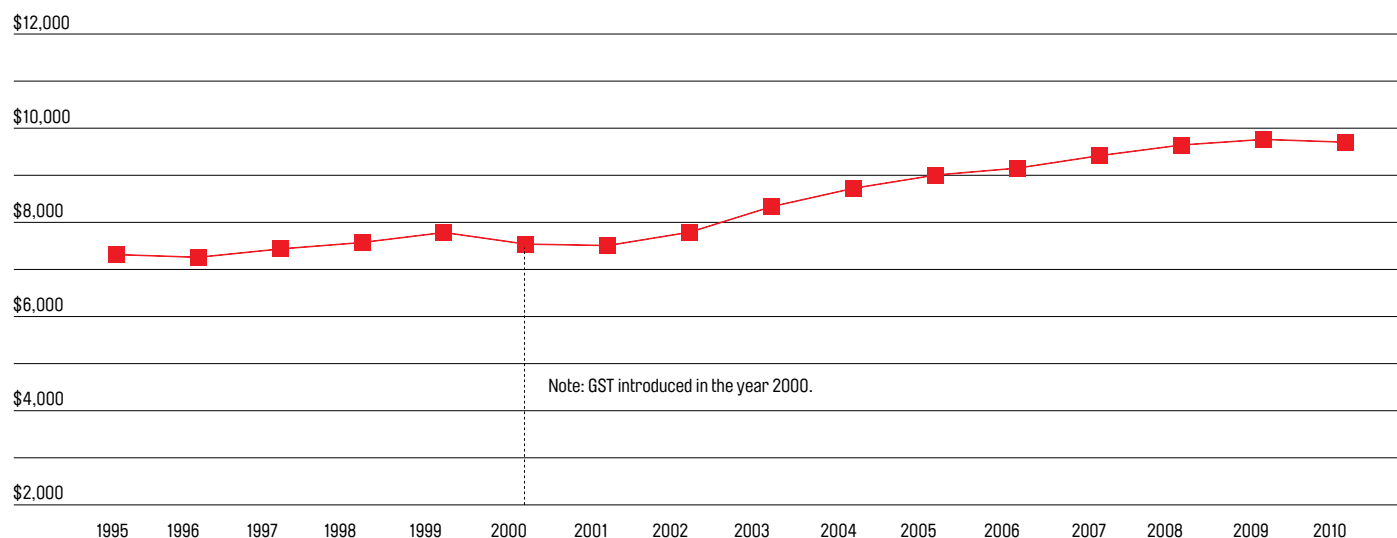
Annual Sales to 30 June 2010					Proportion of Australian Portfolio ²
> \$600 m	Bondi Junction	\$1,015.3 m	Knox	\$739.9 m	44%
	Chermside	\$830.0 m	Miranda	\$727.3 m	
	Southland	\$790.6 m	Parramatta	\$725.6 m	
	Marion	\$764.5 m	Fountain Gate	\$703.3 m	
	Doncaster	\$763.6 m	Hornsby	\$614.3 m	
	Warringah Mall	\$757.9 m			
\$500 m – \$600 m	Penrith	\$586.8 m	Pacific Fair	\$537.7 m	20%
	Booragoon	\$579.6 m	Chatswood	\$530.2 m	
	Mt Gravatt	\$573.7 m	Carousel	\$525.9 m	
	Macquarie	\$570.5 m			
\$400 m – \$500 m	Kotara	\$494.8 m	Whitford City	\$444.8 m	17%
	Tuggerah	\$480.6 m	Woden	\$431.0 m	
	Tea Tree Plaza	\$479.5 m	Karrinyup	\$425.6 m	
	Liverpool	\$459.4 m	Burwood	\$403.7 m	
\$300 m – \$400 m	Belconnen	\$399.9 m	Mt Druitt	\$362.8 m	11%
	Hurstville	\$398.2 m	North Lakes	\$352.1 m	
	Sydney Central Plaza	\$388.0 m	Helensvale	\$317.6 m	
	Westlakes	\$377.4 m			
< \$300 m	Innaloo	\$276.0 m	Airport West	\$260.7 m	8%
	Geelong	\$267.3 m	Warrawong	\$216.6 m	
	Plenty Valley	\$267.3 m	Figtree	\$164.2 m	
	Strathpine	\$263.2 m	North Rocks	\$140.8 m	

¹ This represents 43% of the Australian centres by number and excludes Westfield Sydney which is under redevelopment.

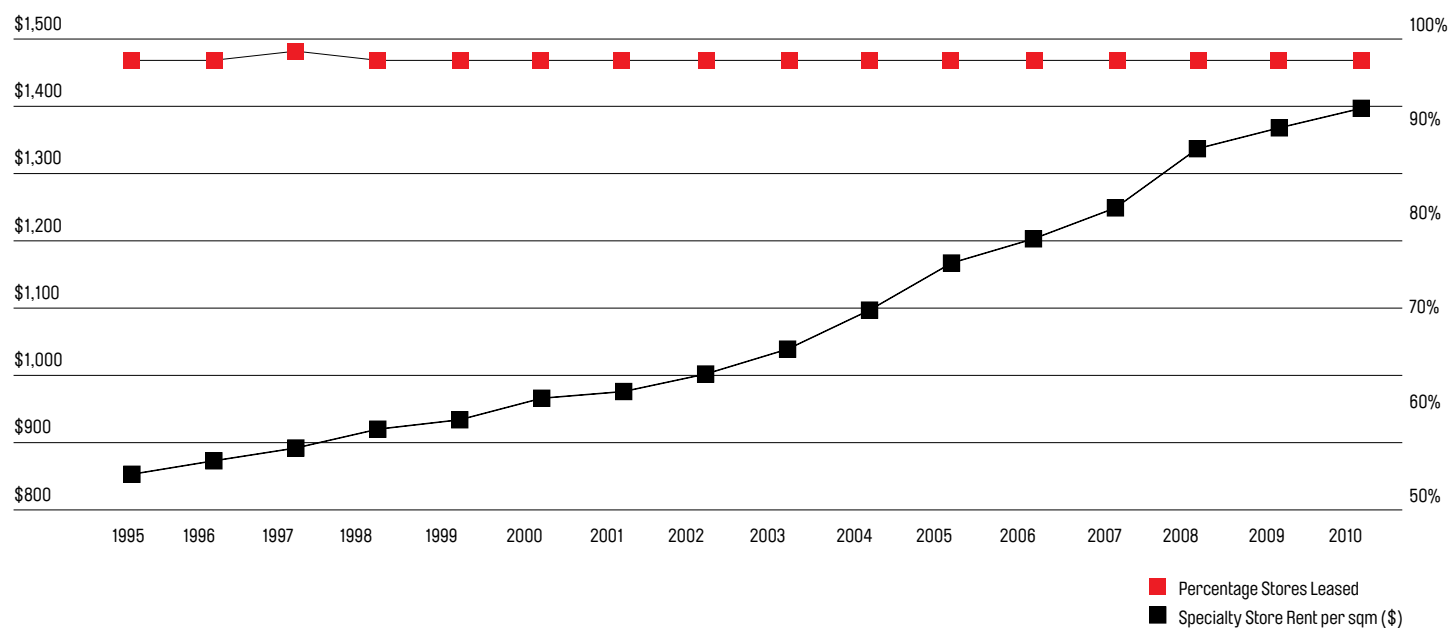
² Based on 30 June 2010 book values (Westfield Group's share), and excludes Westfield Sydney currently under redevelopment.

INVESTMENT HIGHLIGHTS

Westfield Group Australian specialty store sales per square metre



Westfield Group Australian specialty store rent per square metre (LHS) and percentage stores leased (RHS)

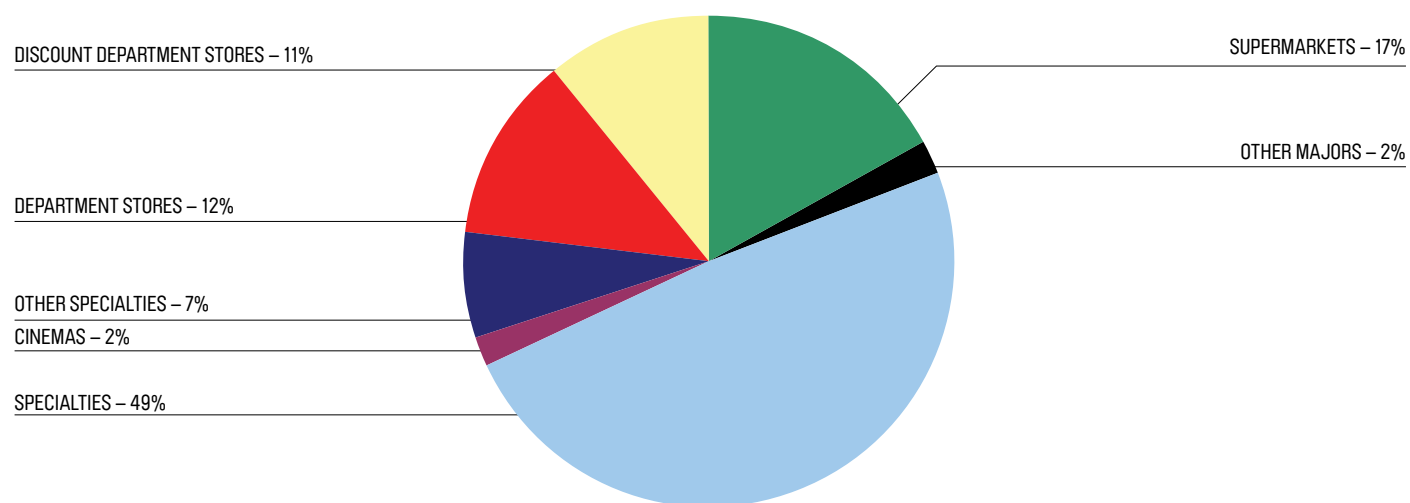


The portfolio has a long track record of being almost fully leased, being over 99% leased for over 10 years.

Less than 1% of the portfolio's income is directly tied to retail sales, with over 99% of the total rental income being derived from minimum contracted base rent. The majority of specialty leases contain annual contracted increases of either CPI plus a fixed percentage or fixed percentage increases.

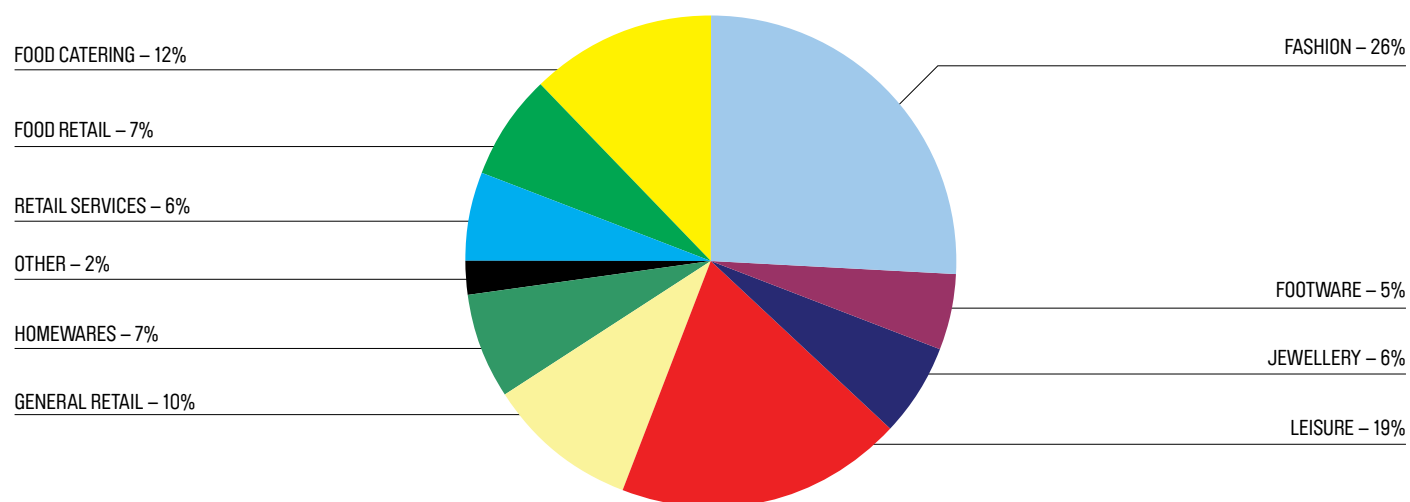
The portfolio includes a diverse range of approximately 13,200 retail stores covering the whole spectrum of retail, leisure and lifestyle consumption.

Australian Sales by Trading Category



For year ended 30 June 2010

Australian Speciality Sales by Trading Category

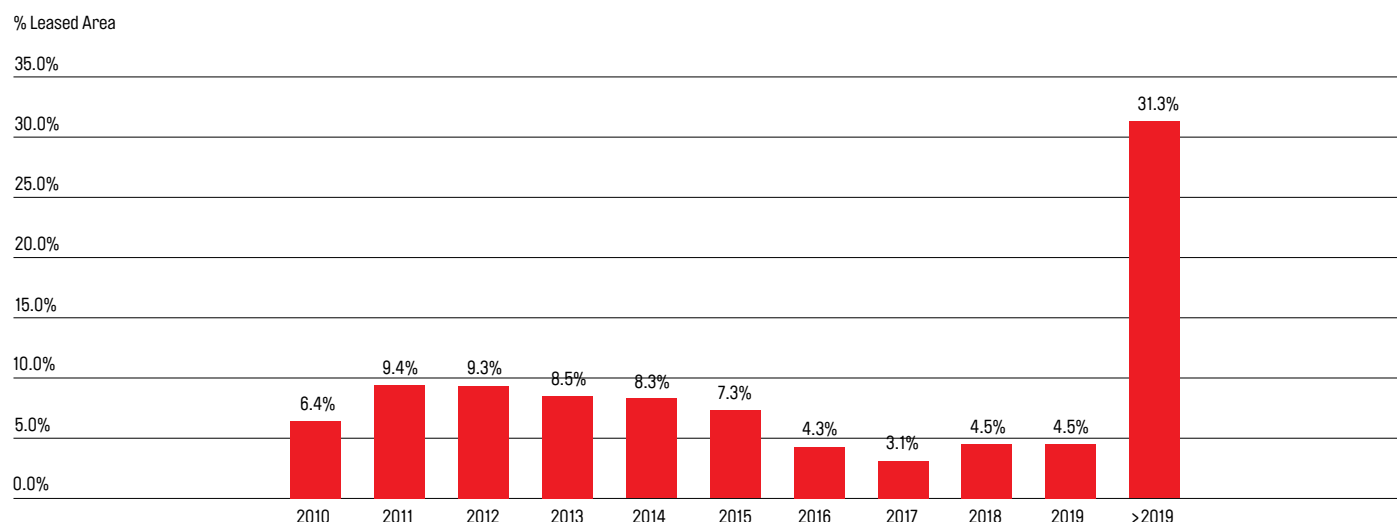


For year ended 30 June 2010

As at 30 June 2010, the Shopping Centre Interests had a weighted average estimated valuation yield of 6.1% for Australia and 7.4% for New Zealand and over 45% of leases are expiring after 2015.

INVESTMENT HIGHLIGHTS

Lease Expiry by Year



Over the last 10 years, the portfolio has delivered strong stable cash flow and achieved compound annual investment returns of 14.6%¹ driven by annual income growth of 5.0%.

The continual redevelopment of shopping centres is necessary to ensure the centres remain at the forefront of changing retail trends and relevant to their specific market. Development opportunities have been identified across Westfield Retail Trust's assets representing a potential investment of approximately \$1.5 billion over the next 5–7 years. Westfield Retail Trust's investment in development will be aimed at creating long term value for unitholders.

Board of Directors and management

On implementation of the Proposal, the initial Westfield Retail Trust Board will have eight members including Mr Richard F E Warburton AO (Chairman), Mr Peter Allen, Mr Laurence Brindle, Mr Andrew Harnos, Mr Michael Ihlein, Mr Steven Lowy AM, Ms Sandra McPhee and Mr Domenic Panaccio (Managing Director). A majority of the directors consider themselves to be independent of Westfield Group.² These directors have a broad range of skills, strong property and finance expertise and significant business experience.

Westfield Retail Trust's senior management team will include Domenic Panaccio (Managing Director), Brian Mackrill (CFO) and Roy Gruenpeter (General Manager – Asset Management). The senior management team will report directly to the Westfield Retail Trust Board.

This senior team has extensive experience in Australia's finance, real estate and shopping centre industries.

The senior management team will be directly employed and remunerated by Westfield Retail Trust, aligning executive management with Westfield Retail Trust investors' interests.

The Westfield Retail Trust Responsible Entities have entered into a governance deed poll that provides a number of undertakings to Stapled Unitholders regarding the governance arrangements for Westfield Retail Trust. In particular, it requires Westfield Retail Trust to hold an annual meeting each calendar year.

Westfield Group will own the responsible entities of Westfield Retail Trust. The Westfield Retail Trust Responsible Entities will not charge fees for this role.

Through the Westfield Retail Trust Responsible Entities, Westfield Retail Trust will have access to the Westfield brand and the operating platform of Westfield Group.

Given Westfield Group's significant operating scale and efficiencies, Westfield Group will provide staff, systems and administrative, accounting, treasury, information technology, human resources and other ancillary services to Westfield Retail Trust under a Corporate Services Agreement. The services provided will be under the direction of the Board and management of Westfield Retail Trust and will be subject to an annual review as to the continuance, scope and cost of the services provided. For the first 12 month period, Westfield Group will charge Westfield Retail Trust \$23 million for the provision of these services.

Other than arrangements with existing joint venture partners at three centres, any future change in responsible entity from Westfield Group will not result in any pre-emption right arising for the Shopping Centre Interests. See section 7.9.

¹ Compound investment return is the internal rate of return that has been achieved through the ownership of the portfolio over the last 10 years, taking into account the value of the portfolio at the start of the time period, the income achieved and capital reinvested over that period and the value of the portfolio at the end of the 10 year time period.

² All directors are appointed by and can be removed by Westfield Group. For details of director independence see section 3.7.



Investment strategy and growth opportunities

Westfield Retail Trust's strategy will be to invest in high quality retail assets in Australia and New Zealand and to maximise the long term income and capital return from its investments. Whilst Westfield Retail Trust does not intend to replicate the extensive capabilities of its operating partners, the Westfield Retail Trust Board and management will focus on overseeing their activities in order to achieve its investment objectives.

A key part of Westfield Retail Trust's strategy will be to grow by investing in a broad range of shopping centre assets in Australia and New Zealand. This will include, amongst others:

- redevelopment and expansion of its existing portfolio centres; and
- acquisition of additional shopping centres interests or other retail assets.

Westfield Retail Trust will enter into a Co-operation Deed with Westfield Group under which both groups will share future investment opportunities in Australia and New Zealand. Both groups will also be free to pursue future acquisition opportunities on their own if the other group does not wish to participate.

HOW TO APPLY

Read this PDS carefully

This PDS contains important information in relation to the Offer. You should read it carefully and in its entirety, including section 7 which contains a summary of the major risks associated with an investment in Westfield Retail Trust and section 9 which contains a summary of the tax implications associated with the Offer.

Seek advice

Before you decide to apply for the Stapled Units under the Offer, you should consider whether an investment in Stapled Units is appropriate for you in light of your particular investment objectives and circumstances. If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

Westfield Group Securityholders will have the ability to apply under both the Public Offer and the Westfield Securityholder Offer

General Applicants under the Public Offer

General Applicants must complete the blue Application Form accompanying this PDS according to the instructions set out on the Application Form. You can obtain a copy of this PDS and a blue Application Form by contacting the Westfield Retail Trust Offer Information Line:

- Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia);
- New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia),

at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Offer Period or from Westfield Retail Trust's website at www.westfieldretailoffer.com.

Your completed blue Application Form and Application Monies should be returned to the address set out on the Application Form no later than 5.00pm on the Closing Date; expected to be Monday, 6 December 2010.

Institutional Investors under the Public Offer

Applications by Institutional Investors under the Public Offer will be managed by the Underwriters and Institutional Investors wishing to participate in the Public Offer must do so in accordance with the instructions received from the Underwriters. For details of foreign offering restrictions see the Important notices section on the inside cover of this PDS and section 11.20.

Westfield Securityholder Offer

Eligible Retail Westfield Securityholders (being those on the Westfield Register on the Westfield Securityholder Offer Record Date), must complete the green personalised Application Form accompanying this PDS according to the instructions set out on the Application Form. If you are an Eligible Retail Westfield Securityholder, you can obtain a copy of this PDS and a green personalised Application Form by contacting the Westfield Retail Trust Offer Information Line on 1300 132 211 (within Australia) or on +61 3 9415 4070 (from outside Australia) at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Offer Period or from Westfield Retail Trust's website at www.westfieldretailoffer.com.

Your completed green Application Form and Application Monies should be returned to the address set out on the Application Form no later than 5.00pm on the Closing Date, expected to be Monday, 6 December 2010.

Eligible Institutional Westfield Securityholders wishing to participate in the Westfield Securityholder Offer must do so in accordance with the instructions received from the Underwriters. In addition, Institutional Investors will be able to bid for any shortfall in the Institutional Westfield Securityholder Offer through an institutional bookbuild process, in accordance with the instructions received from the Underwriters. For details of foreign offering restrictions see the Important notices section on the inside cover of this PDS and section 11.20.

Application and payment

If applying using a paper Application Form:

If you are an Australian or New Zealand resident Retail Investor and you wish to apply for Stapled Units under the Public Offer, or you are an Eligible Retail Westfield Securityholder who wishes to apply under the Retail Westfield Securityholder Offer, you must:

- complete the relevant Application Form attached to this PDS in accordance with the instructions set out on that form;
- attach your Application Monies for the full amount (either by way of cheque, bank draft or money order), being the Offer Price multiplied by the number of Stapled Units that you have indicated that you wish to acquire; and
- return your completed Application Form and Application Monies to the Registry by no later than 5.00pm (Sydney time) on the Closing Date (expected to be Monday, 6 December 2010).

Cheques, money orders or bank drafts must be drawn on an Australian financial institution in Australian currency only, made payable to "Westfield Retail Trust" and crossed "Not Negotiable". Cash will not be accepted. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the cheque(s). If the amount of your cheque(s) for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of Stapled Units you have applied for in your Application Form, you may be taken to have applied for such lower number of Stapled Units as your cleared Application Monies will pay for (and to have specified that number of Stapled Units on your Application Form).

If applying on-line:

- If you are an Australian or New Zealand resident Retail Investor and you wish to apply for Stapled Units under the Public Offer, you must:
 - complete the relevant on-line Application Form accompanying this PDS available from www.westfieldretailoffer.com in accordance with the instructions set out on that form;
 - pay your Application Monies by BPAY^{®1} for the full amount payable, being the Offer Price multiplied by the number of Stapled Units that you have indicated that you wish to acquire; and
 - submit your completed Application Form, obtain your Biller Code and Reference Number and BPAY payment for your Application Monies by no later than 5.00pm (Sydney time) on the Closing Date (expected to be Monday, 6 December 2010).

Payment can only be made by BPAY if you have an Australian bank account.

- If you are an Eligible Retail Westfield Securityholder who wishes to apply under the Retail Westfield Securityholder Offer, you must:
 - obtain your Biller Code and Reference Number from your green personalised Application Form; and
 - pay your Application Monies by BPAY for the full amount payable, being the Offer Price multiplied by the number of Stapled Units you wish to apply for, by no later than 5.00pm (Sydney time) on the Closing Date (expected to be Monday, 6 December 2010). You do not need to complete your green personalised Application Form.

You must check the processing cut off time for BPAY transactions with your bank, credit union or building society as it may be earlier than the scheduled Closing Date. Applicants submitting their payments through BPAY must do so in sufficient time to ensure funds are received by the Closing Date.

If you are an Institutional Investor participating in the Public Offer, an Eligible Institutional Westfield Securityholder under the Institutional Westfield Securityholder Offer or an Institutional Investor participating in the Institutional Westfield Securityholder Offer Shortfall Bookbuild, payment for Stapled Units taken up is required by Monday, 20 December 2010. Settlement by such investors will be by delivery versus payment via CHESS and in accordance with the instructions provided by the Underwriters.

No Interest on Application Monies

Until Stapled Units are issued, the Westfield Retail Trust Responsible Entities will hold the Application Monies on trust in a bank account. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act. Any interest accrued on Application Monies will be retained by Westfield Retail Trust and will not be paid to Applicants, including if the Offer is cancelled or withdrawn. Note that ASIC has granted relief to permit Westfield Retail Trust to hold Application Monies on trust until Allotment of Stapled Units (which may be more than one month since receipt of Application Monies).

All Applications

The Westfield Retail Trust Responsible Entities reserve the right to reject any Application in whole or in part, without giving any reason. However, all valid Applications up to \$2.0 billion received from General Applicants during the Offer Period under the Public Offer will be accepted in full. Application Monies received in respect of Applications that are declined in whole or in part will be refunded. Refunds for unsuccessful Applications will be posted as soon as possible upon completion of the Allotment. Interest will not be paid on any Application Monies refunded to Applicants.

In the event that an amount of Application Monies equates to a fractional number of Stapled Units, the number of Stapled Units issued will be rounded to the nearest whole number of Stapled Units and any excess Application Monies will become an asset of Westfield Retail Trust, in accordance with the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2.

1 BPAY[®] Registered to BPAY Pty Ltd ABN 69 079 137 518.

A photograph of the Westfield Riccarton shopping centre at night. The building is illuminated with warm interior lights and cool blue exterior lights. A large glass facade reflects the surrounding environment. A prominent glass-enclosed staircase with a dark metal frame leads to an upper level. The 'Westfield' logo is visible in red neon at the top left and in a red sign above the entrance. The sky is a deep blue.

Westfield
SECTION

1

QUESTIONS AND ANSWERS

WESTFIELD RICCARTON, CHRISTCHURCH



SECTION 1: QUESTIONS AND ANSWERS

Question	Answer	Where to find more information
Overview of Westfield Retail Trust		
What is Westfield Retail Trust?	Westfield Retail Trust will be a real estate investment trust with total assets currently valued at over \$12 billion, comprising the Shopping Centre Interests.	Section 3.4
What will be the business strategy of Westfield Retail Trust?	<ul style="list-style-type: none"> – To invest in high quality retail real estate in Australia and New Zealand and to maximise the long term income and capital return from its investments. – To operate as a separately listed entity investing, for the long term, in retail real estate primarily in Australia and New Zealand, utilising the expertise and operating platforms of Westfield Group and other appropriately resourced and qualified third party managers. 	Section 3.5
What are Stapled Units?	One unit in Westfield Retail Trust 1 and one unit in Westfield Retail Trust 2, trading as one stapled security.	Sections 2.3 and 3.3
Overview of the Offer		
What is the Offer?	<ul style="list-style-type: none"> – The Public Offer to Australian and New Zealand resident Retail Investors and Institutional Investors. – The Westfield Securityholder Offer to Eligible Westfield Securityholders. 	Section 2.1
What is the Offer Price?	\$2.75 per Stapled Unit.	Section 2.4
How much will be raised through the Offer?	Up to \$3.5 billion in total, comprising up to \$2.0 billion from the Public Offer and up to \$1.5 billion from the Westfield Securityholder Offer.	Section 2.1
What is the purpose of the Offer?	To reduce the amount outstanding on the Acquisition Facility that will have been used to finance the acquisition of the Shopping Centre Interests.	Section 2.6
Is the Offer open to the general public?	Yes, all members of the general public in Australia and New Zealand may apply. All valid Applications up to \$2.0 billion received from General Applicants under the Public Offer will be accepted in full.	Section 2.7
What are the rights and liabilities attaching to the Stapled Units issued under the Offer?	The rights and liabilities are set out in the Constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2.	Sections 11.1 and 11.2
Will Westfield Group participate in the Offer?	No. Westfield Group will not acquire Stapled Units under the Offer.	
Does the Lowy family intend to participate in the Offer?	Yes, the Lowy family proposes to take up its full entitlement under the Westfield Securityholder Offer.	
Can the Offer be withdrawn?	Yes, at any time.	Section 2.14
What happens if the Offer is not fully subscribed?	<ul style="list-style-type: none"> – \$1.75 billion of the Offer is underwritten by the Underwriters, providing Westfield Retail Trust with low gearing and a strong asset base.⁽¹⁾ – Westfield Retail Trust's gearing would be higher than if the Offer was fully subscribed. – Westfield Retail Trust will continue to pursue its strategy and manage its capital structure in line with its stated policy. 	Section 3.10
What happens if one part of the Offer is undersubscribed and another part is oversubscribed?	The oversubscriptions may be applied to the other part of the Offer.	Section 2.8

(1) Assuming the Underwriting Agreement has not been terminated by the Underwriters.

Question	Answer	Where to find more information
Applications		
Where do I find an Application Form, and what should I do with it?	An Application Form accompanies this PDS, or alternatively can be obtained by contacting the Westfield Retail Trust Offer Information Line or from www.westfieldretailoffer.com . If you wish to participate in the Offer, you should complete and return the appropriate Application Form in accordance with the instructions on that form, accompanied by the Application Monies or apply and make payment online.	How to apply and section 11.17
Is there a cooling-off period?	No. Cooling-off rights do not apply to an investment in Stapled Units pursuant to the Offer.	Section 11.18
The Public Offer		
What is the Public Offer?	The Public Offer is open to General Applicants and Institutional Investors and will seek to raise up to \$2.0 billion. If there is a shortfall in the Westfield Securityholder Offer, the Public Offer can be increased by the shortfall.	Section 2.7
Who can participate in the Public Offer?	All members of the general public in Australia and New Zealand. All valid Applications by General Applicants under the Public Offer will be accepted in full. Retail Investors from jurisdictions outside Australia and New Zealand are not entitled to participate in the Public Offer. Certain eligible Institutional Investors in Australia, New Zealand and certain overseas jurisdictions will be invited to bid for Stapled Units under the Public Offer by the Underwriters.	Sections 2.7, 2.8 and 11.20
Can Eligible Westfield Securityholders participate in the Public Offer in addition to the Westfield Securityholder Offer?	Yes.	Section 2.9
How do I participate in the Public Offer?	General Applicants Complete and return the blue Application Form and Application Monies or apply and make payment online. Institutional Investors Details will be provided to participants by the Underwriters.	How to apply and section 2.7
What is the minimum and maximum Application amount under the Public Offer?	For General Applicants, the minimum application is at least \$2,000 (being at least 728 Stapled Units) and in at least \$500 (being at least 182 Stapled Units) multiples thereafter. There is no maximum Application amount.	Section 2.7
What is the allocation policy under the Public Offer?	General Applicants All valid Applications from General Applicants under the Public Offer will be accepted in full. Institutional Investors Allocations will be determined by the Underwriters in consultation with Westfield Retail Trust.	Section 2.8
Is there any scale back process for the Public Offer?	General Applicants All valid Applications received from General Applicants under the Public Offer will be accepted in full, unless General Applicants exceed the \$2.0 billion maximum offer size. Institutional Investors Valid Applications may be scaled back in a manner determined by Westfield Retail Trust and the Underwriters.	Section 2.8

SECTION 1: QUESTIONS AND ANSWERS

Question	Answer	Where to find more information
The Westfield Securityholder Offer		
Who can participate in the Westfield Securityholder Offer?	Westfield Group Securityholders who are on the Westfield Register as at Monday, 8 November 2010 with a registered address in the Eligible Jurisdictions and who are otherwise Eligible Westfield Securityholders.	Sections 2.9 and 11.20
How much is being raised under the Westfield Securityholder Offer?	Up to \$1.5 billion.	Section 2.9
What is my entitlement?	1 Stapled Unit for every 4.23 Westfield Stapled Securities you held as at Monday, 8 November 2010. The number of Stapled Units you are entitled to is set out in the green personalised Application Form accompanying this PDS.	Section 2.9
Are my entitlements tradable?	No, entitlements are personal and cannot be traded on ASX or any other exchange or privately transferred.	Section 2.9
How do I participate in the Westfield Securityholder Offer?	Retail Westfield Stapled Securityholders Complete and return the green Application Form and Application Monies or apply and make payment via BPAY using the Biller Code and Reference Number displayed on your green personalised Application Form. Institutional Westfield Stapled Securityholders Details will be provided to participants by the Underwriters.	How to apply and section 2.9
What are my options if I am entitled to participate in the Westfield Securityholder Offer?	<ul style="list-style-type: none"> – Apply for your full entitlement; – Apply for less than your full entitlement; – Apply for more than your full entitlement; or – Take no action and not participate in the Westfield Securityholder Offer; and – In addition to all of the above, you may also apply under the Public Offer. 	Section 2.9
Can I apply for more than my entitlement in the Westfield Securityholder Offer?	Yes. There is a space on the personalised green Application Form to insert the number of Stapled Units you wish to apply for (which can be more than your entitlement), or you can pay the Application Monies for that number of Stapled Units using BPAY, as described in the personalised green Application Form. You can also apply separately under the Public Offer.	Section 2.9
What happens if I do not take up my entitlements?	If you do not take up your entitlements, you will not receive any value for them and they will lapse.	Section 2.9
What happens if I am an Eligible Westfield Securityholder and a nominee, trustee or custodian?	Eligible Westfield Securityholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed.	Section 2.10
What is the allocation policy under the Westfield Securityholder Offer?	Eligible Westfield Securityholders who apply for all or part of their entitlement under the Westfield Securityholder Offer will be guaranteed their entitlement.	Section 2.9

Question	Answer	Where to find more information
Benefits and risks		
What are the main benefits associated with an investment in Westfield Retail Trust?	<ul style="list-style-type: none"> – Exposure to Australia and New Zealand's pre-eminent shopping centre portfolio. – The Shopping Centre Interests have proven to be resilient to economic cycles. – Partnering with Westfield Group in relation to the assets within the Shopping Centre Interests, including having management and development agreements in place with Westfield Group in respect of the majority of those assets. – Westfield Retail Trust is expected to have a strong balance sheet on initial listing with approximately \$12.2 billion in gross assets at current book values and a gearing ratio of less than 38%. – Separately listed entity with majority independent board and appropriate governance structure while benefiting from a strong ongoing relationship with Westfield Group. – Attractive development pipeline utilising the proven expertise of Westfield Group as the developer. – Stable and consistent expected returns. 	Investment highlights and section 3
What are the key risks associated with an investment in Stapled Units?	<ul style="list-style-type: none"> – Westfield Retail Trust has not previously traded so there is no trading history for Stapled Units. – Westfield Retail Trust is newly established and has not previously operated as a standalone entity. – Shopping Centre Interests will be exposed to any downturn in the property market, or economy, or any regulatory changes. – Risks associated with co-ownership as owning an interest in an asset with co-owners imposes restrictions which do not apply where the asset is wholly owned. – Risks associated with third parties (including Westfield Group) having the right to provide property management and property development services to the Properties and the initial outsourcing of corporate services to Westfield Group. – Property specific risks including a possible inability to continue to lease space in shopping centres on economically favourable terms, bankruptcy or store closures of major tenants, and a possible inability to successfully expand and redevelop the Properties on time and on budget. – Risks that funds will not be available to pay down the Acquisition Facility if, and to the extent, the Offer is under-subscribed resulting in higher gearing and refinancing risk. – General market risks including changes in general economic conditions. 	Section 7
Fees, cost and underwriting		
Is the Offer underwritten?	Yes. The Offer is underwritten up to \$1.75 billion by the Underwriters in accordance with the Underwriting Agreement. Under certain circumstances, the Underwriters may terminate the Underwriting Agreement.	Sections 2.1, 2.13 and 10.13
What are the fees and costs of the Offer?	The fees and costs associated with the Offer total approximately \$47.0 million.	Section 8 and 11.11
Is there any broker commission or stamp duty payable by Applicants?	No.	

SECTION 1: QUESTIONS AND ANSWERS

Question	Answer	Where to find more information
Financial information		
What is the expected net tangible assets per Stapled Unit prior to the Offer?	\$3.20	Section 5.6
What is Westfield Retail Trust's expected earnings per Stapled Unit?	18.1 cents to 18.5 cents for the 12 months to 31 December 2011, representing a forecast yield of between 6.6% and 6.7% at the Offer Price.	Section 5.3
What will Westfield Retail Trust's gearing be after the Offer?	If the Offer is fully subscribed, Westfield Retail Trust will have \$1.1 billion in net debt on completion of the Offer and a forecast gearing level of less than 10% of Westfield Retail Trust's total assets.	Sections 3.10 and 7.10
Distributions		
Will Westfield Retail Trust make distributions?	The distribution policy of Westfield Retail Trust is to pay out 90% of Distributable Earnings in each year. Westfield Retail Trust forecasts a distribution of between 16.3 cents and 16.6 cents for the financial year ending 31 December 2011.	Section 3.9
How often and when will the distributions be paid?	Subject to having sufficient Distributable Earnings, every six months at the end of August and the end of February.	Section 3.9
What portion of the distributions will be tax deferred for Australian tax purposes?	Approximately 10% to 20% of the proposed 2011 distribution is expected to be tax deferred.	Section 3.9
Governance and board		
What will be the composition of the Westfield Retail Trust Board?	On implementation of the Proposal, the Westfield Retail Trust Board will comprise a majority of non-executive directors who consider themselves to be independent of Westfield Group.	Section 3.7
Who appoints the directors of the Westfield Retail Trust Responsible Entities?	Westfield Group will appoint the directors in accordance with its rights as the owner of the Westfield Retail Trust Responsible Entities.	Section 3.7
Who are the proposed directors for the board of Westfield Retail Trust?	The proposed directors for the board of Westfield Retail Trust are: <ul style="list-style-type: none"> – Richard F E Warburton, independent chairman; – Laurence Brindle, independent director; – Andrew Harnos, independent director; – Michael Ihlein, independent director; – Sandra McPhee, independent director; – Steven Lowy, director; – Peter Allen, director; and – Domenic Panaccio, managing director. 	Section 3.7
What will be the governance arrangements for Westfield Retail Trust and who will be responsible for them?	The Westfield Retail Trust Board will establish governance arrangements to ensure that Westfield Retail Trust is effectively managed in a manner that is properly focused on its business objectives and the interests of Stapled Unitholders as well as conforming to regulatory and ethical requirements.	Section 3.8
Will Westfield Retail Trust hold annual meetings?	Yes.	Section 3.8

Question	Answer	Where to find more information
Will annual and half-yearly financial reports be provided to Westfield Retail Trust Stapled Unitholders?	Yes.	Sections 3.8 and 11.19
Can the Westfield Retail Trust Responsible Entities be changed?	Yes, by a majority vote of the Stapled Unitholders.	Section 3.7
What would the consequence be of removing the Westfield Retail Trust Responsible Entities?	Westfield Retail Trust would lose the right to use the “Westfield” name, lose its access to Westfield corporate services and pre-emptive rights would be triggered for three properties. However, the balance of the portfolio would not be affected and the property management and development arrangements with Westfield Group would remain in place. Westfield Group would be entitled to terminate the Co-operation Deed.	Section 7.9

Related party information

Who will be the co-owner of the Properties to which the Shopping Centre Interests relate?	Westfield Group, and other third parties in the case of the Existing JV Properties.	Section 4.4
Who will be the manager of the Properties to which the Shopping Centre Interests relate?	Westfield Group will act as manager for the Properties and will perform a range of operating business functions. ⁽¹⁾	Section 4.5
How will Westfield Retail Trust manage potential conflicts?	Westfield Retail Trust has established a Conflicts Committee responsible for making recommendations to the Westfield Retail Trust Board in connection with protocols for related party transactions and other circumstances where actual or perceived conflicts of interest may arise.	Section 3.8
What will the relationship be between Westfield Retail Trust and Westfield Group after implementation of the Proposal?	<ul style="list-style-type: none"> – Westfield Group and Westfield Retail Trust will directly and indirectly co-own the Properties to which the Shopping Centre Interests relate.⁽²⁾ – Westfield Group will act as the property manager.⁽¹⁾ – Westfield Group will act as the property developer.^{(1),(3)} – Westfield Group and Westfield Retail Trust will co-operate to source new investment opportunities. – Westfield Group will own the Westfield Retail Trust Responsible Entities. – Westfield Group will initially provide corporate services to Westfield Retail Trust. 	Section 3.6

(1) There are six Properties managed by AMP Group for which it is also entitled to be the development manager for those assets.

(2) In the case of Existing JV Properties, with third parties.

(3) Special arrangements apply to the Westfield Sydney redevelopment – see section 4.9(a).

SECTION 1: QUESTIONS AND ANSWERS

Question	Answer	Where to find more information
What fees and expenses will Westfield Group charge Westfield Retail Trust?	<ul style="list-style-type: none"> – Westfield Group will not charge a Responsible Entity fee. – Property management – 5% of Westfield Retail Trust's share of annual gross income of the property.⁽¹⁾ – Property development – where a development is undertaken,⁽²⁾ development fee of 3% and design fee of 10% of Westfield Retail Trust's share of the project price and project leasing fee of up to 15% of Westfield Retail Trust's share of first year rent for leases that become available.⁽³⁾ – Both the property management and development arrangements are materially consistent with those that Westfield Group currently has in place with existing joint venture partners except as noted in this PDS. – Westfield Group will provide loans totalling \$942 million to Westfield Retail Trust under the Westfield Sydney Facility. – Corporate services – Westfield Group will provide staff, systems and administrative, accounting, treasury, information technology, human resources and other ancillary services to Westfield Retail Trust under a Corporate Services Agreement for which it will charge \$23 million in 2011. The continuance, scope and cost of these arrangements are subject to annual review. 	Sections 4.7 and 8

Taxation implications

What are the tax implications of the Offer?	Participation in the Offer will have taxation implications for investors. These implications will differ depending on the individual circumstances of each investor.	Section 9
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Further information

What is the dispute resolution procedure to deal with complaints?	The Westfield Retail Trust Responsible Entities will provide a complaints handling and dispute resolution procedure in accordance with the Corporations Act and the constitutions of each of the Westfield Retail Stapled Trusts.	Section 11.7
How can further information be obtained?	<p>Call the Westfield Retail Trust Offer Information Line:</p> <ul style="list-style-type: none"> – Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia); – New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia), <p>at any time from 8.30 am to 5.00pm (Sydney time) Monday to Friday during the Offer Period.</p>	

(1) Under the new property management arrangements a fee for tenancy, design and co-ordination services provided to any specialty stores is payable to the manager equal to the costs incurred by the manager of not more than Westfield Retail Trust's share of \$7,000 per specialty store (increasing by CPI).

(2) Special arrangements apply to the Westfield Sydney redevelopment – see section 4.9(a).

(3) Under new development agreements a fee for tenancy, design and co-ordination services provided to specialty stores is payable to the leasing manager of Westfield Retail Trust's share of up to \$7,000 per specialty store (increasing by CPI). Further, under the new development agreements, where a major lease is entered into or renewed a negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) being acknowledged initially as equal to 7% of the first year rent and where there is a market review of such a lease a negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) being acknowledged initially as equal to 7% of the increase in annual rent is payable to the developer.



WESTFIELD GEELONG

SECTION

2

DETAILS OF THE OFFER



WESTFIELD WHITFORD CITY, PERTH



SECTION CONTENTS: DETAILS OF THE OFFER

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SECTION 2: DETAILS OF THE OFFER

2 Details of the Offer

2.1 Overview of the Offer

The Offer will comprise the:

- Public Offer to raise up to \$2.0 billion; and
- Westfield Securityholder Offer to Eligible Westfield Securityholders to raise up to \$1.5 billion.

The Offer is underwritten up to \$1.75 billion. Further details of the Public Offer and Westfield Securityholder Offer are described below.

2.2 The Capital Distribution

Under the Capital Distribution, on the Implementation Date:

- WML as responsible entity of WFT will distribute units in Westfield Retail Trust 1 to Westfield Group Securityholders by an in specie distribution; and
- WHL will pay a fully franked dividend to Westfield Group Securityholders to be satisfied by a distribution in specie of units in Westfield Retail Trust 2.

As a result of the Capital Distribution, a total of approximately 2.308 billion Stapled Units will be transferred to Westfield Group Securityholders on the basis of one Stapled Unit for each Westfield Stapled Security on issue.

2.3 Stapled Units

Each Stapled Unit is a stapled security comprising one unit in Westfield Retail Trust 1 and one unit in Westfield Retail Trust 2. The Stapled Units will trade on ASX as a stapled security (if quotation is accepted).

2.4 Offer Price

The Offer Price under the Westfield Securityholder Offer and the Public Offer is \$2.75 per Stapled Unit.

2.5 Issuers

The Offer under this PDS is made by the Westfield Retail Trust Responsible Entities as responsible entity of Westfield Retail Trust 1 and Westfield Retail Trust 2 respectively. In addition, pursuant to this PDS, WML and WHL are transferring units in Westfield Retail Trust 1 and Westfield Retail Trust 2, respectively, pursuant to the Capital Distribution.

2.6 Sources and uses

Initially, the acquisition by Westfield Retail Trust of the Shopping Centre Interests will be funded by way of the Acquisition Facility, equity distributed by Westfield Group and the Westfield Sydney Facility (which is a loan provided by Westfield Group relating to the purchase of a 50% interest in Westfield Sydney).

The initial sources and application of funds (including the Capital Distribution) are detailed below:

Sources	\$ million
Value of equity distributed through the Capital Distribution	7,301
Acquisition Facility	3,700
Westfield Sydney Facility	942
Payables and deferred tax liability	437
Total sources	12,380
Uses	
Acquisition of Shopping Centre Interests	12,108
Estimated transaction costs (excluding equity raising costs)	163
Cash and working capital	109
Total uses	12,380

Funds raised through the Offer will be used to pay down the Acquisition Facility. If the Offer is fully subscribed, the Acquisition Facility will reduce to approximately \$200 million, representing 1.6% of Westfield Retail Trust's current total assets.

2.7 Public Offer

The Public Offer will seek to raise gross proceeds of up to \$2.0 billion through General Applicants and Institutional Investors.

(a) General Applicants under the Public Offer

The Public Offer is open to all Australian and New Zealand resident Retail Investors who are members of the general public. The Public Offer will be open between 9.00am (Sydney time), Thursday, 11 November 2010 and 5.00pm (Sydney time), Monday, 6 December 2010.

General Applicants in the Public Offer must apply for a minimum value of at least \$2,000 (being at least 728 Stapled Units) and in multiples of at least \$500 (being at least 182 Stapled Units) thereafter. Subject to section 2.8, there is no maximum value of Stapled Units which may be applied for under the Public Offer (however, an Application for more than \$150,000 will be deemed to be made by an Institutional Investor for the purposes of the Public Offer along with Applications that are made by persons who the Underwriters believe are Institutional Investors). All valid Applications received under the Public Offer from General Applicants will be accepted in full.

Refer to the How to apply section of this PDS for further details on the Application process.

(b) Institutional Investors under the Public Offer

Institutional Investors wishing to apply under the Public Offer should do so through the Underwriters during the Offer Period.

The Underwriters will invite certain Institutional Investors to bid for Stapled Units at the Offer Price.

The minimum Application amount for Institutional Investors under the Public Offer is at least \$2,000 (being at least 728 Stapled Units).

Full details of how to participate in the Public Offer as an Institutional Investor, including bidding instructions, will be provided to participants by the Underwriters.

2.8 Allocations under the Public Offer

(a) General Principles

Subject to sections 2.8(b) and 2.8(c), the Underwriters, in consultation with Westfield Group and Westfield Retail Trust, have discretion regarding the allocation of Stapled Units to Applicants in the Public Offer and may reject any Application, or allocate a lesser amount of Stapled Units than those applied for, in their absolute discretion. This discretion includes:

- the allocation of Stapled Units to Institutional Investors;
- the right to treat any Application in the Public Offer (including Applications by General Applicants) which are for more than \$150,000, or which are from persons whom they believe may be Institutional Investors, as an Application by Institutional Investors under the Public Offer or to reject the Application; and
- the right to disregard or aggregate multiple Applications whom the Underwriters reasonably believe have come from the same person, groups of companies under common control or close family members.

In addition, the Underwriters, in consultation with Westfield Group and Westfield Retail Trust, have discretion to reallocate the size of the Public Offer above \$2 billion if there is a shortfall in the Westfield Securityholder Offer. The total size of the Offer will not exceed \$3.5 billion.

(b) Allocations to General Applicants under the Public Offer

All valid Applications received under the Public Offer by General Applicants will be accepted in full, unless General Applicants exceed the maximum offer size in which case Applications may be scaled back on a pro rata basis.

(c) Allocations to Institutional Investors under the Public Offer

The allocation of Stapled Units among Institutional Investors under the Public Offer will be determined by the Underwriters in consultation with Westfield Group and Westfield Retail Trust. That determination will be at the sole discretion of the Underwriters and there is no assurance that any Institutional Investors will be allocated any Stapled Units, or the number of Stapled Units for which they bid.

At the conclusion of the Public Offer, demand from General Applicants and Institutional Investors will be aggregated. Valid Applications from Institutional Investors will be scaled back in a manner determined by Westfield Group, Westfield Retail Trust and the Underwriters once the aggregate level of demand for Stapled Units under the Public Offer is known.

Therefore, any allocation to a participating Institutional Investor remains subject to possible scale back.

SECTION 2: DETAILS OF THE OFFER

2.9 Westfield Securityholder Offer

The Westfield Securityholder Offer is seeking to raise gross proceeds of up to \$1.5 billion. The Westfield Securityholder Offer will consist of an Institutional Westfield Securityholder Offer and a Retail Westfield Securityholder Offer.

Under the Westfield Securityholder Offer, Eligible Westfield Securityholders will be able to subscribe for 1 new Stapled Unit for every 4.23 Westfield Stapled Securities they hold as at the Westfield Securityholder Offer Record Date. Eligible Westfield Securityholders may choose to take up their entitlements in whole, in part or not at all. Westfield Group Securityholders may also apply for Stapled Units under the Public Offer. Eligible Retail Westfield Securityholders may apply under the Public Offer by simply inserting the number of Stapled Units they wish to subscribe for on their green personalised Application Form (which can be more than their entitlement), or by paying the Application Monies for that number of Stapled Units using BPAY, as described in their green personalised Application Form. Any application by an Eligible Retail Westfield Securityholder in excess of their entitlement will be taken as an application under the Public Offer. Eligible Institutional Westfield Securityholders may participate in the Public Offer by applying separately.

Refer to the How to apply section of this PDS for further details on the Application process.

Entitlements under the Westfield Securityholder Offer are non-renounceable, meaning they are personal and cannot be traded on ASX or any other exchange nor can they be privately transferred. Eligible Westfield Group Securityholders will not receive any value if they are not eligible to participate in the Westfield Securityholder Offer or if they elect not to take up their Entitlement to the Stapled Units.

Where fractions arise in the calculation of entitlements, they will be rounded down to the nearest whole number of Stapled Units.

(a) Institutional Westfield Securityholder Offer

The Institutional Westfield Securityholder Offer will be conducted between Wednesday, 3 November and Friday, 5 November 2010 and will be open to Eligible Institutional Westfield Securityholders.

(b) Institutional Westfield Securityholder Offer Shortfall Bookbuild

Stapled Units equivalent to those not taken up and those which would otherwise have been offered to Ineligible Westfield Securityholders under the Institutional Westfield Securityholder Offer will be offered by the Underwriters to Eligible Institutional Westfield Securityholders who apply for Stapled Units in excess of their entitlement (subject to section 2.9(d) below) and to certain other Institutional Investors through an institutional bookbuild process.

(c) Retail Westfield Securityholder Offer

The Retail Westfield Securityholder Offer will be open to Eligible Retail Westfield Securityholders between 9.00am (Sydney time), Thursday, 11 November 2010 and 5.00pm (Sydney time), Monday, 6 December 2010.

If you are an Eligible Retail Westfield Securityholder, the number of Stapled Units for which you are entitled to apply is shown on the green personalised Application Form that accompanies this PDS.

Refer to the How to apply section of this PDS for further details on the Application process.

(d) Allocations under the Westfield Securityholder Offer

Eligible Westfield Securityholders who apply for all or part of their entitlement under the Westfield Securityholder Offer will be guaranteed their entitlement.

Eligible Retail Westfield Securityholders may also apply for more than their entitlement of Stapled Units. Any Application by an Eligible Retail Westfield Securityholder in excess of their entitlement will be taken as an Application under the Public Offer.

Eligible Institutional Westfield Securityholders that accept their entitlement in full and apply for additional Stapled Units in excess of entitlement may be scaled-back depending on the number of Applications received under the Westfield Securityholder Offer. Any scale-back of Applications which are in excess of entitlements will be at the sole discretion of the Underwriters in consultation with Westfield Group and Westfield Retail Trust.

2.10 Eligible Westfield Securityholders that are nominees, trustees or custodians

Westfield Group Securityholders that are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. To the extent you are a nominee, trustee or custodian for a beneficial owner that is in the United States, please note that the Stapled Units have not been, and will not be, registered under the United States Securities Act of 1933 (**U.S. Securities Act**) and may not be offered, sold or resold in the United States, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable United States securities laws. Accordingly, you must not:

- send this PDS or any other document relating to the Offer to any of your clients in the United States; or
- submit an application or otherwise accept the Offer on behalf of a person in the United States.

Where you are acting as the nominee, trustee or custodian for any beneficiary in a jurisdiction outside Australia and New Zealand, other than the United States, you will need to satisfy yourself that the application or acceptance does not breach any law of any relevant overseas jurisdiction. Failure to comply with these restrictions may result in violations of applicable securities laws.

2.11 Ranking of Stapled Units

Each Stapled Unit will be issued fully paid. From the date of issue, the Stapled Units will rank equally with all other Stapled Units (including those transferred to Westfield Group Securityholders under the Capital Distribution).

2.12 ASX quotation, trading of Stapled Units and holding statements

Westfield Retail Trust will apply to ASX within seven days of the date of this PDS for quotation of the Stapled Units.

Subject to approval being granted, it is expected that trading of Stapled Units issued under the Offer will commence on a conditional and deferred settlement basis on Monday, 13 December 2010. All contracts formed on acceptance of Applications under the Offer will be conditional on each of:

- ASX agreeing to quote the Stapled Units on ASX;
- implementation of the Proposal on the Implementation Date; and
- allotment of the Stapled Units on the Allotment Date.

Trades occurring on ASX before satisfaction or completion of all of these criteria will be conditional on such satisfaction or completion occurring.

Conditional trading will continue until Westfield Retail Trust has advised ASX that allotment of the Stapled Units on the Allotment Date has occurred – this is expected to occur on or about Tuesday, 21 December 2010. Trading from Wednesday, 22 December 2010 will then be on an unconditional but deferred settlement basis until Westfield Retail Trust has advised ASX that initial holding statements have been dispatched to Stapled Unitholders setting out the number of Stapled Units allocated to them under the Offer.

It is expected that holding statements will be dispatched by standard post on Wednesday, 22 December 2010 and that trading of Stapled Units on a normal settlement basis will commence on Thursday, 23 December 2010. It is the responsibility of Applicants to determine their allocation prior to trading in Stapled Units. Applicants trading in Stapled Units prior to receiving a holding statement do so at their own risk.

Westfield Retail Trust disclaims all liability (to the maximum extent permitted by law) to persons who trade Stapled Units before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Westfield Retail Trust, the Registry or the Underwriters.

2.13 Underwriting

The Offer is underwritten by the Underwriters up to \$1.75 billion. Section 10.13 contains a summary of the Underwriting Agreement, which includes a number of termination events.

The Underwriting Agreement ensures that, unless the Underwriters terminate the Underwriting Agreement, Westfield Retail Trust will receive up to \$1.75 billion pursuant to the Underwriters' underwriting commitment.

2.14 Withdrawal of the Offer

The Offer will be withdrawn if:

- any of the Resolutions to facilitate the Proposal are not approved by the Westfield Group Securityholders; or
- the Implementation Deed is terminated.

In these circumstances, Westfield Retail Trust will refund Application Monies in accordance with the Corporations Act and will do so without interest.

2.15 Further information and enquiries

If you would like further information you can call the Westfield Retail Trust Offer Information Line:

- Westfield Group Securityholders should call 1300 132 211 (within Australia) or +61 3 9415 4070 (outside Australia);
- New investors should call 1800 143 150 (within Australia) or +61 3 9415 4282 (outside Australia),

at any time from 8.30am to 5.00pm (Sydney time) Monday to Friday during the Offer Period.

SECTION

3

WESTFIELD
RETAIL TRUST

WESTFIELD CHERMSIDE, BRISBANE



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SECTION 3: WESTFIELD RETAIL TRUST

3 Westfield Retail Trust

3.1 Description of the Proposal

As part of the Proposal:

- Westfield Group Securityholders, at the Capital Distribution Record Date, will receive one Stapled Unit for every one Westfield Stapled Security they hold under the Capital Distribution;
- Westfield Retail Trust will acquire the Shopping Centre Interests from Westfield Group; and
- Westfield Retail Trust will undertake a public float of Westfield Retail Trust via:
 - a general public offer of new Stapled Units to raise up to \$2.0 billion; and
 - an offer of Stapled Units to Westfield Group Securityholders to raise up to \$1.5 billion through the ability to subscribe for an additional 1 new Stapled Unit for every 4.23 Westfield Stapled Securities held on the Westfield Securityholder Offer Record Date.

Following the public float, Westfield Retail Trust will own the Shopping Centre Interests – being interests in a pre-eminent retail portfolio focused on Australia and New Zealand covering 54 shopping centres with a gross current asset value of over \$12 billion.

Under the Proposal, Westfield Retail Trust will be established as a separately listed entity. Westfield Retail Trust will initially hold the Shopping Centre Interests, comprising:

- a 50% interest in the Australian Properties (being 17 Australian shopping centres) with the other 50% continuing to be held by Westfield Group;
- interests ranging from 12.5% to 37.5% in the Existing JV Properties (being 25 Australian shopping centres) with the other interests continuing to be held by Westfield Group and third parties; and
- a 50% interest in the New Zealand Properties (being 12 New Zealand shopping centres) with the other 50% continuing to be held by Westfield Group.

3.2 Implementation of the Proposal

To implement the Proposal, the following key steps will take place:

- (a) **Internal reorganisation of Westfield Group** – Westfield Group will undertake certain transactions and enter certain agreements in preparation for implementation of the Proposal, involving:
- the establishment of all relevant trusts and companies involved in the Proposal;
 - an internal reorganisation of Westfield Group, in which certain interests in land are directly and indirectly transferred within Westfield Group and certain debt funding is refinanced; and
 - Westfield Retail Trust entering into the Acquisition Facility to raise \$3.7 billion.
- (b) **Westfield Securityholder approvals** – an extraordinary general meeting of Westfield Group Securityholders will be held to consider the Resolutions. If you are a Westfield Group Securityholder, see the Explanatory Memorandum dated Wednesday, 3 November 2010 for further details.

If any of the Resolutions are not approved by the requisite majority of Westfield Group Securityholders, the Proposal, and accordingly the Offer, will not proceed.

- (c) **Capital Distribution** – under the Capital Distribution:

- WML (as responsible entity of WFT) will distribute units in Westfield Retail Trust 1 to those Westfield Group Securityholders on the Westfield Register on the Capital Distribution Record Date by a distribution in-specie; and
- WHL will pay a fully-franked dividend to those Westfield Group Securityholders on the Westfield Register on the Capital Distribution Record Date to be satisfied by a distribution in-specie of units in Westfield Retail Trust 2.

Simultaneously with the Capital Distribution, the Stapled Units will be stapled to the Westfield Stapled Securities.

- (d) **Acquisition of the Shopping Centre Interests** – Westfield Retail Trust (through Westfield Retail Trust 1) will acquire the Shopping Centre Interests from Westfield Group in accordance with the Asset Transfer Deeds.

Westfield Retail Trust will pay the Purchase Consideration as consideration for the acquisition of the Shopping Centre Interests. The Purchase Consideration comprises:

- \$3.5 billion for the Shopping Centre Interests (excluding Westfield Sydney); and
- \$942 million drawn down under the Westfield Sydney Facility to acquire Westfield Sydney.

At or around this time (and following acquisition of the Shopping Centre Interests):

- Westfield Retail Trust and Westfield Group will enter into the Implementation Deed;
- the Group and Westfield Retail Trust will enter into the Westfield Sydney Facility under which the Group will provide a loan of approximately \$942 million to Westfield Retail Trust; and
- the relevant entities within Westfield Retail Trust and Westfield Group will enter into the Co-ownership Agreements, Co-operation Deed, a Shareholders Agreement, Development Framework Agreements, Property Management Agreements, the Westfield Sydney Facility, the Corporate Services Agreement and deeds of accession in relation to the Existing JV Properties.

(e) Public Offer and de-stapling – the Public Offer described in this PDS is made and Stapled Units are issued to successful Applicants under the Public Offer on the Allotment Date. On Allotment of Stapled Units under the Public Offer, the Stapled Units will automatically be destapled from the Westfield Stapled Securities.

Stapled Units will then be issued under the Westfield Securityholder Offer.

The net proceeds of the Offer (up to \$3.5 billion) will be used by Westfield Retail Trust to pay down the Acquisition Facility.

3.3 Structure of Westfield Retail Trust

Westfield Retail Trust will comprise Westfield Retail Trust 1 and Westfield Retail Trust 2, the units of which will be stapled and are proposed to be traded on ASX.

The responsible entity of Westfield Retail Trust 1 is RE1. The responsible entity of Westfield Retail Trust 2 is RE2. The Westfield Retail Trust Responsible Entities perform the role of trustees of the Westfield Retail Stapled Trusts and the role of responsible entities under Australia's Corporations Act. Each of the Westfield Retail Trust Responsible Entities must hold an Australian financial services licence under Australia's Corporations Act.

Westfield Retail Trust 1 will operate as the property owning trust of Westfield Retail Trust holding the Shopping Centre Interests. Westfield Retail Trust 1 is intended to be treated as a trust for Australian tax purposes. Westfield Retail Trust 2 will earn non-rental income and conduct activities that are not compatible with being treated as a trust for Australian tax purposes. Westfield Retail Trust 2 is intended to be treated like a company for Australian tax purposes.

The simplified ownership structure and property interests of each of Westfield Retail Trust and Westfield Group following the implementation of the Proposal are shown below:



* The portfolio includes the Existing JV Properties, for which Westfield Retail Trust and Westfield Group will share 50% of Westfield Group's current interest in those Properties.

Most of the Shopping Centre Interests will be held directly by Westfield Retail Trust or indirectly through interposed unit trusts in which Westfield Retail Trust will have a unitholding. However, Westfield Retail Trust and Westfield Group will each initially hold their respective 50% economic interest in the New Zealand Properties through subsidiaries of Westfield NZ Holdings Limited. Westfield Retail Trust (through a sub trust) and Westfield Group will each hold ordinary and redeemable preference shares in Westfield NZ Holdings Limited, with their co-ownership regulated by a Shareholders Agreement. Westfield Retail Trust and Westfield Group will manage their underlying interest in the New Zealand Properties through the Shareholders Agreement regulating their ownership of Westfield NZ Holdings Limited and, in particular, their ownership of the relevant redeemable preference shares referable to those properties.

SECTION 3: WESTFIELD RETAIL TRUST

3.4 Overview of Westfield Retail Trust's business

Westfield Retail Trust is expected to be the largest Australian listed real estate investment trust focused on Australian and New Zealand retail property and one of the 25 largest entities listed on the ASX based on anticipated market capitalisation.

Following acquisition of the Shopping Centre Interests, Westfield Retail Trust's property investment portfolio will consist of interests in 54 Australian and New Zealand shopping centres, with approximately 13,200 retail outlets in 3.9 million square metres of GLA. As at 30 June 2010, the Shopping Centre Interests had a gross value of over \$12 billion.

Portfolio summary as at 30 June 2010

	Australia	New Zealand	Total
Centres	42	12	54
Retail outlets	11,479	1,716	13,195
GLA (million square metres)	3.5	0.4	3.9
Westfield Retail Trust gross asset value (billion) ⁽¹⁾	\$11.0	\$1.2	\$12.2
Portfolio leased % ⁽²⁾	99.5%	99.5%	99.5%
Total annual sales (billion) ⁽²⁾	\$20.4	NZ\$2.1	\$22.1
Specialty sales per square metre ^{(2),(3)}	\$9,674	NZ\$7,703	N/A
Weighted average estimated valuation yield ^{(2),(4)}	6.1%	7.4%	6.2%

(1) Westfield Retail Trust's share of shopping centre assets and includes work in progress and assets held for redevelopment.

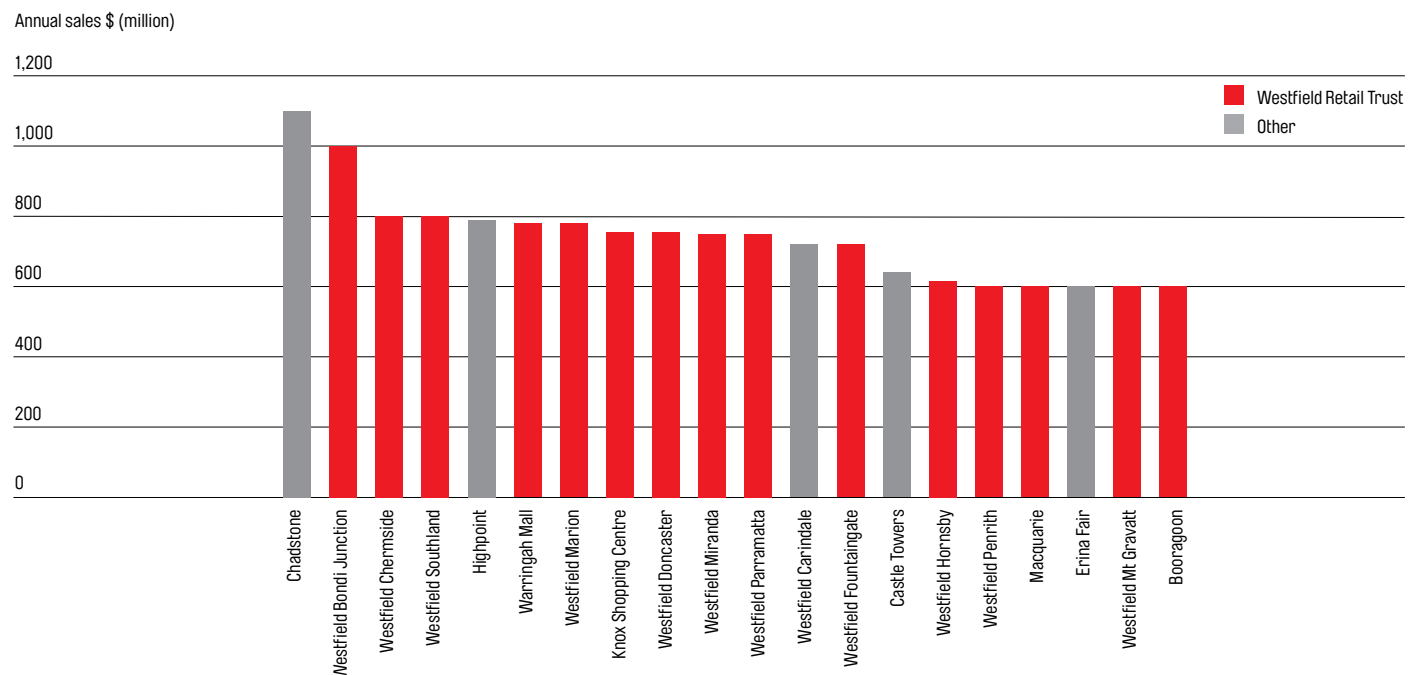
(2) Excludes Westfield Sydney.

(3) Year ended 30 September 2010.

(4) Estimated valuation yield is the forecast net operating income that is expected from the property interest for the proceeding 12 month period divided by the current book value of the property interest.

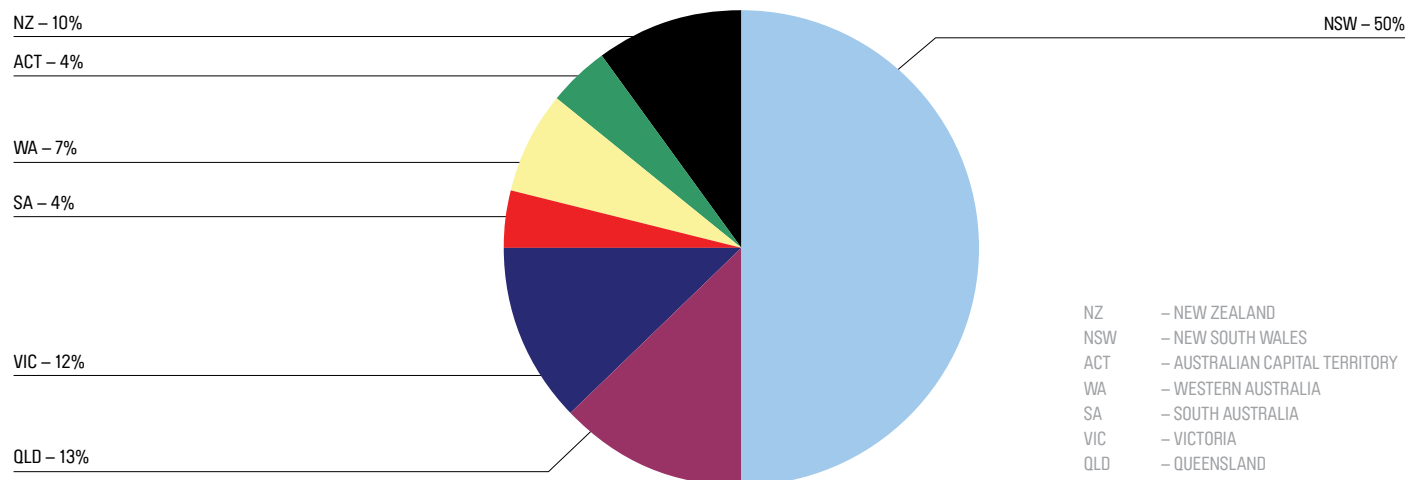
The Shopping Centre Interests are located largely in Australia, with 42 centres representing 90% of the Shopping Centre Interests current book value (\$10.9 billion), including 15 of Australia's top 20 performing shopping centres by annual sales.

The diagram below shows total annual turnover for the top 20 shopping centres in Australia:



Source: Shopping Centre Council of Australia

Geographic Distribution by Value



In addition to its portfolio of operating centres, Westfield Retail Trust will own a 50% interest in the Westfield Sydney development, which is expected to be completed in early 2012. The development is located at Sydney's best retail site at Pitt Street Mall, Castlereagh and Market Streets, and connects to two of the highest grossing department stores in Australia – David Jones Sydney and Myer Sydney. On completion, when combined with Westfield Sydney Central Plaza which is located directly opposite Westfield Sydney, the new development will comprise approximately 350 fashion, food and lifestyle stores across 90,000 square metres. The development also includes 76,000 square metres of prime office space. The development will be progressed and completed by Westfield Group with Westfield Retail Trust as a co-owner.

On completion of its development, Westfield Retail Trust is expected to have invested \$1.340 billion for its interest in Westfield Sydney and achieve a yield on cost of 5.6% which is supported by a guarantee from Westfield Group for three years. Further details regarding the Westfield Sydney arrangements can be found at section 10.10.

Westfield Retail Trust will also own interests in 12 centres located in New Zealand, which represent 10% of the Shopping Centre Interests by current asset value (\$1.2 billion), including five of New Zealand's eight largest shopping centres.

Partnership with Westfield Group

Westfield Retail Trust's initial portfolio will be owned in joint venture with Westfield Group (together with other third parties in the case of Existing JV Properties). Other than for six Existing JV Properties managed by the AMP Group, Westfield Group will continue its existing property management and development roles. Westfield Group is one of the world's leading integrated shopping centre groups with proven property management expertise. Globally, Westfield Group has interests in and operates 119 shopping centres throughout Australia, New Zealand, the United States and the United Kingdom, valued at over \$61 billion as at 30 June 2010.¹

Westfield Group is vertically integrated and manages all aspects of shopping centre development, from design and construction through to leasing, management and marketing. Westfield Group creates value through intensive management at an operational level and a strategic development program that continually improves the quality of the portfolio to generate income and capital growth.

With over 50 years experience, Westfield Group has interests in and operates the largest retail portfolio focused on Australia and New Zealand with 56 centres with a current value of over \$32 billion.² Each year, Westfield executes, on average, approximately 3,000 lease deals in Australia and New Zealand covering in excess of 350,000 square metres of retail space.

Westfield Group is also an experienced shopping centre developer with more than \$8.8 billion of Australian and New Zealand projects since 1992.

Westfield Retail Trust will have access to the operating platform of Westfield Group providing it with a low cost and efficient structure.

Westfield Retail Trust will have access to the Westfield brand, which is synonymous with retailing in Australia and New Zealand.

¹ Includes the Shopping Centre Interests to be transferred to Westfield Retail Trust.

² Two of the Group's Australian shopping centres, Cairns and Carindale (held through the Carindale Property Trust) are excluded from the Proposal and do not comprise part of the Shopping Centre Interests.

SECTION 3: WESTFIELD RETAIL TRUST

Westfield Retail Trust's portfolio

Westfield Retail Trust's portfolio will include interests in some of the largest and best shopping centres in the region. Last year over 550 million customers visited a Westfield Retail Trust centre, spending in excess of \$22 billion.

Approximately 70% of the Australian population and more than 50% of the New Zealand population lives within 30 minutes drive of a Westfield Retail Trust centre.

Westfield is the major landlord and integral partner to major household retail brands such as David Jones, Myer, Farmers, Target, Kmart, Big W, Coles and Woolworths.

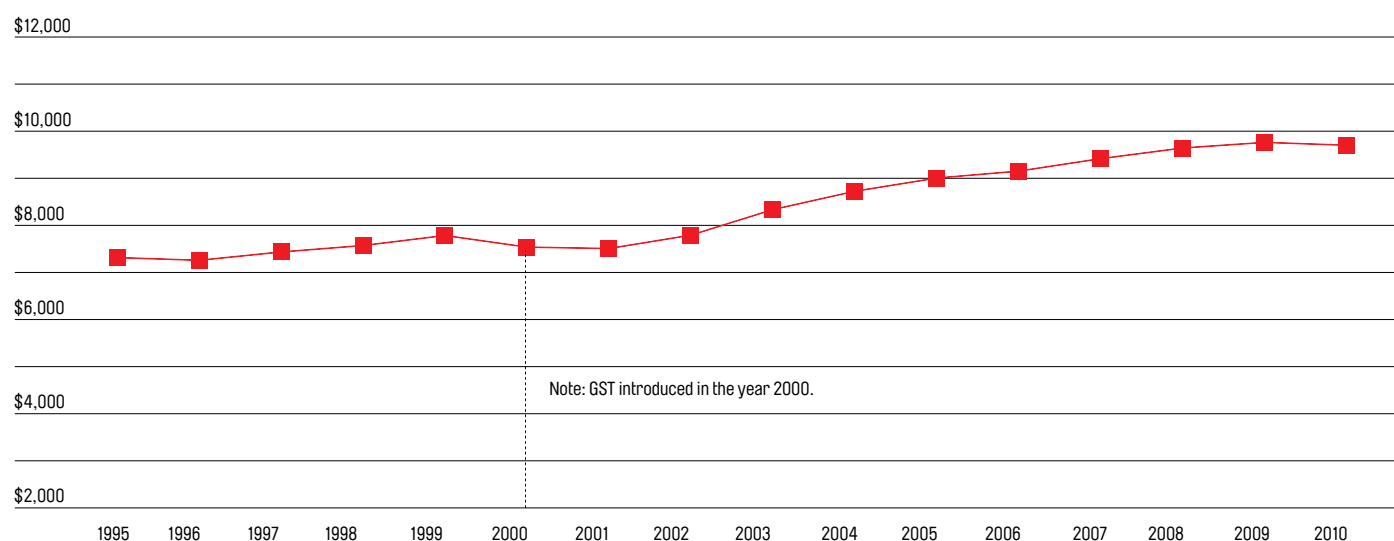
The portfolio's size and quality is unrivalled in the Australian market, with over 60% of the portfolio's Australian centres (by current book value) achieving annual sales in excess of \$500 million for the year ended 30 June 2010.¹ The portfolio also achieves high sales productivity for retailers with average annual specialty store sales per square metre of \$9,674 for the Australian Properties (for the year ended 30 September 2010).

Annual Sales to 30 June 2010					Proportion of Australian Portfolio ²
> \$600 m	Bondi Junction	\$1,015.3 m	Knox	\$739.9 m	44%
	Chermside	\$830.0 m	Miranda	\$727.3 m	
	Southland	\$790.6 m	Parramatta	\$725.6 m	
	Marion	\$764.5 m	Fountain Gate	\$703.3 m	
	Doncaster	\$763.6 m	Hornsby	\$614.3 m	
	Warringah Mall	\$757.9 m			
\$500 m – \$600 m	Penrith	\$586.8 m	Pacific Fair	\$537.7 m	20%
	Booragoon	\$579.6 m	Chatswood	\$530.2 m	
	Mt Gravatt	\$573.7 m	Carousel	\$525.9 m	
	Macquarie	\$570.5 m			
\$400 m – \$500 m	Kotara	\$494.8 m	Whitford City	\$444.8 m	17%
	Tuggerah	\$480.6 m	Woden	\$431.0 m	
	Tea Tree Plaza	\$479.5 m	Karrinyup	\$425.6 m	
	Liverpool	\$459.4 m	Burwood	\$403.7 m	
\$300 m – \$400 m	Belconnen	\$399.9 m	Mt Druitt	\$362.8 m	11%
	Hurstville	\$398.2 m	North Lakes	\$352.1 m	
	Sydney Central Plaza	\$388.0 m	Helensvale	\$317.6 m	
	Westlakes	\$377.4 m			
< \$300 m	Innaloo	\$276.0 m	Airport West	\$260.7 m	8%
	Geelong	\$267.3 m	Warrawong	\$216.6 m	
	Plenty Valley	\$267.3 m	Figtrees	\$164.2 m	
	Strathpine	\$263.2 m	North Rocks	\$140.8 m	

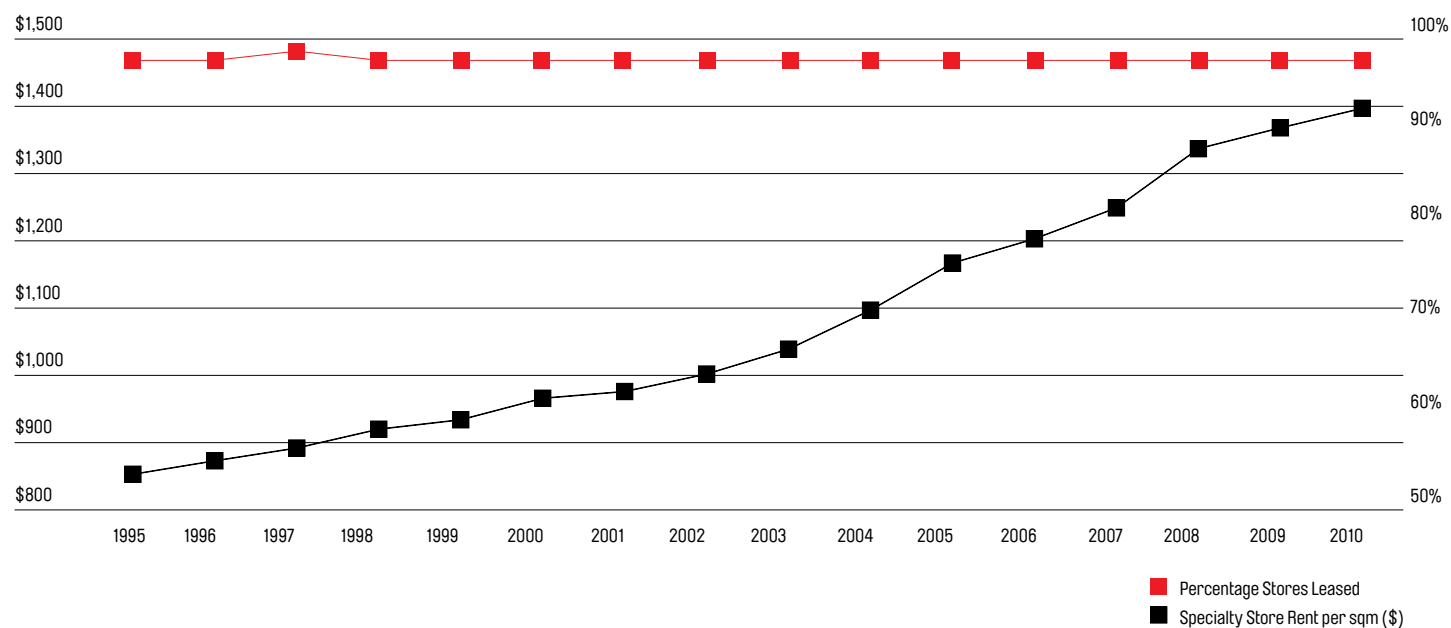
¹ This represents 43% of the Australian centres by number and excludes Westfield Sydney which is under redevelopment.

² Based on 30 June 2010 book values (Westfield Group's share) – and excludes Westfield Sydney currently under redevelopment.

Westfield Group Australian specialty store sales per square metre



Westfield Group Australian specialty store rent per square metre (LHS) and percentage stores leased (RHS)

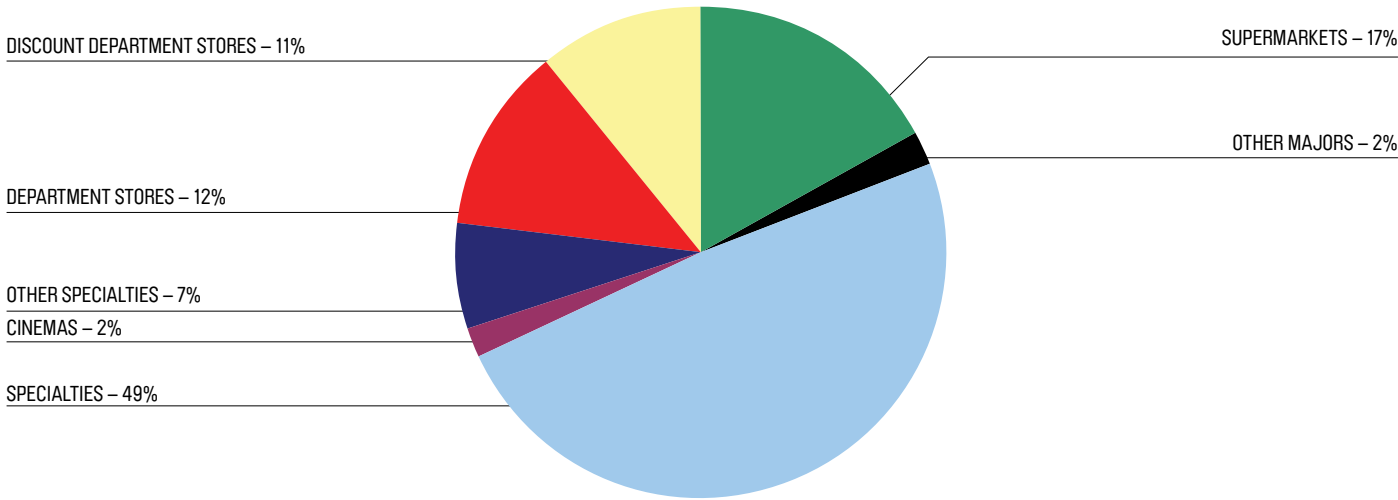


The portfolio has a long track record of being almost fully leased, being over 99% leased for over 10 years.

The portfolio includes a diverse range of approximately 13,200 retail stores covering the whole spectrum of retail, leisure and lifestyle consumption.

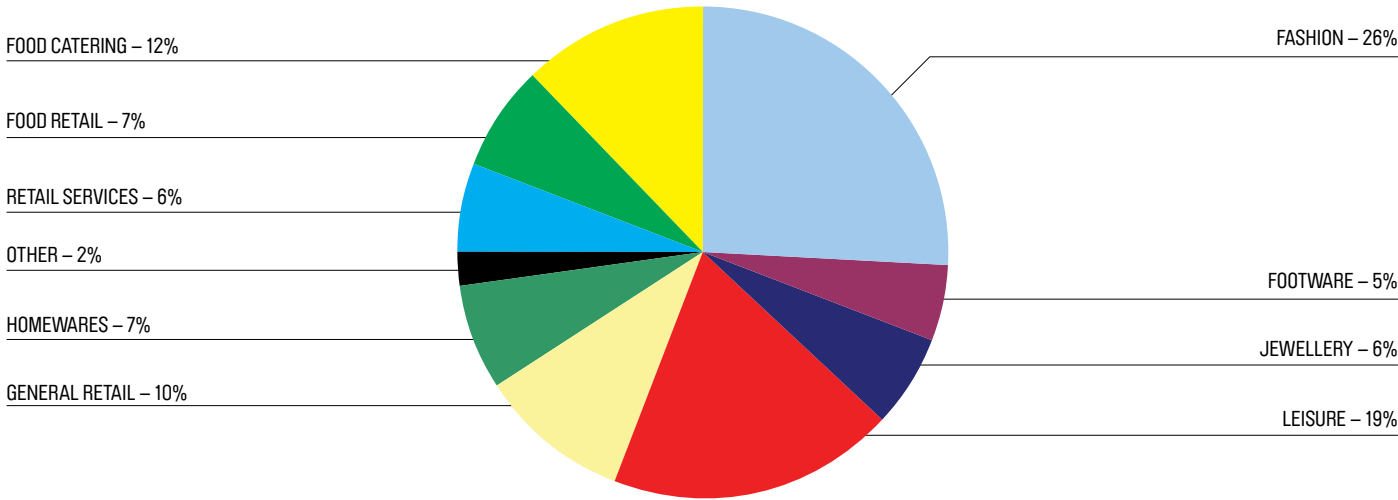
SECTION 3: WESTFIELD RETAIL TRUST

Australian Sales by Trading Category



For year ended 30 June 2010

Australian Speciality Sales by Trading Category

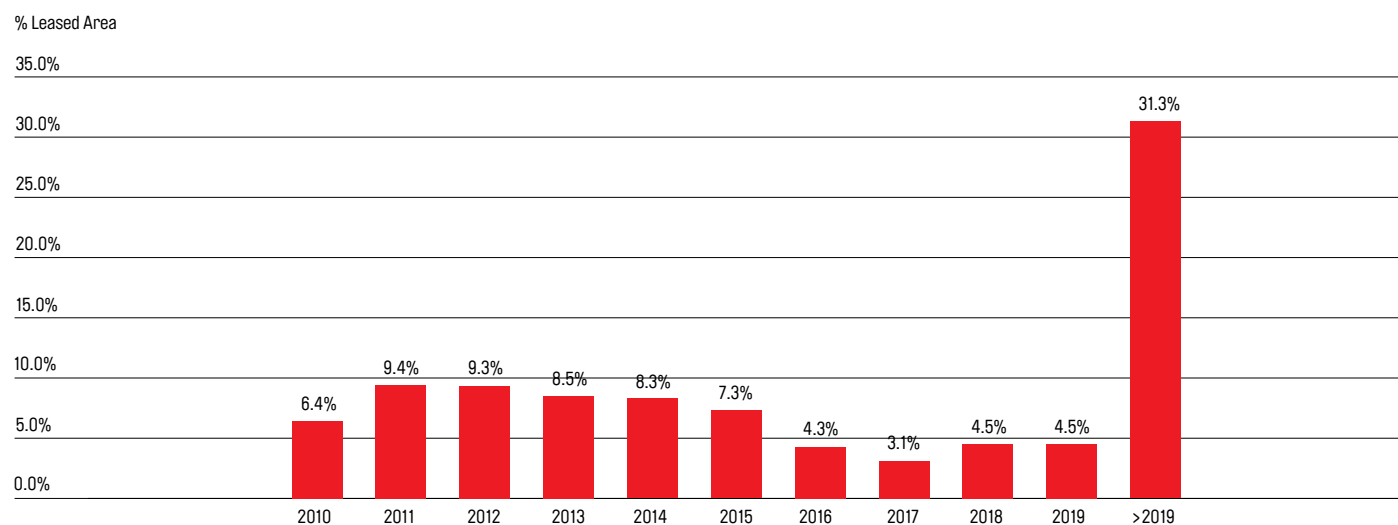


For year ended 30 June 2010

As at 30 June 2010, the Shopping Centre Interests had a weighted average estimated valuation yield of 6.1%¹ for Australia and 7.4% for New Zealand and over 45% of leases are expiring after 2015.

¹ Excludes valuation of Westfield Sydney on completion with a valuation yield of 5.6%

Lease Expiry by Year



There are several features that contribute to the value that has been generated from the Shopping Centre Interests over time:

- **Focus on quality.** The quality of the Shopping Centre Interests portfolio is reflected in the level of sales per square metre, level of leasing and lease renewals that have been achieved on a long term basis;
- **Stability of income.** The leases are structured to provide both stability and drive income growth. Leases with major tenants, typically 15 to 25 years, are structured with upward only reviews through the lease term. Specialty tenants are typically on shorter lease terms, averaging five to seven years, with annual contracted increases of either CPI plus a fixed percentage or fixed percentage increases. Over 99% of the total rental income is currently derived from minimum contracted base rent, with less than 1% being directly linked to retailer sales; and
- **Net operating income growth.** Active leasing and property management has supported long term net operating income growth. Over the last 10 years, the Shopping Centre Interests have delivered compound annual growth in net operating income of 5%.

3.5 Investment and business strategy

On establishment, Westfield Retail Trust's principal investment will be the Shopping Centre Interests, in a joint venture with Westfield Group. Westfield Retail Trust's business strategy will be to:

- operate as a separately listed entity investing, for the long term, in high quality retail real estate in Australia and New Zealand, utilising the expertise and operating platforms of Westfield Group and other appropriately resourced and qualified third party asset managers; and
- maximise the long term income and capital returns from its investments.

Westfield Retail Trust does not intend to replicate the extensive property management, leasing and development capabilities of the various managers of the underlying assets, but will focus on overseeing the activities of those managers in order to achieve its investment objectives.

In addition, Westfield Retail Trust intends to focus on other areas to optimise returns for Stapled Unitholders including:

– Capital management

Westfield Retail Trust will seek to manage and source capital so as to maximise overall returns for unitholders. This may include accessing various capital markets to source appropriately priced and structured debt and equity, monitoring and implementing hedging arrangements, assessing alternative forms of capital, and other capital management strategies where appropriate.

– Asset management

Westfield Retail Trust will take an active role on relevant co-owners' committees to ensure its interests are represented, and returns from the underlying assets are maximised.

SECTION 3: WESTFIELD RETAIL TRUST

– Developments

Westfield Retail Trust will consider and participate in development opportunities where appropriate. It is envisaged that such activities will be undertaken in conjunction with its joint venture partners (including Westfield Group) and with the use of the relevant development manager's expertise. Developments will be assessed by the Board and management of Westfield Retail Trust based on an assessment of the risk and returns from the development measured relative to Westfield Retail Trust's cost of capital as well as other relevant factors to ensure the long term competitive positioning of the investment.

The continual redevelopment of shopping centres is necessary to ensure the centres remain at the forefront of changing retail trends and relevant to their specific market. Development opportunities have been identified across Westfield Retail Trust's assets representing a potential investment of approximately \$1.5 billion over the next 5–7 years. Westfield Retail Trust's investment in development is aimed at creating long term value for unitholders.

– Acquisitions and disposals

It is intended that Westfield Retail Trust will, over time, assess various acquisition opportunities in line with its investment strategy of retail property investment in Australia and New Zealand. Acquisitions which are in line with Westfield Retail Trust's investment strategy may be made jointly with Westfield Group, with other partners, or on its own.

Where appropriate, Westfield Retail Trust will also consider the disposal of assets from time to time.

3.6 Relationship with Westfield Group

Westfield Group and Westfield Retail Trust are expected to maintain a strong relationship going forward. Westfield Group's ongoing relationship with Westfield Retail Trust will include the following arrangements:

- The Shopping Centre Interests will be owned in joint venture with Westfield Group.¹
- Westfield Group will continue its existing property management and development roles,² allowing Westfield Retail Trust to leverage Westfield Group's significant management, leasing, development and construction capabilities.
- Westfield Group will complete the redevelopment of Westfield Sydney. Westfield Group will provide loan funding to finance Westfield Retail Trust's purchase of the 50% interest in the development and fund Westfield Retail Trust's share of the remaining capital expenditure to complete the development. Westfield Group will also provide a three year income guarantee to Westfield Retail Trust such that the initial yield equates to 5.6% based on Westfield Retail Trust's share of the total cost – see further detail on the Westfield Sydney arrangements at section 10.10.
- Westfield Retail Trust will participate in future redevelopment projects with Westfield Group, but it is not obliged to consent to any project and each project will be assessed by Westfield Retail Trust having regard to Westfield Retail Trust's required returns and funding.
- Westfield Group will own the Westfield Retail Trust Responsible Entities. No management fees, performance fees, capital raising fees or other fees typical of a responsible entity role will be charged by the Westfield Retail Trust Responsible Entities. However, in addition to the corporate services provided to the Westfield Retail Trust Responsible Entities under the Corporate Services Agreement described below, the Westfield Retail Trust Responsible Entities will incur further corporate costs in carrying out their duties as responsible entities of Westfield Retail Trust (including the costs associated with maintaining a listing on ASX, the costs associated with the Westfield Retail Trust Board and the management team described in section 3.7 below and the costs of maintaining corporate premises). A subsidiary of Westfield Retail Trust will incur these costs and will then recharge the costs to the Westfield Retail Trust Responsible Entities pursuant to the WRT Internal Reimbursement Agreement so that the costs can be paid by Westfield Retail Trust. This is an internal arrangement within Westfield Retail Trust and none of these amounts will be paid to Westfield Group. It is estimated that these costs will be \$12 million in 2011.
- Westfield Group will provide staff, systems and administrative, accounting, treasury, information technology, human resources and other ancillary corporate services to Westfield Retail Trust under the Corporate Services Agreement (refer section 10.11). Westfield Group will charge \$23 million in 2011 for these services. The continuance, scope and costs of the services to be provided will be reviewed annually by the Westfield Retail Trust Board. Either party will have the right to terminate the agreement or change the services provided under the agreement on 12 months' notice given by either party.
- Westfield Retail Trust and Westfield Group will each seek new investment opportunities in Australia and New Zealand, and both Westfield Retail Trust and Westfield Group will have the right to acquire a 50% interest in retail property assets in Australia or New Zealand to be acquired by the other party if the terms allow (see section 10.8 for further details). As a result, Westfield Retail Trust will benefit from access to Westfield Group's acquisition opportunities.

The property ownership, management and development arrangements between Westfield Group and Westfield Retail Trust will be long term in nature. In the case of the management and development arrangements, Westfield Retail Trust will not be able to terminate these arrangements unless Westfield Group holds less than a 25% interest in the relevant Property or for material breach of obligations contained in the agreement or for other specified events (including insolvency).

¹ Some assets to which the Shopping Centre Interests relate will be owned in joint venture with both Westfield Group and other property investors including AMP Group, GPT, LaSalle Investment Management, GIC, Dexus, UniSuper, Queensland Investment Corporation, Perron Group and Australian Prime Property Fund.

² There are six Properties managed by AMP Group.

Either of Westfield Group or Westfield Retail Trust will be free to sell their interests in the Properties in the future subject to first offering that interest to the other co-owners of the Properties under pre-emptive rights. If Westfield Group were to sell its interests below the 25% threshold referred to above, Westfield Retail Trust may be required to find an alternative property manager and property developer and would cease using the Westfield name and branding rights at that centre.

Westfield Group will own the Westfield Retail Trust Responsible Entities. If the Westfield Retail Trust Responsible Entities were removed by vote of unitholders as the responsible entities in the future:

- Westfield Retail Trust would cease to be entitled to use the corporate name “Westfield”.
- Westfield Group would be entitled to terminate the co-operation arrangement it has with Westfield Retail Trust.
- Westfield Group would cease to be required to provide corporate services to Westfield Retail Trust. No termination payment obligations arise on termination.
- The interest of Westfield Retail Trust in three shopping centres (Liverpool, Helensvale and Miranda) could be acquired by its co-owners for market value. Pre-emptive rights would not be triggered for the other Properties.
- Westfield Group would continue to provide property management and property development services for the Properties.

If, in the future, a change in control of ownership of securityholders of either of Westfield Group or Westfield Retail Trust were to occur, that change of control would have no impact on the arrangements described above unless the existing responsible entities were removed as responsible entities of Westfield Retail Trust. No feature of the arrangements described above are considered to impede the possibility of a change of control occurring in the future.

3.7 Board of directors and senior management

Following implementation of the Proposal, the Westfield Retail Trust Board will include the following directors who together have a broad range of skills, strong property and finance expertise and significant experience:



Mr Richard F E Warburton AO

Chairman

Dick Warburton is one of Australia's most prominent company directors. Prior to becoming a professional director, he was the Chairman and CEO of DuPont Australia and New Zealand where he was responsible for DuPont's petro-chemical business operations in Australia and New Zealand. Mr Warburton is currently Chairman of Tandou Limited, Magellan Flagship Fund and the Board of Taxation and is a Director of Citigroup Pty Limited. He was previously Chairman of David Jones Limited, AurionGold Limited and Caltex Australia Limited, and a Director of Tabcorp Holdings Limited, Southcorp Limited, Nufarm Limited and the Reserve Bank of Australia. Mr Warburton is a Fellow (and former National President) of the Australian Institute of Company Directors.



Mr Peter K Allen

Peter Allen has extensive experience both as a finance executive and in real estate generally and shopping malls in particular. He is currently the Group Chief Financial Officer of Westfield Group and is responsible for the Group's global finance function. From 1998 to 2004, Mr Allen was based in London as Westfield Group's CEO of United Kingdom/Europe and was responsible for establishing Westfield Group's presence in the United Kingdom. Prior to that appointment, he held the position of Director of Business Development. Before joining Westfield Group, Mr Allen worked for 11 years in various positions for Citibank in Melbourne, New York and London. Mr Allen is a Governance Board Director of the Kolling Institute of Medical Research and a Board Member of the Kolling Foundation. He is also an Associate Member of the Australian Property Institute (API).



Mr Laurence R Brindle

Laurie Brindle has extensive experience in property investment. From 1988 to 2009, Mr Brindle served as an executive with Queensland Investment Corporation (QIC). He was Head of Global Real Estate as well as serving as a long term member of QIC's Investment Strategy Committee. Mr Brindle is regarded as one of the architects of QIC's global funds management business. More recently, Mr Brindle was CEO of Trinity Limited, a diversified Australian listed property group. Mr Brindle holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from the University of Queensland and an MBA from Cass Business School London. He was also previously Chairman of the Shopping Centre Council of Australia.



Mr Andrew W Harmos

Andrew Harmos is one of the founding directors of Harmos Horton Lusk Limited, an Auckland-based specialist corporate legal advisory firm. He was formerly a senior partner of Russell McVeagh. He is Chairman of the New Zealand Stock Exchange Limited and is a director of Elevation Capital Management Limited. He was previously a director of Westfield New Zealand Group. He is also a trustee of the Arts Foundation of New Zealand and the McCahon House Trust.

SECTION 3: WESTFIELD RETAIL TRUST



Mr Michael F Ihlein

Chairman, Audit and Risk Committee

Mike Ihlein is a highly experienced corporate and finance executive. He holds a Bachelor of Business Studies (Accounting) from the University of Technology Sydney. He joined Brambles as Chief Financial Officer in March 2004 and became its CEO in July 2007 until his retirement in November 2009. Previously Mr Ihlein had a long career with Coca-Cola Amatil Limited (and related companies), where he was CFO (1997 to 2004), Managing Director of Coca-Cola Amatil, Poland (1995 to 1997) and had previously held a number of senior business development and treasury roles within that company. Mr Ihlein is an associate member of the Australian Institute of Company Directors, CPA Australia and a member of the Financial Services Institute of Australasia (Finsia). He is also Chair of the Australian Theatre for Young People.



Mr Steven M Lowy AM

Steven Lowy currently serves as Group Managing Director of Westfield Group. He was appointed as an executive Director of Westfield Management Limited and Westfield Holdings Limited in 1989 and Westfield America Management Limited in 1996. He holds a Bachelor of Commerce (Honours) from the University of NSW. Prior to joining Westfield in 1987, Mr Lowy worked in investment banking in the US. He is President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute, a Director of the Lowy Institute for International Policy, a member of the Prime Minister's Business-Government Advisory Group on National Security and Chairman of the Board of Management for the Associate Degree of Policing Practice NSW (ADPP).



Ms Sandra V McPhee

Sandra McPhee has extensive international experience as a non-executive director and senior executive in consumer facing industries including retail, funds management and transport and logistics, most recently with Qantas Airways Limited. She serves on the Boards of AGL Energy Limited, Fairfax Media Limited, Tourism Australia and Kathmandu Limited. She is Deputy President of the Art Gallery of NSW, Deputy Chairman of St Vincent's and Mater Health Sydney and a member of the Advisory Council of J.P. Morgan and Advisory Board of Mercer, Marsh McLennan Companies. Previous non-executive Director roles include the Coles Group Limited, Australia Post, Perpetual Limited, Primelife Corporation, CARE Australia, and Deputy Chairman of South Australia Water. She is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women.

Mr Domenic Panaccio

Managing Director

See facing page for details.

As at the date of this PDS, the Westfield Retail Trust Board comprises Mr Lowy, Mr Allen and Mr Panaccio (the Managing Director), with the remaining directors joining the Westfield Retail Trust Board on the Implementation Date.

Westfield Retail Trust will not hold an annual election of directors as the Boards of RE1 and RE2 are appointed, and can be removed, by Westfield Group. Despite this, a director of RE1 and RE2 will be considered to be "independent" (and in this PDS is referred to as an "independent" director or a director who is "independent of Westfield Group") provided that director satisfies each of the following requirements:

- the director is a non executive director;
- the director is not a substantial Stapled Unitholder of Westfield Retail Trust nor an officer of, or otherwise associated directly with, a substantial Stapled Unitholder of Westfield Retail Trust;
- the director is not a substantial Westfield Group Securityholder nor an officer of, or otherwise associated directly with, a substantial Westfield Group Securityholder;
- the director has not been employed in an executive capacity by Westfield Group during the last three years;
- the director has not within the last three years been a principal of a material professional advisor or material consultant to Westfield Group, nor has the director been materially associated with a service provided by such an advisor or consultant to Westfield Group during that time;
- the director does not have a material contractual relationship with Westfield Group in any capacity other than as a director of RE1 and RE2; and
- the director is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of the director's judgement.

On the Implementation Date, the Westfield Retail Trust Board will comprise a majority of non-executive directors who consider themselves to be independent of Westfield Group. Each of the directors (other than Mr Lowy, Mr Allen and Mr Panaccio) has considered the fact that he or she has been appointed by Westfield Group and may only be removed by Westfield Group and, despite this, confirms that he or she has no other relationship with Westfield Group and based on the criteria set out above, considers himself or herself to be independent of Westfield Group.

The Westfield Retail Trust Responsible Entities are wholly owned by Westfield Group. Stapled Unitholders will have the power to replace those Responsible Entities by a majority vote of unitholders, but not to appoint or remove the Westfield Retail Trust Directors. The consequences of replacing the Westfield Retail Trust Responsible Entities are described in section 7.9.

Westfield Retail Trust has appointed a senior management team who will be accountable to the Westfield Retail Trust Board. Westfield Retail Trust's senior management team will consist of:



Mr Domenic Panaccio

Managing Director

Domenic Panaccio joined Westfield Group in 2003 as Chief Financial Officer for Westfield America Trust. Following the merger in July 2004 Mr Panaccio was appointed Deputy Chief Financial Officer for Westfield Group, responsible for Capital Markets (Debt & Equity) and actively involved with strategic projects. Prior to joining Westfield Group, Mr Panaccio spent 21 years with the Foster's Group Limited where he held senior positions in the finance and capital markets areas. These included Chief Financial Officer for Foster's Wine Division, Beringer Blass Wine Estates, Vice-President Capital Markets and Group Treasurer, Vice-President Investor Relations, and other finance related positions. Mr Panaccio is a qualified CPA, a fellow of the Finance and Treasury Association, and an executive committee and board member of the Asia Pacific Real Estate Association.



Mr Brian J Mackrill

Chief Financial Officer

Brian Mackrill has extensive experience as an executive in senior finance roles. He has more than 20 years of finance and treasury experience, with the last 12 in the property sector. From 2007 to 2010 he has held the position of Director, Finance for Westfield Group's United Kingdom business, responsible for finance, tax, and risk management. Prior to this he spent eight years in Westfield Group's Treasury in risk management and financing roles, including five years as Group Treasurer. Before joining Westfield Mr Mackrill held treasury and finance roles at IBM Australia and Pacific Power. He holds a Bachelor of Economics and a Master of Applied Finance from Macquarie University, Australia.



Mr Roy Gruenpeter

General Manager – Asset Management

With over 12 years experience in the retail property industry, Roy Gruenpeter has performed various roles within the Centre Management, Leasing, Development and Asset Management sectors of the industry within Westfield Group. Mr Gruenpeter has extensive retail development expertise having fulfilled the role of Development Manager from 2003 – 2008 within Westfield Group. During this time he has successfully formulated and delivered a number of retail development projects including the \$200 million Westfield Geelong redevelopment. Since 2008, Mr Gruenpeter has been responsible for Westfield Group's ownership interests for all the co-owned assets managed by third parties, ensuring that those assets are effectively managed and delivering the required investment returns. His tertiary qualifications include a Bachelor of Arts and a Graduate Certificate in Urban Estate Management.

3.8 Corporate governance

The Westfield Retail Trust Board recognises the importance of good corporate governance and is committed to complying with high standards in corporate governance. This will be achieved through:

- the high quality and experienced Westfield Retail Trust Board determining appropriate governance arrangements for Westfield Retail Trust and continually monitoring those arrangements; and
- the governance deed poll (as described below).

The corporate governance framework for the Westfield Retail Trust Board is underpinned by the ASX Principles of Good Corporate Governance and Best Practice Guidelines (**ASX Guidelines**). Listed entities are required to disclose in their annual reports the extent of their compliance with the ASX Guidelines and to explain why they have not adopted an ASX Guideline if they consider it to be inappropriate to do so in their particular circumstances. On establishment, Westfield Retail Trust will be required to report against the ASX Guidelines.

SECTION 3: WESTFIELD RETAIL TRUST

The Westfield Retail Trust Board will have policies to ensure that Westfield Retail Trust has met all applicable standards of disclosure pursuant to the Listing Rules. The Westfield Retail Trust Responsible Entities will include on Westfield Retail Trust's website details of its corporate governance regime and a corporate governance statement will be included in Westfield Retail Trust's annual report.

The key elements of Westfield Retail Trust's governance are set out below.

Governance deed poll

The Westfield Retail Trust Responsible Entities have entered into a governance deed poll that provides a number of undertakings to Stapled Unitholders around the governance arrangements for Westfield Retail Trust. Specifically, the undertakings in this deed ensure:

- Westfield Retail Trust will hold an annual meeting for the Westfield Retail Stapled Trusts each calendar year;
- the annual report of Westfield Retail Trust must be considered at the annual meeting;
- Stapled Unitholders may submit written questions to the auditor;
- Westfield Retail Trust's auditor will be required to attend the annual meeting;
- the chair of the annual meeting must allow a reasonable opportunity to ask questions or comment on the management of Westfield Retail Trust, and ask questions of the auditor.

The governance deed poll may only be amended if the amendment is proposed by the Westfield Retail Trust Board and approved by an ordinary resolution of Stapled Unitholders or if the Westfield Retail Trust Board reasonably believes that the amendments are in the best interests of Stapled Unitholders as a whole.

Role of the Board

The Westfield Retail Trust Board will be accountable to Stapled Unitholders. Under its charter, the Westfield Retail Trust Board will seek to ensure that the business objectives of Westfield Retail Trust are aligned with the expectations of Stapled Unitholders and that Westfield Retail Trust is effectively managed in a manner that is properly focused on its business objectives as well as conforming to regulatory and ethical requirements.

In addition to the responsibilities outlined above, the primary objectives of the Westfield Retail Trust Board in discharging its functions will be to:

- oversee the effective management and control of Westfield Retail Trust, including the composition, performance and remuneration of the management team;
- set and review the strategic direction of Westfield Retail Trust;
- approve and monitor key budgets, business plans, financial statements and financial policies;
- approve all material transactions;
- establish, promote and maintain proper processes and controls to maintain the integrity of financial accounting, financial records and reporting;
- develop and implement key corporate policies, procedures and controls as necessary to ensure appropriate standards of accountability, risk management and corporate governance and responsibility;
- ensure that Stapled Unitholders receive high quality, relevant and accurate information in a timely manner;
- determine and adopt Westfield Retail Trust's distribution policy in accordance with the constitutions of Westfield Retail Trust 1 and Westfield Retail Trust 2; and
- ensure compliance with their Australian financial services licences, the compliance plan (see section 11.7) and other rules and regulations.

Duties of the Board

All directors of Westfield Retail Trust Responsible Entities are required to act in the best interests of the Stapled Unitholders. This applies notwithstanding that the directors of Westfield Retail Trust are appointed by Westfield Group.

Constitutions and compliance plan

The Westfield Retail Stapled Trusts will be governed by their constitutions as outlined in section 11.2.

As required by the Corporations Act, a compliance plan for Westfield Retail Trust has been lodged with ASIC which sets out the measures that the Westfield Retail Trust Responsible Entities will apply in operating Westfield Retail Trust 1 and Westfield Retail Trust 2 to ensure compliance with the Corporations Act, the constitutions, this and any other disclosure document, their Australian financial services licences and how these procedures will be monitored.

The compliance plan is required to contain adequate measures for ensuring that the property of Westfield Retail Trust 1 and Westfield Retail Trust 2 is clearly identified and held separately, that the properties are valued at regular intervals, the compliance plan is audited and adequate trust records are kept.

Continuous Disclosure Policy and Stapled Unitholder communication process

The Westfield Retail Trust Board is committed to providing relevant information to Stapled Unitholders about the operations of Westfield Retail Trust and to fulfil its duties to comply with its continuous disclosure obligations to the market generally.

The Westfield Retail Trust Board has adopted a Continuous Disclosure Policy which is designed to ensure compliance with the Listing Rules and continuous disclosure obligations.

The Westfield Retail Trust Board has established a Continuous Disclosure Committee which is responsible for:

- making decisions on what information should be disclosed to the market; and
- ensuring disclosure is made in a timely and efficient manner.

Stapled Unitholders will receive an annual report. Newsletters and updates may also be sent to Stapled Unitholders from time to time.

Audit and Risk Committee

The objective of the Audit and Risk Committee is to assist the Westfield Retail Trust Board in fulfilling its corporate governance responsibilities. The duties and responsibilities of the Audit and Risk Committee are contained in the Audit and Risk Committee charter. The duties and responsibilities include:

- monitoring and reviewing compliance with laws and regulations (including Westfield Retail Trust's compliance plan);
- monitoring and reviewing the accuracy and reliability of management and financial reporting;
- reporting to the Westfield Retail Trust Board on the half-year and annual reports and financial statements of Westfield Retail Trust;
- facilitating an effective and efficient audit (including making recommendations regarding the appointment, evolution and removal of Westfield Retail Trust's external auditor);
- monitoring and reviewing the effectiveness of Westfield Retail Trust's internal control environment, including the effectiveness of internal control procedures;
- overseeing the internal audit function; and
- monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of Westfield Retail Trust.

The Audit and Risk Committee will meet with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The external auditors will have a direct line of communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the Westfield Retail Trust Board.

The Audit and Risk Committee must comprise at least three non-executive directors with all being independent directors. The chairperson will be appointed by the Audit and Risk Committee and must be a non-executive director and not the chairperson of the Westfield Retail Trust Board. The chairperson will report the activities of the Audit and Risk Committee to the Westfield Retail Trust Board after each meeting.

The external auditors, Westfield Retail Trust's Managing Director and Chief Financial Officer will be invited to attend Audit and Risk Committee meetings at the discretion of the committee. At least twice annually, the Audit and Risk Committee will meet with the external auditors without management being present.

Conflicts Committee and charter

Actual or potential conflicts and related party matters will be considered by Westfield Retail Trust's Conflicts Committee in accordance with its charter. The Conflicts Committee will comprise the non-executive directors of the Westfield Retail Trust Responsible Entities who are not associated with a related party of Westfield Group. Having regard to the proposed activities of Westfield Retail Trust, it is expected that, at least initially, the majority of the transactions to come before the Conflicts Committee will involve Westfield Group. The Conflicts Committee is responsible for making recommendations to the Westfield Retail Trust Board in connection with conflicts of interest, including dealings with related parties and:

- any proposal to acquire property for Westfield Retail Trust or dispose of property of Westfield Retail Trust, where any counterparty having a direct or indirect interest in the applicable property is either:
 - a related body corporate of any Westfield Group entity or any director of Westfield Group or their associates; or
 - any fund or account managed by a related body corporate of a Westfield Group entity; and
- in connection with any agreements between Westfield Retail Trust and Westfield Group (including any property management agreements and any decisions to be made in connection with redevelopment of any property).

The Conflicts Committee will also be responsible for determining protocols to manage conflicts and will oversee the implementation of those protocols.

SECTION 3: WESTFIELD RETAIL TRUST

Remuneration Committee

The objective of the Remuneration Committee will be to provide advice to the Westfield Retail Trust Board relating to the effectiveness, integrity and legal compliance of Westfield Retail Trust's remuneration programs. The responsibilities of the Remuneration Committee include:

- determining and reviewing remuneration policies to apply to executives of Westfield Retail Trust;
- reviewing contractual rights of termination for members of the senior executive team;
- reviewing and approving the policy for participation by senior executives in any equity linked plans implemented in the future;
- reviewing the remuneration reporting in the financial statements of Westfield Retail Trust;
- reviewing and approving management's recommendations of the total proposed awards to be issued under any future plan; and
- administering any future equity linked plans as required in accordance with the rules of the plans.

Westfield Retail Trust's Remuneration Committee will comprise three non-executive, independent directors. The chairperson will be appointed by the Remuneration Committee and must not be the chairperson of the Westfield Retail Trust Board. The chairperson will report the activities of the Remuneration Committee to the Westfield Retail Trust Board after each meeting.

Nominations Committee

The Westfield Retail Trust Board recognises that under the ASX Guidelines, it is recommended that a board (depending on its size) have a Nominations Committee. Initially Westfield Retail Trust will not have a formally constituted Nominations Committee. However, in line with the ASX Guidelines, the Westfield Retail Trust Board has processes which include:

- the evaluation of the performance of the Westfield Retail Trust Board, its committees and directors;
- the monitoring and evaluation of the necessary and desirable competencies of the directors including the range of skills and experience of the directors; and
- consideration of Westfield Retail Trust Board succession planning issues.

Whilst the Westfield Retail Trust Board will have such processes, the Westfield Retail Trust Board acknowledges that WHL as the sole shareholder of RE1 and RE2 will have the power of appointment and removal of the Westfield Retail Trust Directors.

3.9 Distributions

The distribution policy of Westfield Retail Trust will be to pay out 90% of Distributable Earnings in each year, subject to general business and financial conditions, working capital requirements, taxation considerations, capital expenditure requirements and other factors the Westfield Retail Trust Board considers relevant.

Subject to having sufficient Distributable Earnings, distributions will be paid every six months. An interim distribution will be paid at the end of August in each year and a final distribution will be paid at the end of February in each year.

For the financial year ended 31 December 2011, Westfield Retail Trust forecasts a distribution of 16.3 to 16.6 cents per Stapled Unit. Approximately 10% to 20% of the 2011 distribution is expected to be tax deferred for Australian tax purposes (the consequences of receiving a tax deferred distribution are explained in section 9). The interim distribution for FY 2011 is expected to be paid at the end of August 2011 and the final distribution is expected to be paid at the end of February 2012.

It is expected that the implementation of the Proposal will become effective from a date prior to 1 January 2011. For the relevant period between that date and 31 December 2010, there is expected to be Distributable Earnings of between 0.042 cents and 0.046 cents and a distribution of between 0.0378 cents and 0.0414 cents per Stapled Unit per day from the Implementation Date. Westfield Retail Trust is expected to pay this distribution at the end of February 2011.

3.10 Capital management

Westfield Retail Trust will use the Acquisition Facility to fund the acquisition of the Shopping Centre Interests from Westfield Group and to pay the costs of the Offer. Net proceeds from the Offer will be used to repay the Acquisition Facility. To the extent that the Offer proceeds are insufficient to repay the Acquisition Facility fully, Westfield Retail Trust will continue to have a portion of the Acquisition Facility debt outstanding after implementation of the Proposal with that debt due 364 days after signing of the facility if not refinanced.

Westfield Retail Trust will use the Westfield Sydney Facility to acquire the Westfield Sydney shopping centre. Part of that facility is repayable on demand and the facility will fall due for repayment on completion of the shopping centre in early 2012.

Prior to the Offer, Westfield Retail Trust's gearing will be 37.8% on listing. If only the underwritten amount of \$1.75 billion is raised, Westfield Retail Trust's gearing will be 23.8% on listing. If the Offer is fully subscribed, Westfield Retail Trust's gearing will be less than 10% on listing. Either of these gearing levels should provide Westfield Retail Trust the flexibility to access and utilise debt to fund developments and acquisitions on an ongoing basis, including the refinancing of the Acquisition Facility in 2011 and the payments due on completion of the redevelopment of Westfield Sydney in 2012.

Westfield Retail Trust intends to refinance the Acquisition Facility through the combination of bank facilities with maturities ranging between 3 to 5 years and bond issues with maturities ranging between 3 to 10 years.

With the refinancing of the above facilities and as a result of ongoing funding requirements, Westfield Retail Trust's finance facilities are expected to encompass a diversity of financing sources which may include committed unsecured bank loan facilities on a syndicated and bilateral basis, bonds and hybrid instruments. Committed unsecured bank loan facilities and bonds are expected to be with a number of lenders and are expected to have various maturities to minimize credit risk and refinancing risk. Westfield Retail Trust may also raise debt finance through secured borrowings, including secured investment loans over individual properties or groups of properties and secured construction loans.

Westfield Retail Trust plans to seek a credit rating from both Standard & Poors and Moody's promptly after implementation of the Proposal to support its capital management strategies.

In addition to the public equity and secured and unsecured debt markets, Westfield Retail Trust may also raise funding by accessing private equity from institutional investors, through hybrid equity raisings and the disposition or joint venturing of properties.

Westfield Retail Trust considers that it will have sufficient working capital to carry out its stated objectives.

3.11 Reporting

For accounting and reporting purposes Westfield Retail Trust will operate on a calendar year basis.

An application will be made to the ATO for the tax reporting year ends of Westfield Retail Trust 1 and Westfield Retail Trust 2 to be 31 December. However, the ATO may require the Westfield Retail Stapled Trusts to adopt a 30 June tax reporting year end.

Westfield Retail Trust will formally report to investors on a half yearly basis as at 30 June and 31 December. Amongst other things the report will detail:

- the amount of distributions for the period;
- the current net asset value of Stapled Units as at the end of the reporting period;
- performance of Westfield Retail Trust over the period;
- significant activities during the period;
- portfolio update (including valuations of the properties); and
- potential development activity within Westfield Retail Trust's portfolio.

Each half year and each year Westfield Retail Trust will provide a report to investors which will include an income statement, balance sheet and statement of cash flows. In accordance with the Corporations Act, an annual report will also be provided to investors. The financial statements in the annual report will be audited and the half year accounts will be subject to review by the auditors.

The first half yearly reports will be for the period to 30 June 2011 (including the period from Implementation Date to 31 December 2010) to align the reporting period with Westfield Group's 30 June half year reporting cycle.

3.12 Unit pricing

The underlying net asset value of Stapled Units will be calculated half yearly for each of Westfield Retail Trust 1 and Westfield Retail Trust 2. The price at which Stapled Units trade on the ASX may be higher or lower than the net asset value based price.

3.13 Valuation policy

Independent valuations of each Property will be carried out on an annual basis or more frequently if market conditions dictate. Directors' valuations will be carried out on a six monthly basis.

No asset will be valued by the same valuation firm for a continuous period exceeding three years.

3.14 Auditors

Unless the Westfield Retail Trust Board otherwise determines, the auditor of Westfield Retail Trust will be Ernst & Young, which is also the auditor of Westfield Group. The audit partner of Westfield Retail Trust will not be the audit partner of Westfield Group.

3.15 Register

The unit register will be maintained in New South Wales by the Registry.

SECTION

4

WESTFIELD RETAIL TRUST PROPERTY PORTFOLIO

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WESTFIELD CHATSWOOD, SYDNEY



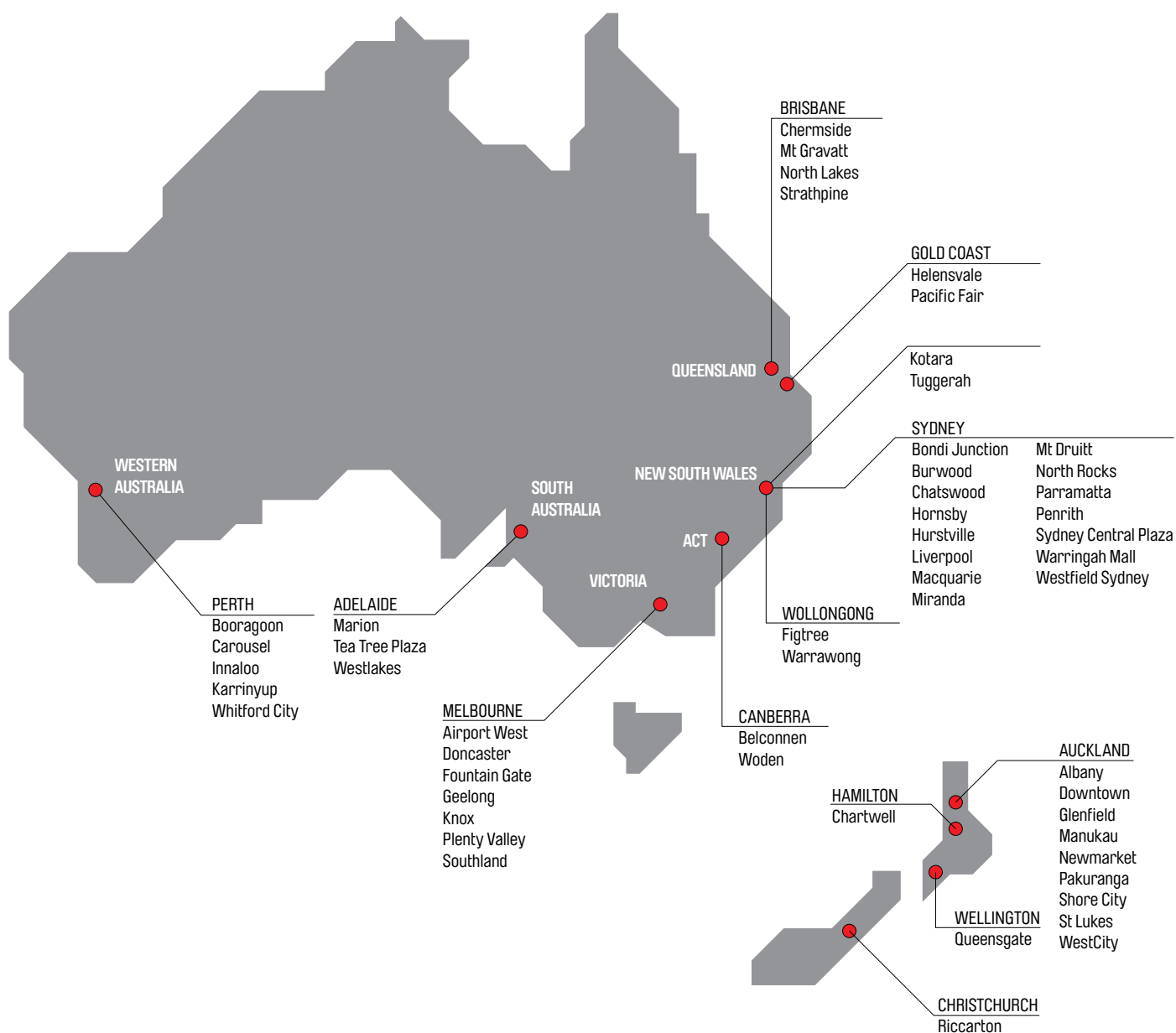
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SECTION 4: WESTFIELD RETAIL TRUST PROPERTY PORTFOLIO

4 Westfield Retail Trust property portfolio

4.1 Properties relating to Westfield Retail Trust's Shopping Centre Interests



Westfield Retail Trust – Pro forma Shopping Centre Interests – Australian Properties as at 30 June 2010

Shopping Centre	State	Joint Venture Partner(s)	Pro forma Consolidated or Equity Accounted Interest 30 Jun 10	Fair value 100% 30 Jun 10 \$million	Pro forma Westfield Retail Trust share Fair value 30 Jun 10 \$million ⁽²⁾	Pro forma Estimated Valuation Yield 30 Jun 10	Retail Sales			No of Retail Outlets	Anchor Tenants
							Total Annual Sales \$million	Specialty Annual Sales \$psm	Lettable Area (square metres)		
Airport West	VIC	Westfield Group, Perron Group	25.0%	312.0	78.0	7.00%	260.7	7,369	55,480	182	Harris Scarfe, Target, Kmart, Woolworths, Coles, Bi Lo, Aldi, Village
Belconnen	ACT	Westfield Group	50.0%	605.0	302.5	6.25%	399.9	8,331	72,262	213	Myer, Kmart, Woolworths, Coles, Hoyts
Bondi Junction	NSW	Westfield Group	50.0%	1,871.0	935.5	5.25%	1,015.3	12,564	127,314	503	Myer, David Jones, Target, Woolworths, Coles, Event Cinemas
Booragoon ⁽¹⁾	WA	Westfield Group, AMP Capital Investors	12.5%	840.0	105.0	6.00%	579.6	13,655	72,279	271	Myer, David Jones, Kmart, Woolworths, Coles, Hoyts
Burwood	NSW	Westfield Group	50.0%	720.2	360.1	6.25%	403.7	9,531	63,321	246	David Jones, Target, Kmart, Woolworths, Coles, Greater Union
Carousel	WA	Westfield Group	50.0%	780.0	390.0	6.00%	525.9	10,162	82,077	285	Myer, Target, Kmart, Woolworths, Coles, Hoyts
Chatswood	NSW	Westfield Group	50.0%	870.7	435.4	6.00%	530.2	9,212	76,806	285	Myer, Target, Coles, Aldi, Hoyts
Chermside	QLD	Westfield Group	50.0%	1,368.0	684.0	5.50%	830.0	11,742	144,343	406	Myer, David Jones, Harris Scarfe, Target, Big W, Kmart, Woolworths, Coles, Event Cinemas
Doncaster	VIC	Westfield Group, La Salle Investment Management	25.0%	1,365.0	341.3	5.75%	763.6	9,960	120,385	433	Myer, David Jones, Target, Big W, Woolworths, Coles, Village
Figtree	NSW	Westfield Group	50.0%	132.0	66.0	7.50%	164.2	8,676	21,789	98	Kmart, Woolworths, Coles
Fountain Gate	VIC	Westfield Group	50.0%	875.0	437.5	6.00%	703.3	10,190	137,235	324	Harris Scarfe, Target, Kmart, Big W, Woolworths, Coles, Bi Lo, Aldi, Village
Geelong	VIC	Westfield Group, Perron Group	25.0%	455.0	113.8	6.50%	267.3	7,810	51,966	185	Myer, Target, Big W, Coles
Helensvale	QLD	Westfield Group, QIC	25.0%	336.8	84.2	6.50%	317.6	8,553	44,564	186	Target, Kmart, Woolworths, Coles, Aldi
Hornsby	NSW	Westfield Group	50.0%	833.4	416.7	6.00%	614.3	7,686	99,626	333	Myer, David Jones, Target, Kmart, Woolworths, Coles, Aldi, Greater Union
Hurstville	NSW	Westfield Group, Dexus	25.0%	560.0	140.0	7.00%	398.2	9,139	62,604	258	Myer, Target, Kmart, Food For Less, Coles, Aldi, Greater Union
Innaloo	WA	Westfield Group	50.0%	250.0	125.0	7.00%	276.0	7,677	47,409	173	Target, Kmart, Woolworths, Coles, Progressive IGA
Karrinyup ⁽¹⁾	WA	Westfield Group, UniSuper	16.7%	529.8	88.3	6.50%	425.6	10,879	59,418	213	Myer, David Jones, Big W, Woolworths
Knox ⁽¹⁾	VIC	Westfield Group, Dexus, AMP Capital Investors	15.0%	940.0	141.0	6.50%	739.9	8,812	142,377	406	Myer, Target, Kmart, Coles, Village
Kotara	NSW	Westfield Group	50.0%	641.0	320.5	6.25%	494.8	11,191	64,571	262	David Jones, Target, Kmart, Woolworths, Coles
Liverpool	NSW	Westfield Group, AMP Capital Investors	25.0%	811.2	202.8	6.25%	459.4	8,215	89,905	333	Myer, Target, Big W, Woolworths, Coles, Greater Union
Macquarie ⁽¹⁾	NSW	Westfield Group, AMP Capital Investors	27.5%	887.3	244.0	6.00%	570.5	9,287	97,830	273	Myer, Target, Big W, Woolworths, Franklins, Event Cinemas
Marion	SA	Westfield Group, APPF	25.0%	1,028.0	257.0	6.00%	764.5	10,930	132,875	327	Myer, David Jones, Harris Scarfe, Target, Big W, Kmart, Woolworths, Coles, Event Cinemas

(1) Centres externally managed by AMP Group.

(2) All properties were valued at 30 June 2010 in accordance with the valuation policy as outlined in sections 5.3(a) and 5.12.

SECTION 4: WESTFIELD RETAIL TRUST PROPERTY PORTFOLIO

Westfield Retail Trust – Pro forma Shopping Centre Interests – Australian Properties as at 30 June 2010 Continued

Shopping Centre	State	Joint Venture Partner(s)	Pro forma Consolidated or Equity Accounted Interest 30 Jun 10	Fair value 100% 30 Jun 10 \$million	Pro forma Westfield Retail Trust share Fair value 30 Jun 10 \$million ⁽²⁾	Pro forma Estimated Valuation Yield 30 Jun 10	Retail Sales		Lettable Area (square metres)	No of Retail Outlets	Anchor Tenants
							Total Annual Sales \$million	Specialty Annual Sales \$psm			
Miranda	NSW	Westfield Group, Dexus	25.0%	1,270.6	317.7	5.75%	727.3	11,770	108,319	393	Myer, David Jones, Target, Big W, Woolworths, Franklins, Aldi, Greater Union
Mt Druitt	NSW	Westfield Group, Dexus	25.0%	423.0	105.8	7.00%	362.8	7,950	60,058	243	Target, Kmart, Woolworths, Coles, Hoyts
Mt Gravatt	QLD	Westfield Group, AMP Capital Investors	37.5%	830.0	311.3	6.00%	573.7	10,027	101,044	309	David Jones, Big W, Kmart, Woolworths, Coles, BCC
North Lakes	QLD	Westfield Group, Dexus	25.0%	384.0	96.0	6.25%	352.1	8,060	61,611	218	Myer, Target, Big W, Woolworths, Coles, Aldi
North Rocks	NSW	Westfield Group	50.0%	111.0	55.5	7.50%	140.8	6,792	22,863	91	Kmart, Coles, Franklins, Aldi
Pacific Fair ⁽¹⁾	QLD	Westfield Group, AMP Capital Investors	22.0%	1,020.0	224.4	6.25%	537.7	9,955	104,429	307	Myer, Target, Kmart, Coles, BCC
Parramatta	NSW	Westfield Group, GIC	25.0%	1,467.4	366.9	5.75%	725.6	10,110	137,269	489	Myer, David Jones, Target, Kmart, Woolworths, Coles, Event Cinemas
Penrith	NSW	Westfield Group, GPT	25.0%	1,030.0	257.5	6.00%	586.8	10,161	92,394	349	Myer, Target, Big W, Woolworths, Franklins, Hoyts
Plenty Valley	VIC	Westfield Group, Dexus	25.0%	268.0	67.0	6.50%	267.3	5,994	52,519	183	Target, Kmart, Woolworths, Coles, Aldi
Southland	VIC	Westfield Group, AMP Capital Investors	25.0%	1,205.0	301.3	6.00%	790.6	8,648	128,268	405	Myer, David Jones, Harris Scarfe, Target, Big W, Kmart, Woolworths, Coles, Aldi, Village
Strathpine	QLD	Westfield Group	50.0%	251.0	125.5	7.50%	263.2	8,035	45,127	161	Target, Big W, Woolworths, Coles, Aldi, BCC
Sydney Central Plaza	NSW	Westfield Group	50.0%	560.0	280.0	6.00%	388.0	17,667	53,736	94	Myer
Westfield Sydney	NSW	Westfield Group	50.0%	1,884.0	942.0	5.60% ⁽³⁾	N/A	N/A	116,688	276	Under development
Tea Tree Plaza	SA	Westfield Group, AMP Capital Investors	18.8%	663.0	124.3	6.00%	479.5	10,078	93,667	256	Myer, Harris Scarfe, Target, Big W, Kmart, Woolworths, Coles, Hoyts
Tuggerah	NSW	Westfield Group	50.0%	614.0	307.0	6.25%	480.6	7,280	83,848	267	David Jones, Target, Big W, Woolworths, Coles, Aldi, Greater Union
Warrawong	NSW	Westfield Group	50.0%	183.0	91.5	8.00%	216.6	6,085	57,590	140	Big W, Kmart, Woolworths, Coles, Hoyts
Warringah Mall ⁽¹⁾	NSW	Westfield Group, AMP Capital Investors	12.5%	1,057.2	132.2	6.00%	757.9	9,734	125,613	322	Myer, David Jones, Target, Big W, Woolworths, Coles, Hoyts
Westlakes	SA	Westfield Group, Dexus	25.0%	380.0	95.0	6.38%	377.4	9,108	60,712	216	David Jones, Harris Scarfe, Kmart, Woolworths, Coles, Reading
Whitford City	WA	Westfield Group, GIC	25.0%	545.0	136.3	6.75%	444.8	8,480	77,842	300	Target, Big W, Woolworths, Progressive IGA, Grand Cinemas
Woden	ACT	Westfield Group, GPT	25.0%	642.0	160.5	6.25%	431.0	9,303	72,310	265	David Jones, Big W, Woolworths, Coles, Hoyts
Total Australian portfolio				31,799.6	10,766.3⁽⁴⁾	6.1%⁽⁵⁾	20,408.2		3,522,343	11,479	

(1) Centres externally managed by AMP Group.

(2) All properties were valued at 30 June 2010 in accordance with the valuation policy as outlined in sections 5.3(a) and 5.12.

(3) Retail valuation yield of 5.13%.

(4) Includes Westfield Sydney at the initial acquisition cost of \$942 million and excludes the \$398 million of costs to complete the development

(5) The weighted average valuation yield for Australia of 6.1% excludes Westfield Sydney. Including Westfield Sydney on a completed basis valued at \$1,340 million with a valuation yield of 5.60%, the weighted average valuation yield for Australia is 6.0%

Westfield Retail Trust – Pro forma Shopping Centre Interests – New Zealand Properties as at 30 June 2010

Shopping Centre	Location	Pro forma Consolidated or Equity Accounted Interest 30 Jun 10 ⁽¹⁾	Fair value 100% 30 Jun 10 NZ\$million	Pro forma Westfield Retail Trust share Fair value 30 Jun 10 NZ\$million ⁽²⁾	Pro forma Estimated Valuation Yield 30 Jun 10	Retail Sales		Lettable Area (square metres)	No of Retail Outlets	Anchor Tenants
						Total Annual Sales NZ\$million	Specialty Annual Sales NZ\$psm			
Albany	Auckland	50%	373.3	186.6	6.75%	288.1	8,790	53,155	147	Farmers, Kmart, New World, Event Cinema
Chartwell	Hamilton	50%	138.2	69.1	8.50%	121.4	7,333	21,763	113	Farmers, Foodtown, Event Cinema
Downtown	Auckland	50%	78.8	39.4	8.13%	64.1	7,475	13,967	81	Warehouse
Glenfield	Auckland	50%	110.0	55.0	8.63%	138.4	5,319	30,265	132	Farmers, Warehouse, Foodtown, Countdown
Manukau	Auckland	50%	338.7	169.4	7.50%	220.2	7,829	45,620	197	Farmers, Foodtown, Event Cinema
Newmarket	Auckland	50%	237.1	118.5	7.23%	128.2	10,845	31,389	120	Foodtown
Pakuranga	Auckland	50%	91.2	45.6	8.50%	107.0	4,967	29,353	122	Farmers, Warehouse, Foodtown
Queensgate	Wellington	50%	340.5	170.3	7.13%	238.2	7,417	51,648	182	Farmers, Warehouse, Woolworths, Event Cinema
Riccarton	Christchurch	50%	460.0	230.0	7.00%	354.4	9,206	55,150	200	Farmers, Kmart, Pak n Save, Hoyts Cinema
Shore City	Auckland	50%	90.4	45.2	8.50%	57.9	6,298	14,221	82	Farmers
St Lukes	Auckland	50%	450.7	225.3	6.88%	263.1	10,039	47,064	196	Farmers, Kmart, Foodtown, Event Cinema
WestCity	Auckland	50%	184.5	92.3	8.38%	157.7	6,806	36,253	144	Farmers, Warehouse, Countdown, Event Cinema
Total New Zealand portfolio in NZ\$			2,893.4	1,446.7	7.4%	2,138.7		429,848	1,716	
Exchange rate			1.2323	1.2323						
Total New Zealand portfolio in \$			2,348.0	1,174.0						

(1) Westfield Group owns 50% of each asset.

(2) All properties were valued at 30 June 2010 in accordance with the valuation policy as outlined in sections 5.3(a) and 5.12.

4.2 Portfolio Operating Information

(a) Lease structure

In the Shopping Centre Interests portfolio, approximately 82.7% of total annual rental income is derived from specialty stores. Standard specialty shop lease terms are five to seven years with current annual contracted increases of either CPI plus a fixed percentage or fixed percentage increases. Anchor tenants generally have lease terms of 15 to 25 years with stepped increases throughout the term which can be fixed, CPI based or sales turnover based.

(b) Operating Data

The following operating data is presented with respect to the Shopping Centre Interests:

- anchors;
- specialty stores;
- sales;
- leased rate;
- occupancy costs;
- percentage of rent related to sales;
- specialty store lease expirations; and
- average specialty shop rental rates.

SECTION 4: WESTFIELD RETAIL TRUST PROPERTY PORTFOLIO

(c) Anchors

Generally, anchors are major stores whose merchandise appeals to a broad range of shoppers and traditionally have been a significant factor in the public's perception of a shopping centre. The following table lists anchors with their broad trading categories, the number of stores leased by each anchor, anchor GLA and anchor GLA as a percentage of total GLA as of 30 June 2010:

Name	Number of anchor stores	Anchor GLA (square metres in thousands)	Anchor GLA as a percentage of total Australian/ New Zealand GLA
Department Stores			
Myer	24	469.9	12.6%
David Jones	17	234.2	6.3%
Farmers	10	62.3	1.7%
Harris Scarfe	7	21.4	0.6%
Sub total	58	787.8	21.2%
Discount Department Stores			
Target	31	227.0	6.1%
Kmart	28	200.1	5.4%
Big W	20	162.7	4.4%
The Warehouse	5	30.8	0.8%
Sub total	84	620.6	16.7%
Supermarkets			
Woolworths/Safeway	35	141.9	3.8%
Coles	36	134.8	3.6%
Foodtown/Countdown	8	31.6	0.9%
Aldi	13	17.9	0.5%
Progressive Supa IGA	2	9.4	0.3%
Bi Lo	2	7.1	0.2%
Franklins	4	9.0	0.2%
Pak N Save	1	6.3	0.2%
New World	1	3.4	0.1%
Food For Less	1	1.3	0.1%
Sub total	103	362.7	9.8%
Cinemas			
Amalgamated Holdings Limited ⁽¹⁾	20	117.9	3.2%
Hoyts	11	52.6	1.4%
Village	5	30.2	0.8%
Reading Cinemas	1	4.3	0.1%
Grand Cinemas	1	3.3	0.1%
Sub total	38	208.3	5.6%
Other			
Toys R Us	12	35.7	1.0%
Bunnings Warehouse	4	30.0	0.8%
Harvey Norman	6	23.4	0.6%
Dan Murphy's	7	10.6	0.3%
Kmart Garden	1	4.2	0.1%
Sub total	30	103.9	2.8%
Total	313	2083.3	56.1%

(1) Comprises Greater Union, Birch Carroll & Coyle and Event Cinemas.

Anchor tenants occupied approximately 56.1% of the total GLA as of 30 June 2010, and contributed approximately 17.3% of the total rental for the twelve months ended 30 June 2010, with no single tenant contributing more than 2.9% of such total rental income.

(d) Specialty stores

The following table sets forth with respect to the ten largest specialty store retailers, by way of either common trading name or through their various operating divisions, the number of specialty stores leased, their specialty store GLA and their specialty store GLA as a percentage of total specialty store GLA, as of 30 June 2010:

Tenant	Number of specialty stores leased	Specialty store GLA (square metres in thousands)	Percentage of total specialty store GLA
Ascendia Retail ⁽¹⁾	40	41.7	2.5%
REDgroup Retail ⁽²⁾	71	39.5	2.4%
Just Group	233	32.8	2.0%
JB Hi Fi	28	30.3	1.8%
DSE Holdings ⁽³⁾	54	27.1	1.6%
Best & Less	22	23.6	1.4%
BB Retail Capital ⁽⁴⁾	168	19.3	1.2%
Colorado Group	116	18.8	1.2%
Specialty Fashion Group ⁽⁵⁾	125	18.8	1.2%
New Price Retail ⁽⁶⁾	49	18.5	1.1%
Total	906	270.4	16.4%

(1) Ascendia Retail includes Rebel Sport, Glue and AMart Allsports.

(2) REDgroup Retail includes Borders, Angus & Robertson, Whitcoulls and Supanews.

(3) DSE Holdings includes Dick Smith Electronics, Dick Smith Power House and Tandy Electronics.

(4) BB Retail Capital includes Diva, Bras n Things, Dusk and Adairs.

(5) Specialty Fashion Group includes Millers, Crossroads, Katies, Autograph, City Chic and Queens Park.

(6) New Price Retail includes Priceline and Soul Pattinson.

The ten largest specialty store retail groups occupied approximately 16.4% of the specialty GLA as of 30 June 2010 and contributed approximately 11.7% of the speciality rental income for the twelve months ended 30 June 2010, with no single tenant contributing more than 2.6% of such rental income.

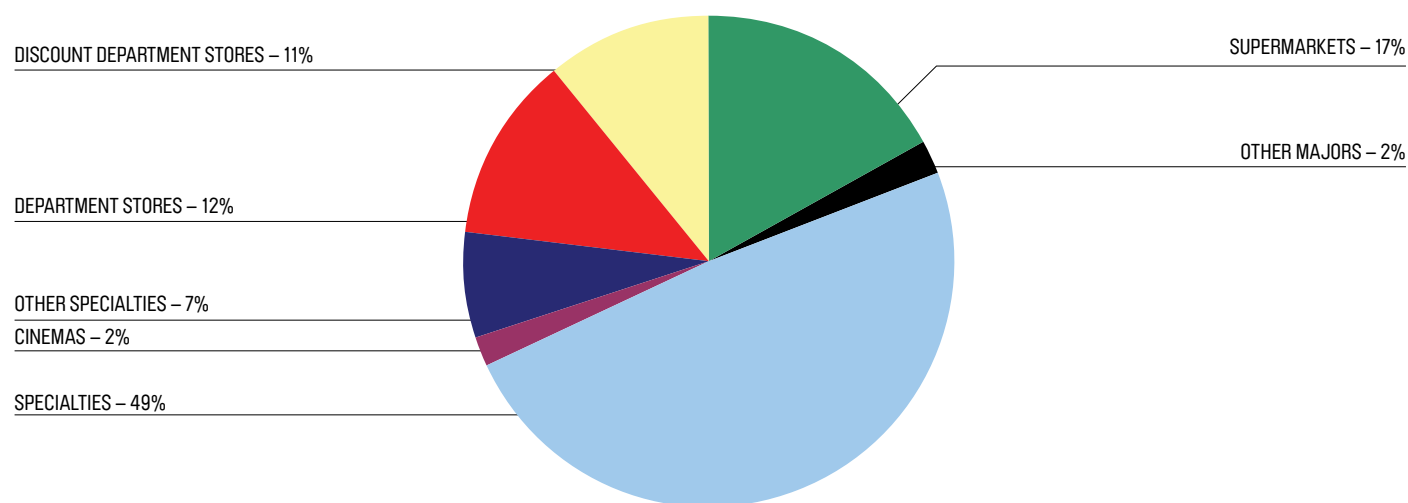
(e) Sales

Total sales for retailers may impact their profitability levels and the percentage rent that is received. The table below sets out total retailer sales and the percentage change for the periods presented on a previous corresponding period basis.

	Australia		New Zealand	
	Total sales (in billions)	Percentage change	Total sales (in billions)	Percentage change
Twelve months ended				
30 June 2010	A\$20.4	1.2%	NZ\$2.1	3.6%
30 June 2009	A\$20.2	6.8%	NZ\$2.1	3.3%
Year ended				
31 December 2009	A\$20.4	4.0%	NZ\$2.1	3.0%
31 December 2008	A\$19.6	7.2%	NZ\$2.1	8.2%
31 December 2007	A\$18.3	5.8%	NZ\$1.9	7.9%

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Australian Sales by Trading Category



For year ended 30 June 2010

Reported sales per square metre for specialty store retailers and percentage change in total comparable sales for the periods presented were as follows:

	Australia				
	Twelve months ended		Year ended		
	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Reported specialty shop sales per square metre	A\$9,642	A\$9,749	A\$9,722	A\$9,584	A\$9,363
Change in comparable specialty store sales from prior period	0.7%	4.6%	3.3%	4.1%	7.0%

	New Zealand				
	Twelve months ended		Year ended		
	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Reported specialty shop sales per square metre ⁽¹⁾	NZ\$7,648	NZ\$7,672	NZ\$7,574	NZ\$7,872	NZ\$8,521
Change in comparable specialty store sales from prior period	0.6%	(1.5)%	0.4%	(3.3)%	2.7%

(1) The basket of comparable shopping centres can vary from year to year.

The following table sets forth total by quarter and percentage leased at quarter end for the periods indicated:

AUSTRALIA	1st quarter	2nd quarter	3rd quarter	4th quarter
2010 quarterly data:				
Total sales (in millions)	A\$4,644	A\$4,809	n.a.	n.a.
Percentage leased	>99.5%	>99.5%	n.a.	n.a.
2009 quarterly data:				
Total sales (in millions)	A\$4,575	A\$4,877	A\$4,780	A\$6,196
Percentage leased	>99.5%	>99.5%	>99.5%	>99.5%
2008 quarterly data:				
Total sales (in millions)	A\$4,326	A\$4,607	A\$4,611	A\$6,083
Percentage leased	>99.5%	>99.5%	>99.5%	>99.5%
2007 quarterly data:				
Total sales (in millions)	A\$4,052	A\$4,256	A\$4,256	A\$5,726
Percentage leased	>99.5%	>99.5%	>99.5%	>99.5%
NEW ZEALAND	1st quarter	2nd quarter	3rd quarter	4th quarter
2010 quarterly data:				
Total sales (in millions)	NZ\$485	NZ\$517	n.a.	n.a.
Percentage leased	>99.5%	>99.5%	n.a.	n.a.
2009 quarterly data:				
Total sales (in millions)	NZ\$467	NZ\$505	NZ\$488	NZ\$651
Percentage leased	>99.0%	>99.0%	>99.0%	>99.5%
2008 quarterly data:				
Total sales (in millions)	NZ\$468	NZ\$492	NZ\$476	NZ\$616
Percentage leased	>99.5%	>99.5%	>99.5%	>99.5%
2007 quarterly data:				
Total sales (in millions)	NZ\$417	NZ\$439	NZ\$429	NZ\$603
Percentage leased	>99.5%	>99.5%	>99.5%	>99.5%

(f) Leased rate

Leased rate is calculated on the basis of signed or agreed leases. The following table sets out the leased rate as of the dates presented:

	30 June 2010	30 June 2009	31 December 2009	31 December 2008	31 December 2007
Leased rate	>99.5%	>99.5%	>99.5%	>99.5%	>99.5%

(g) Occupancy costs

Westfield Retail Trust believes that in order to continue to increase net profit, specialty store retailers must be able to operate profitably. A major factor contributing to retailer profitability is cost of occupancy. The following table sets out occupancy costs as a percentage of sales for reporting specialty store retailers for the periods presented:

	Twelve months ended 30 June		Year ended 31 December		
	2010	2009	2009	2008	2007
Occupancy costs as a percentage of sales	18.1%	17.5%	17.8%	17.4%	16.8%

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(h) Percentage of rent related to sales

The following table sets forth the percentage of total annual rental income which was derived from base rent at contracted levels under leases and the percentage which was directly related to the level of retailer sales, for all retailers for the periods presented:

	Twelve months ended 30 June		Year ended 31 December		
	2010	2009	2009	2008	2007
Contracted base rent	99.1%	98.7%	98.7%	99.0%	98.7%
Percentage rents based on retailer sales	0.9%	1.3%	1.3%	1.0%	1.3%
Total rent	100%	100%	100%	100%	100%

(i) Lease expirations

As of 30 June 2010, the weighted average initial lease term for the Shopping Centre Interests was 16 years (excluding vacant and leased by not open tenants) with the weighted average initial lease term for anchor tenants at 23 years and specialty stores at seven years.

The following table sets out a summary of scheduled lease expirations for all leases in place as of 30 June 2010:

Year ending 31 December	Number of leases expiring	GLA of expiring leases (square metres)	Percentage of GLA represented by expiring leases
2010	1,504	235,087	6.4%
2011	2,233	344,640	9.4%
2012	1,929	342,553	9.3%
2013	1,958	313,940	8.5%
2014	1,829	304,320	8.3%
2015	1,390	266,827	7.3%
2016	480	158,091	4.3%
2017	137	112,571	3.1%
2018	82	166,399	4.5%
2019	56	163,709	4.5%
Beyond 2019	338	1,149,916	31.3%

(j) Average specialty shop rental rates

The following table sets out average base rent on a per square meter basis of the specialty shops as of the dates presented:

	Average annual base rent per square metre		Percentage increase on comparable
	Australia	New Zealand	Basis ⁽¹⁾
As of 30 June			
2010	A\$1,400	NZ\$1,061	3.3%
2009	A\$1,366	NZ\$1,063	5.4%
As of 31 December			
2009	A\$1,372	NZ\$1,061	3.4%
2008	A\$1,344	NZ\$1,057	6.1%
2007	A\$1,250	NZ\$1,041	4.5%

(1) Comparable growth for the Australian and New Zealand region, including externally managed shopping centres.

4.3 Co-operation Deed

The Co-operation Deed will govern the relationship between Westfield Group and Westfield Retail Trust in connection with any new investment opportunities.

In accordance with the deed, where Westfield Group or Westfield Retail Trust has an opportunity to acquire an interest (direct or indirect) in a retail property or a retail development site in Australia or New Zealand (including any development sites owned by Westfield Group on implementation of the Proposal which are not acquired by Westfield Retail Trust as part of the Shopping Centre Interests), if lawfully permitted to do so they must offer the other the same opportunity to acquire 50% of the available interest in that property. However, the opportunity does not need to be offered if, having used all reasonable endeavours to share the opportunity:

- the terms of the opportunity do not allow sharing of the opportunity; or
- in the case of Westfield Group only, sharing the opportunity with Westfield Retail Trust would result in the Group losing a right to act as property manager or developer for the property concerned.

If an opportunity is not offered for the reasons set out above and Westfield Group or Westfield Retail Trust (as applicable) proceeds with the opportunity, if lawfully permitted to do so it must use all reasonable endeavours to ensure the other is offered any subsequent opportunity that may arise to acquire an interest in the relevant property on the basis of up to an equal participation (provided the terms of the subsequent opportunity allow it to do so). Where Westfield Retail Trust subsequently acquires an opportunity to appoint a property manager and/or developer, if lawfully permitted to do so it must offer to WML a right for any Westfield Group subsidiary to be so appointed.

If an opportunity is accepted and the interest in the property is acquired by Westfield Group and Westfield Retail Trust, Westfield Group may appoint a Westfield Group property manager and/or developer to the property (provided the terms of the opportunity allow it to do so). If the opportunity is not accepted by a party (subject to the previous paragraph), the other party may participate in the opportunity on its own or offer the opportunity to a third party and, in the case of Westfield Retail Trust, it will be free to appoint its own choice of property manager and property developer to the property in these circumstances.

Westfield Retail Trust must at all times support Westfield Group being appointed as property manager and/or developer of any opportunity it shares with Westfield Group.

These arrangements will continue until terminated by Westfield Group, which may elect to do so where the Westfield Retail Trust Responsible Entities (or another entity related to Westfield Group) are removed as responsible entities of Westfield Retail Trust.

The Co-operation Deed is also the means by which Westfield Retail Trust is licensed to use the “Westfield” trade marks solely in relation to its scheme names for so long as the Westfield Retail Trust Responsible Entities remain as the responsible entities of the trusts and are related bodies corporate of WHL.

The sale co-operation arrangements described at section 4.9(b) below are also contained in the Co-operation Deed.

The Co-operation Deed is described in more detail in section 10.8.

4.4 Co-ownership arrangements

The co-ownership arrangements between Westfield Retail Trust and Westfield Group for the Properties (other than the Existing JV Properties) will be regulated by:

- Co-ownership Agreements for each of the Australian Properties in which Westfield Retail Trust and Westfield Group hold a direct property interest;
- Unitholders Agreements for each of the unit trusts that hold a direct or indirect property interest in which Westfield Retail Trust and Westfield Group hold a unitholding (and the trustees of those trusts will generally be Westfield Group subsidiaries or professional trustee companies); and
- a Shareholders Agreement for the New Zealand Properties in respect of Westfield Retail Trust's and Westfield Group's 50% shareholdings in Westfield NZ Holdings Limited, which is the parent company through which the New Zealand Properties are ultimately held. That agreement will also regulate aspects of the New Zealand Group's debt funding.

The Co-ownership Agreements and Unitholders Agreements which currently regulate the co-ownership arrangements between Westfield Group and third parties in relation to the Existing JV Properties will continue to operate. Where Westfield Retail Trust acquires an interest in such an Existing JV Property or acquires a unitholding in an Existing JV Unit Trust it will generally accede to those arrangements.

A more detailed description of the agreements regulating these co-ownership arrangements is contained in section 10.4.

In general terms these agreements have the following features (with the Shareholders Agreement being suitably adapted for the New Zealand Group's corporate structure):

- proportionate sharing of income and expenses;
- the establishment of committees having proportionate representation and voting rights to deal with major decisions (including approval of the annual capital and operating budgets) and the resolution of disputes;
- pre-emptive rights in relation to dealings with specified exceptions; and
- remedies where defaults in obligations occur.

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4.5 Property management

For Properties that will be ultimately owned equally by Westfield Retail Trust and Westfield Group, a Westfield Group property manager will be the sole property manager of the Properties pursuant to Property Management Agreements with Westfield Group and Westfield Retail Trust.

In the case of Existing JV Properties which are already managed by a member of Westfield Group and in which Westfield Retail Trust will hold a direct property interest or a direct unitholding in an Existing JV Unit Trust, Westfield Retail Trust will accede to the existing Property Management Agreements.

Property Management Agreements will also be entered into between each New Zealand Property Company and a Westfield Group property manager.

The Property Management Agreements which are described in more detail in section 10.6 will be materially consistent with those in place with the Group's existing joint venture partners.

Each Property Management Agreement to be entered into:

- delineates the specific duties, powers and obligations of the Westfield Group property manager;
- provides for the establishment of a committee to deal with specified matters; and
- requires the Westfield Group property manager to prepare financial reports and business plans.

Under each Property Management Agreement the Westfield Group property manager is entitled to a management fee equal to 5% of the annual gross income of the Property and is entitled to be reimbursed for its out of pocket costs and for other costs agreed with the co-owners. The management fee is consistent with the corresponding fee that Westfield Group charges third parties when it performs property management services.

Under each of the new Property Management Agreements to be entered into, the Westfield Group property manager is entitled to reimbursement of costs for tenancy, design and co-ordination services provided to any specialty stores equal to the costs incurred by the manager of not more than \$7,000 per specialty store (increasing by CPI).

In each case, the term of the appointment of the Westfield Group property manager will (unless terminated earlier for breach) continue for so long as Westfield Group holds at least a 25% direct or indirect interest in the relevant Property. These agreements would not be affected if the responsible entities of Westfield Retail Trust were changed or if Westfield Retail Trust sold its interest in a Property.

4.6 Property development

For properties that will be owned equally by Westfield Retail Trust and Westfield Group, the future development of each property will be regulated by a Development Framework Agreement under which a Westfield Group developer is appointed to provide development, design and construction services.

Where Westfield Retail Trust acquires a direct property interest in, or unitholding in a unit trust that owns an Australian Property that is currently wholly owned by Westfield Group, a new Development Framework Agreement will be entered into by Westfield Group, Westfield Retail Trust and the relevant Westfield Group developer.

Development Framework Agreements will also be entered into between each New Zealand Property Company and a Westfield Group developer.

The Development Framework Agreements that are already in place in relation to Existing JV Properties will continue to operate and Westfield Retail Trust will accede to those agreements except where its interest in an Existing JV Property is held indirectly.

The Development Framework Agreements generally do not require the redevelopment of a Property unless all co-owners agree to the redevelopment.

These Development Framework Agreements are described in more detail in section 10.7.

Each Development Framework Agreement:

- regulates the basis upon which all planning, design, development and construction services are to be provided by the Westfield Group developer; and
- provides for the appointment of a Westfield Group developer to provide, as principal contractor, design and construction services and leasing services for each construction project in relation to a property that the co-owners or unitholders have approved pursuant to approval processes prescribed in the agreement, under a prescribed Design and Construction Agreement and Leasing Agreement.

Where a development project is undertaken, the following fees are provided for both in the Development Framework Agreement and in the relevant Design and Construction Agreement and Leasing Agreement:

- a development fee of 3% of the project price payable in stages;
- a design fee of 10% of the project price payable in stages; and
- a project leasing fee of up to 15% of the annual net rent payable by the tenant in the first year of each lease that has become available as a result of the development.

Under the new Development Framework Agreements a fee for tenancy, design and co-ordination services provided to specialty stores is payable to the leasing manager of \$7,000 per specialty store (increasing by CPI). Further, under the new Development Framework Agreements, where a major lease is entered or renewed a negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) being acknowledged initially as equal to 7% of the first year rent and where there is a market review of such a lease a negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) being acknowledged initially as equal to 7% of the increase in annual rent is payable to the developer.

The Development Framework Agreements will be generally consistent with those in place with the Group's existing joint venture partners. The development fee and the design fee are consistent with the corresponding fees that Westfield Group charges third parties when it performs similar property development services in relation to Existing JV Properties. The project leasing fee is consistent with the corresponding fee that Westfield Group charged for this service under the most recent Development Framework Agreement for an Existing JV Property.

In each case, the term of the appointment of the relevant Westfield Group developer will (except where the agreement is terminated for breach) continue for so long as Westfield Group holds at least a 25% direct or indirect interest in the relevant property. These agreements would not be affected if the responsible entities to Westfield Retail Trust were changed or if Westfield Retail Trust sold its interest in a Property.

4.7 Summary of property fees

A summary of the payments expected to be made to Westfield Group under the property management and development arrangements set out above for 2011 are as follows:¹

Property Management Agreements (fees are based on the operations of Westfield Retail Trust)		FY 2011 \$ million
Property Management Fee (including operational leasing)	5% of Westfield Retail Trust's share of annual gross income of the property	46.9
Tenancy co-ordination fee	Under the new property management arrangements, recovery of Westfield Retail Trust's share of costs of up to \$7,000 per specialty store (increasing by CPI)	3.9
Development Framework Agreements⁽¹⁾ (fees are based on the development program of Westfield Retail Trust)		FY 2011 \$ million
Property Development Fee	3% of Westfield Retail Trust's share of project price	5.4
Design Fee	10% of Westfield Retail Trust's share of project price	15.4
Project Leasing Fee	Up to 15% of Westfield Retail Trust's share of the first year's rent for leases that become available	0.6
Major Tenant New Lease and Renewal Lease Fee	Negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) (7% of Westfield Retail Trust's share of the first year's rent being acknowledged as market based fee)	0.3
Major Tenant Market Rent Review Fee	Negotiated fee (for existing joint ventures) or a market based fee (for new joint ventures) (7% of Westfield Retail Trust's share of the rental increase resulting from review being acknowledged as market based fee)	0.1
Tenancy co-ordination fee	Westfield Retail Trust's share of up to \$7,000 per specialty store (increasing by CPI)	0.1

(1) Special arrangements apply to the Westfield Sydney redevelopment.

Corporate Services Agreement		FY 2011 \$ million
Corporate services costs	Estimated cost of providing services	23.0

¹ Excludes fees relevant to the Westfield Sydney development which has a fixed price of \$398 million (before accrued interest and any variations) payable seven days after completion, including all project design and construction costs.

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The fees are long term in nature and the quantum of the fees in each year will be dependent on activities in that year, particularly the level of annual gross income of the Properties and property development activities.

Design, development and project leasing fees for Westfield Sydney are not included in the above figures as the payments to Westfield Group for Westfield Sydney are a fixed amount of \$398 million for completion, including design fees of \$4.9 million, development fees of \$0.9 million, project leasing fees of \$2.8 million and tenancy co-ordination fees of \$0.3 million. In addition, Westfield Group is expected to receive \$42.0 million of interest on the Westfield Sydney Facility for the year ending 2011.

4.8 Existing JV Property arrangements

Some of the Properties to which the Shopping Centre Interests relate are owned in joint venture with third party institutional investors including AMP Group, GPT, LaSalle Investment Management, GIC, Dexus, UniSuper, Queensland Investment Corporation, Perron Group and Australian Prime Property Fund. Of these Existing JV Properties, there are six properties which are managed by AMP Group.

The terms of these co-ownership arrangements vary to some extent between the relevant parties and properties to which those arrangements relate. However, the arrangements typically include a Co-ownership Agreement, a Property Management Agreement or an Asset Management Agreement, and in some cases, a Development Framework Agreement with many of the features described in relation to the proposed arrangements between Westfield Group and Westfield Retail Trust in sections 4.3 to 4.6.

The fee arrangements applicable to these Existing JV Property arrangements are as follows:

Property Management Agreements

Property Management Fee (including operational leasing)	5% of annual gross income of the property
Tenancy co-ordination fee	As negotiated and agreed with co-owners

Development Framework Agreements

Property Development Fee	3% of project price
Design Fee	10% of project price
Project Leasing Fee	10%–15% of the first year's rent for leases that become available
Major Tenant New Lease and Renewal Lease Fee	As negotiated and agreed with co-owners
Major Tenant Market Rent Review Fee	As negotiated and agreed with co-owners
Tenancy co-ordination fee	Up to \$5,500 per specialty store (as increased over time by CPI)

4.9 Special development and other property arrangements

(a) Westfield Sydney development arrangements

Westfield Sydney is currently being redeveloped. Stage one of the redevelopment was completed in October 2010 and the overall redevelopment is expected to be completed in early 2012.

Westfield Retail Trust will become the 50% joint venture owner in Westfield Sydney with Westfield Group. The total investment by Westfield Retail Trust is expected to be \$1.340 billion when the redevelopment is completed, on which it is expected to achieve an initial yield of 5.6%.

At the completion of the acquisition of the Shopping Centre Interests, Westfield Retail Trust will acquire a 50% interest in Westfield Sydney for \$942 million which is the independently assessed appraisal value at the time of transfer, including work in progress. The acquisition of that interest will be fully funded by Westfield Group pursuant to the Westfield Sydney Facility. These loans have a weighted average interest rate of approximately 3.6% per annum which matches the expected cash flow from the development during the development period. The Westfield Sydney Facility will be utilised by Westfield Retail Trust to fund payment of the acquisition price due in respect of Westfield Sydney. Part of that facility is repayable on demand and, on completion of the redevelopment, all outstanding amounts borrowed by Westfield Retail Trust under the Westfield Sydney Facility will be repayable to Westfield Group.

At the time of acquisition, Westfield Retail Trust will also enter into a Project Design and Construction Agreement with Westfield Group for the completion of the redevelopment of Westfield Sydney. Under that agreement, Westfield Retail Trust will pay \$398 million plus accrued interest and any variations which will be payable on completion of the redevelopment. Westfield Retail Trust will be entitled to its share of income from Westfield Sydney from the Implementation Date.

Westfield Group will provide Westfield Retail Trust with an income guarantee for each of the three years commencing on the date when the project price of \$398 million plus accrued interest and any variations is paid which will ensure, in each of those years, that Westfield Retail Trust will receive an initial annual yield of 5.6% of its total investment in Westfield Sydney.

The Westfield Sydney arrangements are described in more detail in section 10.10.

(b) Sale co-operation arrangements

In respect of certain Properties which Westfield Group currently does not manage and which in most cases has a minority interest,¹ and for Westfield Sydney (office buildings only), there are arrangements between Westfield Retail Trust and Westfield Group such that if Westfield Group proposes to sell its interest in any of those properties within five years from the date of the Co-operation Deed, Westfield Retail Trust must also sell its interest in that property at the same price (so long as that price is at least equal to the market price and on commercial terms) if required to do so by Westfield Group. To determine the current market price, unless otherwise agreed, Westfield Retail Trust and Westfield Group will each appoint a valuer who will prepare a valuation. If those valuations are within 5% of each other, then the lower of the valuations will be the agreed valuation. If the valuations are not within 5% of each other, then a third valuer will be appointed whose valuation will be used to determine the agreed current market value. See section 10.8(b) for further information.

(c) Other development arrangements

(i) Westfield Belconnen

Westfield Belconnen is a centre wholly owned by Westfield Group located in the Australian Capital Territory. As part of the Proposal, Westfield Group will transfer a 50% interest in Westfield Belconnen to Westfield Retail Trust.

Westfield Group is currently undertaking a \$125 million redevelopment of that centre. That redevelopment is expected to be completed during the first quarter of 2011. At the time of the transfer by Westfield Group to Westfield Retail Trust, Westfield Retail Trust will accede to the current Development Agreement which sets out the terms on which the development is being undertaken by WHL.

As a consequence of the accession by Westfield Retail Trust to those arrangements, Westfield Retail Trust will become liable to pay a 50% share of redevelopment costs incurred following accession. As the redevelopment will be largely complete by the Implementation Date, it is expected that the amount payable by Westfield Retail Trust from the date of accession in respect of the redevelopment will be approximately \$12 million.

The development is expected to achieve a yield in the range of 7.0% to 7.5% for Westfield Retail Trust.

(ii) Westfield Fountain Gate

Planning is well advanced for the approximate \$320 million redevelopment at Westfield Fountain Gate in Victoria. Westfield Group proposes to make a formal recommendation regarding the commencement of this project to Westfield Retail Trust shortly after Westfield Retail Trust commences trading as a separate listed entity. The Co-ownership Agreement and Development Framework Agreement provides that if certain financial criteria are satisfied (on the basis of the submission and recommendation made by Westfield Group to Westfield Retail Trust pursuant to the Development Framework Agreement), Westfield Retail Trust will agree to proceed with the redevelopment.

¹ Pacific Fair, Warringah Mall, Macquarie, Knox, Booragoon and Karrinyup in all of which a minority interest is held except for Macquarie.