

# Westfield Group 2006 Tax Return Guide

This Tax Return Guide has been prepared for general information only. Accordingly, this information should not be relied upon as taxation advice. Each member's particular circumstances are different and we recommend you contact your accountant or taxation adviser.

Distributions from the Westfield Group comprise franked dividends paid by Westfield Holdings and distributions from Westfield Trust and Westfield America Trust (the Trusts). Under Australian tax law, members of the Trusts include in their assessable income their proportionate share of the taxable income (including net capital gains) of the Trusts.

## 2006 Distributions

The Dividends/Distributions reflected in the Westfield Group 2006 Tax Statement and Tax Summary are as follows:

- Westfield Group dividend/distribution paid as at 31 August 2005
- Westfield Group dividend/distribution paid as at 28 February 2006

The Tax Statement and Tax Summary cover all the distributions paid to members by Westfield Holdings, Westfield Trust and Westfield America Trust during the period 1 July 2005 to 30 June 2006.

Please note that the year end of Westfield Trust and Westfield America Trust for taxation purposes is 31 December. Accordingly, the distribution for the six months ended 30 June 2006 (as an interim distribution for the calendar year to 31 December 2006) that is to be paid in August 2006 should be included in your 2007 Tax Return. Dividends paid by Westfield Holdings are taxable in the income year in which they are paid.

## 2006 Capital Gains

For the 2006 year, Westfield Trust derived capital gains in respect of the disposal of units and shares in GPT and the disposal of some sundry properties. In accordance with the provisions of the Constitution of Westfield Trust, the Manager of the Trust determined to retain 100% of the capital profits in respect of these transactions and these have been reinvested by the Trust to derive future income for investors.

As the capital profits were retained by the Trust and not distributed to members, there is no CGT concession amount in respect of the 2006 distribution.

Under the Australian capital gains tax rules, members of the Trust who received Trust distributions should include their proportionate share of the net capital gains made by the Trust in their assessable income. Where available, Westfield Trust elected to apply the "discount method" to determine the amount of the capital gain to include in its taxable income. Accordingly, members may also be able to apply the discount method (if applicable to them) in respect of these gains.

## 2006 CFC Income

Westfield Trust disposed of some sundry properties in New Zealand. Broadly, as these gains were not subject to tax in New Zealand they are attributed to members of Westfield Trust under Australia's Controlled Foreign Companies Rules in 2006. These amounts are shown in the Tax Statement and Tax Summary as CFC Income.

## Important Information for Australian Resident Members Completing Your 2006 Tax Return

*The information in this Tax Return Guide has been prepared to assist Australian resident individual members of the Westfield Group to complete their 2006 Tax Returns. It does not apply to company, trust or superannuation fund members.*

*If you are an individual lodging an Australian Tax Return, Question 11 of the Tax Return and Questions 12, 17, 18 and 19 of your Tax Return Supplementary Section should be completed.*

*The information on your Tax Statement and the notes in this Tax Return Guide will help you to answer these questions.*

*Please note that any other income or capital gains which you have derived should be added to the relevant amounts you have received from the Westfield Group and the total income for each category should be included in your Tax Return.*

*You must report all of the assessable amounts in your Tax Return. The tax deferred amounts of the Trusts' distributions are generally not assessable for income tax purposes. They will however, reduce the capital gains tax (CGT) cost base of your units. If your cost base is reduced to nil you will have a capital gain to the extent the tax deferred amounts exceed your cost base.*

## ▶ Steps to complete your Tax Return

### Question 11 - Dividends - Tax Return

You should include at this question the franked amount of dividends paid by Westfield Holdings and the franking credits attached to these dividends. The amount of TFN withholding tax deducted from your dividends (if any) should also be included.

### Question 12 - Trust Distributions - Tax Return (Supplementary Section)

You should include at this question the Australian interest income and other Australian taxable income amount of your distributions from the Trusts. The net capital gain, CFC income and foreign income amounts of the Trusts' distributions are disclosed at Questions 17, 18 and 19 respectively. The amount of TFN withholding tax deducted from your distributions from the Trusts (if any) should also be included at this question.

### Question 17 - Capital Gains - Tax Return (Supplementary Section)

You should include at this question the net capital gain amount of the distributions from Westfield Trust.

#### General Information

The assessable amount of your distribution for the income year ended 30 June 2006 includes discounted capital gains and non discounted capital gains. Where available, Westfield Trust elected to apply the "discount method" to determine the amount of the capital gain to include in its taxable income. Accordingly, you may also be able to apply the discount method in respect of these gains (shown as "Discounted capital gain" on your Tax Summary).

Where the discount method was not available to Westfield Trust it is also not available to individual members. These gains are shown on the Tax Summary as "Capital Gains - other method".

#### Tax Return Disclosures

You should answer "YES" at Label G on your Tax Return.

You should follow the steps in the instructions to Question 17 of the TaxPack 2006 (Supplementary Section) to determine the amount of the net capital gain to include in your Tax Return. If you require any general information or guidance on the calculation of capital gains including details of the "discount method", you should consult the following Australian Tax Office publications:

- "Personal Investor's Guide to Capital Gains Tax"; or
- "Guide to Capital Gains Tax".

Alternatively, you should consult your professional tax adviser.

### Question 18 Foreign Entities - Tax Return (Supplementary Section)

You should include at this question the CFC Income amount of the distributions from Westfield Trust. You should answer "Yes" at Label I on your Tax Return.

### Question 19 - Foreign Source Income - Tax Return (Supplementary Section)

You should include at this question the foreign source income amounts of the distributions from Westfield America Trust.

Assessable foreign source income is the sum of all the foreign income and the foreign tax credit amounts.

Follow the steps in the instructions to Question 19 of the TaxPack 2006 (Supplementary Section) to calculate the amount of other net foreign source income you should include in your Tax Return. The details of the classes of foreign income are shown on your 2006 Tax Summary.

As foreign tax has been paid on the foreign source income, you may be entitled to a foreign tax credit to the value of the amount shown on your Tax Statement. You should obtain a copy of the booklet "How to Claim a Foreign Tax Credit" from the Australian Taxation Office and follow the steps set out in the booklet. Please note that for the purposes of calculating foreign tax credits the modified passive income is included with passive income.

Australian resident members will generally be able to claim a foreign tax credit for the lesser of:

- a) the amount of foreign tax paid (the Foreign Tax Credit amount shown on your Tax Statement); and
  - b) the Australian tax payable on the net foreign source income.
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## ▶ Other important information\*

### General Capital Gains Tax (CGT) matters

In July 2004 the Merger of Westfield Holdings, Westfield Trust and Westfield America Trust was implemented by way of a stapling of the securities of these entities. This means that shares in Westfield Holdings and units in Westfield Trust and Westfield America Trust can only be traded together as Westfield Group Stapled Securities (ASX code: WDC). For Australian tax purposes however, the securities remain as separate assets. Each Westfield Group stapled security comprises three separate assets for Australian CGT purposes (1 Westfield Holdings share, 1 Westfield Trust unit and 1 Westfield America Trust unit).

For CGT purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis.

One possible method of apportionment is on the basis of the relative Net Tangible Assets of the individual entities.

Set out below, for your records, is the relative Net Tangible Assets (NTAs) of the entities in the Westfield Group as at each reporting date since the Group was formed. This NTA Table will be updated each six months following the release of Westfield Group financial statements. Access to the updated NTA Table is also available at:

[www.westfield.com/corporate/investor/shareholderservices\\_tax.html](http://www.westfield.com/corporate/investor/shareholderservices_tax.html)

### Relative Net Tangible Assets (NTA) of entities in Westfield Group

	30 Jun 2004	31 Dec 2004	30 Jun 2005	31 Dec 2005
Westfield Holdings	9.09%	9.24%	7.11%	8.05%
Westfield Trust	52.39%	49.86%	51.95%	51.66%
Westfield America Trust	38.52%	40.90%	40.94%	40.29%

### CGT Implications of the Tax Deferred Amount of Distributions from the Trusts

The tax deferred amount of distributions made by the Trusts will reduce your cost base in the units of each Trust. This reduction will apply in calculating any capital gain or capital loss on disposal of the units for CGT purposes. In addition, you make a capital gain (even if you do not sell your units) if the sum of the tax deferred amounts received is more than the cost base of the units at the end of the income year. The booklets "Guide to Capital Gains Tax" or "Personal Investor's Guide to Capital Gains Tax" which are available from the Australian Taxation Office provide details of the calculations required.

Distribution History Tables showing the tax deferred amounts of distributions made by Westfield Trust and Westfield America Trust were sent to Members with their August 2004 distribution payment. Access to the updated Distribution History Tables is available at: [www.westfield.com/corporate/investor/shareholderservices\\_distributions.html](http://www.westfield.com/corporate/investor/shareholderservices_distributions.html)

### Members Who Have Disposed of Securities During the June 2006 Financial Year

If you have disposed of any of your Westfield Group Stapled Securities during the past financial year, you may have made a capital gain or loss. You should obtain a copy of the booklet "Personal Investor's Guide to Capital Gains Tax" or alternatively, "Guide to Capital Gains Tax" from the Australian Taxation Office and/or consult your professional tax adviser.

### Special Note for Members who participated in the Merger

If you participated in the Merger but not through the Sale Facility the initial cost base of the securities acquired is set out in the table below.

#### Initial cost base of security acquired in the merger

		Westfield Holdings	Westfield Trust	Westfield America Trust
Security held prior to the merger	Westfield Holdings	n/a	\$0.001	\$0.001
	Westfield Trust	\$0.01	n/a	\$1.00
	Westfield America Trust	\$0.01	\$1.00	n/a

If you held Westfield Holdings shares prior to the Merger and you participated in the Merger, you may have realised a capital gain from the receipt of tax deferred amounts from the Trusts as the tax deferred amounts are greater than the cost base of your units in the Trusts. We recommend that you contact your accountant or taxation adviser on this matter.

### Discount capital gains adjustments for companies and complying superannuation entities

You should seek your own taxation advice in relation to this matter, but you may wish to refer to the following additional information.

**Companies** are not entitled to any CGT discount under the taxation legislation. Details of the capital gains are shown on the Tax Summary.

**Complying superannuation entities** are entitled to a discount of one third of the gross amount of discount capital gains made by Westfield Trust. For 2006, the Trust made both discount and non-discount capital gains. Details of the capital gains are shown on the Tax Summary.

*If you have further tax questions in relation to your Westfield Group Stapled Securities, we recommend that you consult your own tax adviser or professional adviser.*

## ENQUIRIES

Computershare Investor Services Pty Limited on 1300 132 211 (Toll Free) or +61 3 9415 4070 (International callers)  
Westfield Group Investor Relations on 1800 222 242 (Free Call) or +61 2 9358 7877 (International callers).