

# Westfield Group 2007 Tax Return Guide

## Westfield Pro-rata Entitlement Offer – position for retail investors

For the 2007 year there are no taxation consequences for Westfield Group retail investors arising from the Westfield Pro-rata Entitlement Offer announced in June 2007. For more information please refer to page 4.

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 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.

## 2007 DISTRIBUTIONS

The Dividends/Distributions reflected in the Westfield Group 2007 Tax Statement and Tax Summary are as follows:

- Westfield Group dividend/distribution paid as at 31 August 2006; and
- Westfield Group dividend/distribution paid as at 28 February 2007.

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 2006 to 30 June 2007.

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 2007 (as an interim distribution for the calendar year to 31 December 2007) that is to be paid in August 2007 should be included in your 2008 Tax Return. Dividends paid by Westfield Holdings are taxable in the income year in which they are paid.

## 2007 CAPITAL GAINS

For the 2007 year, Westfield Trust derived capital gains in respect of 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 2007 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.

## 2007 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 2007. These amounts are shown in the Tax Statement and Tax Summary as CFC Income.

## Important Information for Australian Resident Members Completing Your 2007 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 2007 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 and unfranked 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 2007 includes discounted capital gains. Westfield Trust elected to apply the "discount method" to determine the amount of the net 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 gains" on your Tax Summary).

## 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 2007 (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 2007 (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 2007 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 30 June 2005. This NTA Table will be updated each six months following the release of Westfield Group financial statements. Access to the updated NTA Table since the Group was formed is 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 2005	31 Dec 2005	30 Jun 2006	31 Dec 2006
Westfield Holdings	7.11%	8.05%	8.02%	7.38%
Westfield Trust	51.95%	51.66%	54.90%	58.43%
Westfield America Trust	40.94%	40.29%	37.08%	34.19%

### 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.

Payment Distribution History Schedules showing the tax deferred amounts of distributions made by Westfield Trust and Westfield America Trust, along with Westfield Holdings Dividend information are included in the 2007 Tax Statement mailing.

Access to updated Payment Distribution History Schedules 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 2007 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.

\* Other important information for Australian Resident Security Holders

## 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. Details of the capital gains are shown on the Tax Summary.

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

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Westfield Group retail investors who chose not to participate in the offer and who receive amounts from the underwriter as a result of the retail bookbuild will be taxable on these amounts in the 2008 year which is when any amounts will be received.

A summary of the taxation implications of the Westfield Pro-rata Entitlement Offer is contained in section 8 of the Prospectus and Product Disclosure Statement for the Offer.

## 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).