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Westfield RETAIL TRUST

11 June 2014

The Manager
Company Announcements Office
ASX Limited
Level 4, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

WESTFIELD RETAIL TRUST (ASX: WRT)
SCENTRE GROUP MERGER PROPOSAL - UPDATED PRESENTATION

Please find attached an updated presentation in relation to the proposed merger of Westfield Retail Trust with Westfield Group's Australian and New Zealand business replacing the presentation lodged on 6 June 2014.

The document may be accessed at the Trust's website at:
http://www.westfieldretailtrust.com/corporate-news

Yours faithfully
WESTFIELD RETAIL TRUST

Katherine Grace
Company Secretary

Encl.

SCENTRE GROUP MERGER PROPOSAL

11 JUNE 2014

RE1 Limited ABN 80 145 743 862 AFS Licence 380202 as responsible entity for Westfield Retail Trust 1 ABN 66 744 282 872 ARSN 146 934 536

RE2 Limited ABN 41 145 744 065 AFS Licence 380203 as responsible entity for Westfield Retail Trust 2 ABN 11 517 229 138 ARSN 146 934 652

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This document contains forward-looking statements and forecasts, including statements regarding future earnings and distributions. These forward-looking statements and forecasts are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results or performance to differ materially from those expressed or implied by the forward-looking statements and forecasts contained in this document. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved. Similarly, no representation is given that the assumptions upon which forward-looking statements and forecasts may be based are reasonable. These forward-looking statements and forecasts are based on information available to us as of the date of this document. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update or revise these forward-looking statements or forecasts.

Note: All currency figures within this presentation are presented in Australian dollars unless otherwise stated.

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SUMMARY OF THE PROPOSAL

1 **WRT is effectively acquiring the entire Westfield Group Australian and New Zealand property portfolio in an uncontested and cost efficient manner at book value**

2 **WRT is effectively acquiring what is widely regarded as the best property management platform in Australia and New Zealand for an implied cost of \$2.5 - \$2.7 billion[1], which represents 11.5 – 12.5x 'sustainable earnings' of \$216.5 million[2]**

3 **WRT Securityholders will receive an \$850 million Capital Return representing \$0.2853 per security (this is equivalent to 1 in 12.16 securities being bought back at \$3.47 which was a 16% premium to the WRT closing price on the ASX on 3 December 2013, the day immediately before announcement of the Proposal)**

1. Implied Platform cost is calculated using a consistent valuation methodology to that applied by KPMG Corporate Finance in their Independent Expert Report. It is the difference between the valuation of WRT (calculated as WRT's security price multiplied by the current number of WRT securities on issue, less the \$850 million capital return) and WDC ANZ adjusted net tangible assets of \$6,155 million
2. As assessed by WRT's Independent Expert

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SUMMARY OF THE PROPOSAL

WRT IS EFFECTIVELY ACQUIRING THE ENTIRE WESTFIELD GROUP AUSTRALIAN AND NEW ZEALAND PROPERTY PORTFOLIO IN AN UNCONTESTED AND COST EFFICIENT MANNER, AT BOOK VALUE

	Westfield RETAIL TRUST	+ Westfield Australia / NZ	= SCENTRE GROUP
Number of properties	46	47[1]	47
Book value of properties	$13.9bn	$14.7bn	$28.6bn
Assets under management	N/A	$38.6bn	$38.6bn
Ownership of Scentre Group by WRT Securityholders and WDC Securityholders	51.4%	48.6%	-

+ WRT investors receive an $850 million Capital Return (equivalent to 28.53c per security)

"The Independent Board Committee believes that the merger proposal is the preferred option to maximise long term value for WRT Securityholders and to provide them with the benefits of a larger, more relevant and more strategically flexible investment without diluting the quality of WRT's existing property portfolio"

1. Additional interest in Carindale

SUMMARY OF THE PROPOSAL

WRT IS EFFECTIVELY ACQUIRING WHAT IS WIDELY REGARDED AS THE BEST PROPERTY MANAGEMENT PLATFORM IN AUSTRALIA AND NEW ZEALAND

What is WRT paying for the platform?

- That depends on the value ascribed to the WRT securities being issued…
- KPMG Corporate Finance (WRT's Independent Expert) assessed the value of WRT at $3.41 - $3.42 per security
- At $3.42 per WRT security(the top end of the Independent Expert's range) the implied platform cost is $2.7 billion[1] which results in a multiple of 12.5x "sustainable earnings"[2]
- At WRT's closing price on 6 June of $3.16, the implied platform cost is $2.0 billion[1] which results in a multiple of 9.2x "sustainable earnings"[2]

What is the platform worth?

- KPMG Corporate Finance has valued the platform at $2.8 - $3.0 billion
- The Independent Board Committee believes property management fees ($159 million[3]) are directly linked to rent from shopping centres and should be valued on the same basis as WRT's share of rent from the properties (16.7x) – this equates to a value of $2.65 billion
- This implies negligible (if any) cost to acquire the consistently profitable development business

1. Implied Platform cost is calculated using a consistent valuation methodology to that applied by KPMG Corporate Finance in their Independent Expert Report. It is the difference between the valuation of WRT (calculated as WRT's security price or the Independent Expert's assessed value range for WRT multiplied by the current number of WRT securities on issue, less the $850 million capital return) and WDC ANZ adjusted net tangible assets of $6,155 million
2. Based on the KPMG Corporate Finance 'sustainable earnings' estimate of $216.5 million and the Implied Platform cost
3. Pro forma forecast FY14

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BENEFITS OF THE PROPOSAL

THE INDEPENDENT BOARD COMMITTEE UNANIMOUSLY RECOMMENDS THAT SECURITYHOLDERS VOTE IN FAVOUR OF THE PROPOSAL

Strategic benefits

- Vertically integrated retail property operating platform to facilitate growth
- Ownership interest in a larger portfolio
- Interest in Westfield Carindale
- Stronger platform to boost return on equity by introducing new co-owners at the property level
- No restrictions on jurisdictions in which it can invest however the strategic focus of Scentre Group will be on Australia and New Zealand

Financial benefits

- Expected 6.6% accretion to FY14 pro forma FFO per WRT security
- Expected 9.3% accretion to FY14 pro forma Economic FFO per WRT security[1,2]
- $850 million capital return to Securityholders

Governance benefits

- Removes potential and perceived conflicts of interest that currently exist between WRT and Westfield Group
- Scentre Group Securityholders will be able to appoint and remove Directors

Further explanation of the benefits of the proposal is contained in section 4.2 of the Securityholder Booklet

1. Before the elimination of development profits upon consolidation
2. Further potential accretion to FFO per WRT Security may be achieved as a result of interest rates and debt margins being lower than those assumed in the FY14 Pro Forma Forecast. Based on interest rates as at the date of the Securityholder Booklet, the interest expense would be $27 million per annum lower than assumed in the FY14 Pro Forma Forecast and since then market interest rates have declined further.

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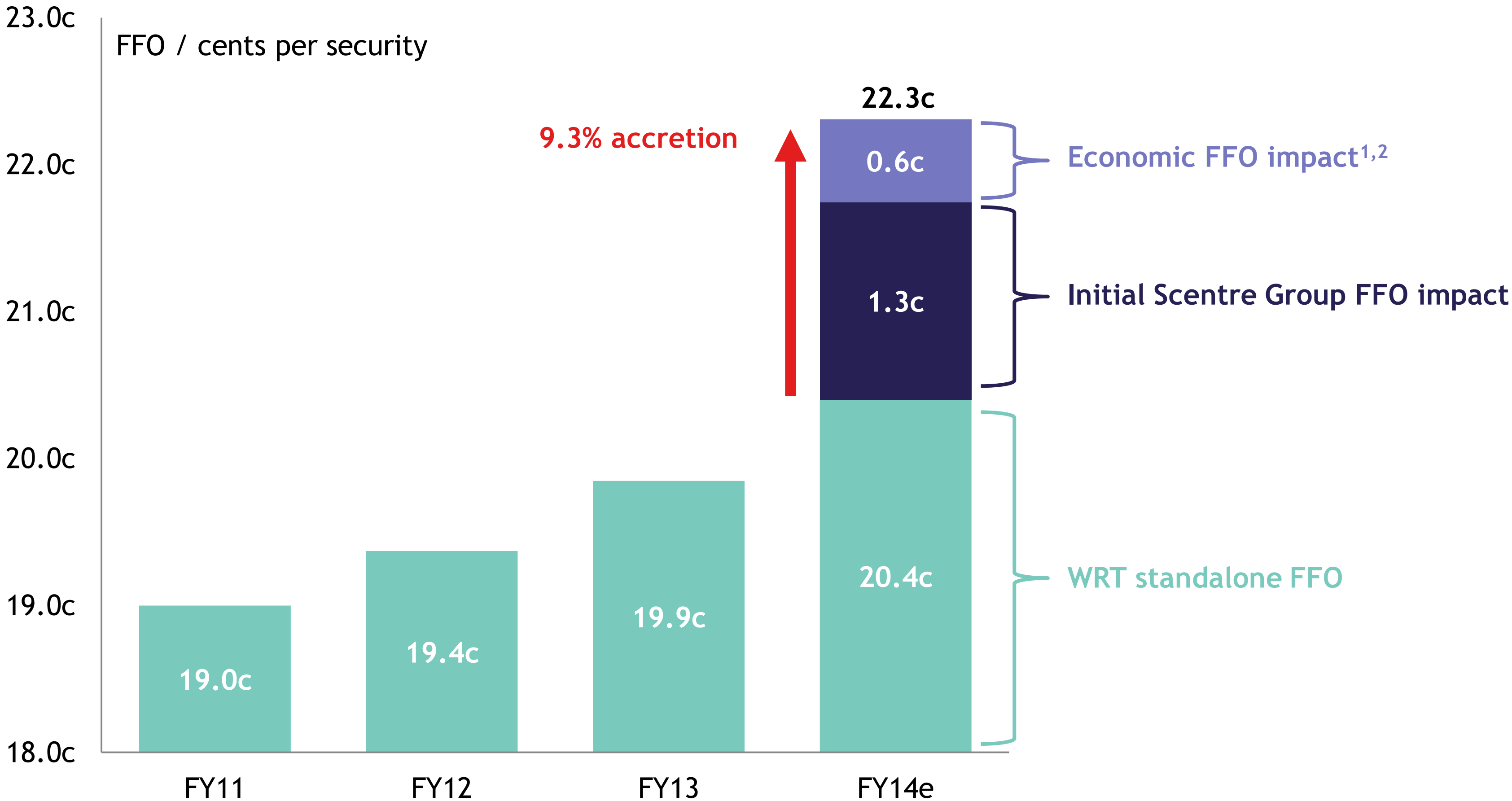
EXPECTED EARNINGS ACCRETION



Notes:

1. Includes the value of project profits eliminated upon consolidation.
2. Further potential accretion to FFO per WRT Security may be achieved as a result of interest rates and debt margins being lower than those assumed in the FY14 pro forma forecast. Based on interest rates as at the date of the Securityholder Booklet, the interest expense would be $27 million per annum lower than assumed in the FY14 Pro Forma Forecast and since then market interest rates have declined further.

DISADVANTAGES OF THE PROPOSAL

The main disadvantages of the proposal include:

- exposure to risks relating to the ownership and operation of the retail property operating platform operated by Westfield Group in Australia and New Zealand;
- change to WRT's net tangible assets from $3.52 per WRT Security as at 31 December 2013 to the equivalent of $2.93 per WRT Security on a pro forma basis[1]. The value of the Westfield Group Australia / New Zealand Operating Platform, is not reflected on Scentre Group's pro forma balance sheet for accounting purposes;
- exposure to risks relating to increased gearing, given under the Proposal gearing is expected to increase from 22% for Westfield Retail Trust as at 31 December 2013 to 37% for Scentre Group;
- transaction and implementation costs of approximately $75 million are expected to be incurred by Scentre Group; and
- Westfield Retail Trust will cease to be permitted to use Westfield in its corporate name, but will retain the Westfield brand for its shopping centres and activities in Australia and New Zealand.

Further explanation of the disadvantages of the proposal for Securityholders is contained in section 4.3 of the Securityholder Booklet

1. The pro forma net tangible assets per Westfield Retail Trust Security is based on Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every Westfield Retail Trust Security held as at the Record Date. Scentre Group is expected to have net tangible assets (attributable to Scentre Group Securityholders) of $2.88 per security.

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POTENTIAL CONCERNS

SCENTRE GROUP WILL HAVE HIGHER GEARING

Westfield RETAIL TRUST 22% gearing → SCENTRE GROUP 37% gearing

However:

- Scentre Group plans over time, to operate within a 30—35% gearing range with a strategy which will include the introduction of property joint venture partners
  - Every $1 billion worth of asset sales to joint venture parties would reduce gearing by 2.2% and earnings dilution would be mitigated given Scentre Group would retain property management rights[1]
  - Scentre Group will own 100% of 26 assets valued at $18.9 billion
- The value of the Operating Platform (KPMG Corporate Finance estimate of $2.8 - $3.0 billion, which has generated $248 million in EBIT on average over the last 3 years) is not recognised on the balance sheet and, if it was, gearing would be 34%
- Interest coverage is expected to be 3.4x

1. Under the Property Management Agreements Scentre Group's appointment as property manager will not be able to be terminated by other joint venture partners for so long as Scentre Group holds at least a 25% ownership interest (or in one case 20%) in the relevant property (except in certain limited circumstances including insolvency and material breach by Scentre Group)

POTENTIAL CONCERNS

VALUE OF THE OPERATING PLATFORM

- KPMG Corporate Finance (WRT's Independent Expert) has valued the Operating Platform at $2.8 - $3.0 billion
  - This represents a multiple of 13.0 – 14.0x 'sustainable earnings' of $216.5 million (as assessed by the Independent Expert)

$300 million improvement in terms agreed with Westfield Group on 6 May

- The implied value of the Operating Platform based on the Independent Expert's assessment is therefore reduced to $2.5 - $2.7 billion[1]
  - This results in an implied multiple of 11.5 – 12.5x 'sustainable earnings' of $216.5 million
- $159 million of the Operating Platform forecast FY14 earnings are related to property management fees which are directly linked to rent from shopping centres. The Independent Directors therefore believe that this income stream should be valued on the same basis as WRT's share of the rent from these properties (16.7x). This equates to $2.65 billion
- As a result, WRT is in effect paying $50 million at most for the project earnings from design, development and construction activities
  - Remaining earnings of the platform in FY14 include $109 million[2] in predominantly development earnings less $74 million in corporate costs

1. Independent Expert valuation of Operating Platform of $2.8 - $3.0 billion less the $300 million reduction of debt contributed to Scentre Group
2. Excludes $47 million of project profits from WRT and third parties relating to project profits not yet recognised on completed projects including Westfield Sydney and Fountain Gate, which have been completed and are co-owned between WRT and Westfield Group.

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POTENTIAL CONCERNS

DILUTION TO NET TANGIBLE ASSETS (NTA)

Westfield RETAIL TRUST NTA: $3.52 → SCENTRE GROUP NTA: $2.88

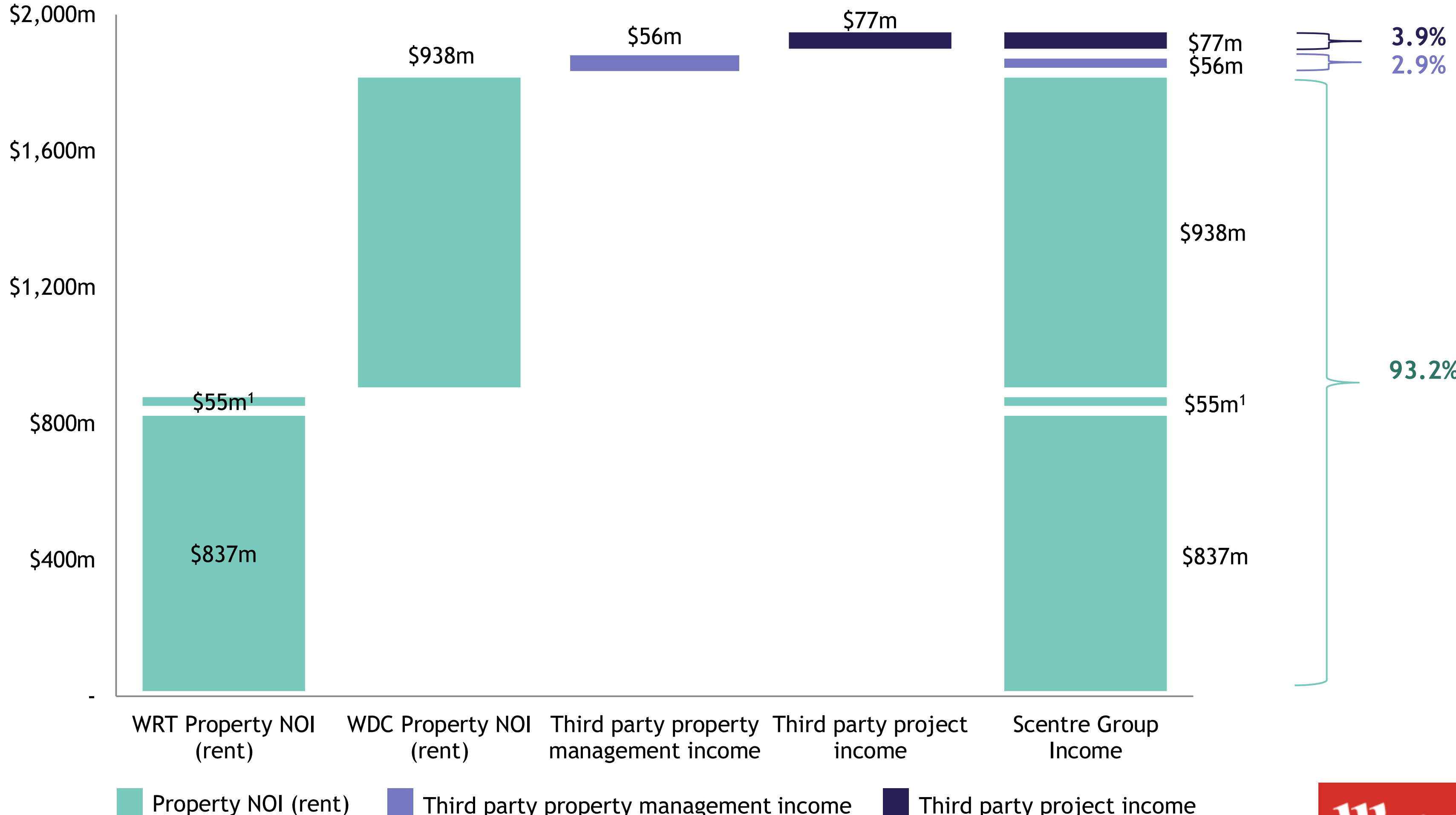
- As WRT Securityholders receive the Capital Return, their equivalent NTA post the transaction is $2.93[1]
- The majority of the reason for the change in NTA is a result of merging with Westfield Group's Australian and New Zealand business which includes the Operating Platform. The value of the income from the Operating Platform is not reflected on Scentre Group's balance sheet
- As mentioned previously, the implied value of the Operating Platform based on the Independent Expert's assessment after the $300 million improvement in terms is $2.5 - $2.7 billion[2] (or $0.47 – $0.51 per security)

1. Based on WRT Securityholders receiving 0.918 Scentre Group Securities and $0.2853 for every WRT Security held as at the Record Date.
2. Independent Expert valuation of Operating Platform of $2.8 - $3.0 billion less the $300 million reduction of debt contributed to Scentre Group

POTENTIAL CONCERNS

INCREASED ACTIVE EARNINGS

93% of Scentre Group's forecast FY14 income will still be rental income. A further 3% will be third party property management income which has rental income characteristics



1. $55 million property management fee paid previously paid from WRT to Westfield Group

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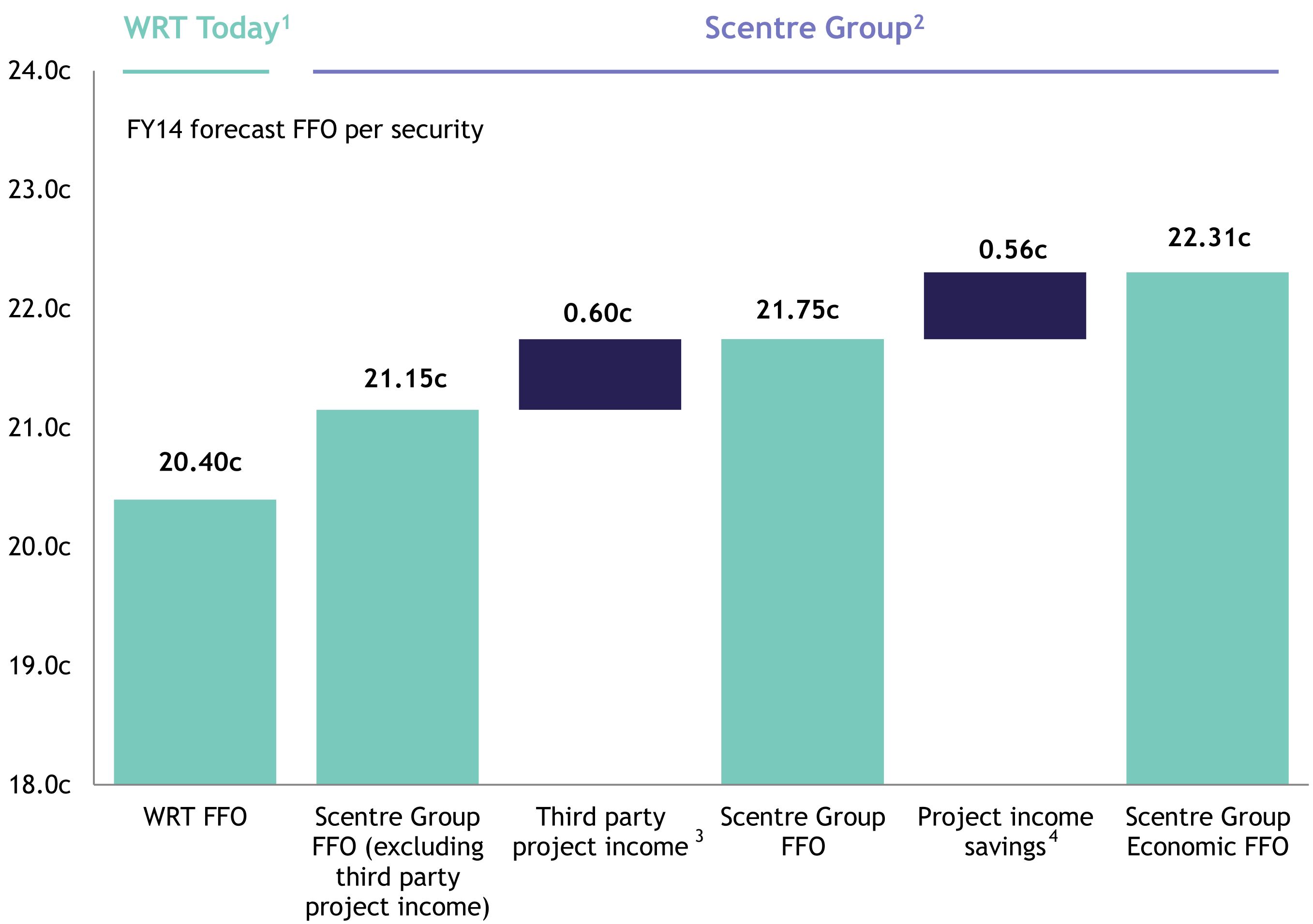
POTENTIAL CONCERNS

INCREASED ACTIVE EARNINGS

Scentre Group passive earnings (rent-based) are higher than WRT stand alone on a per security basis



1. WRT FY14 forecast FFO
2. Scentre Group FY14 pro forma forecast FFO. Scentre Group's FFO may be higher as a result of interest rates and debt margins being lower than those assumed in the FY14 forecast. Based on interest rates as at the date of the Securityholder Booklet, the interest expense would be $27 million per annum lower than assumed in the FY14 pro forma forecast and since then market interest rates have declined further.
3. Includes overheads of $45.9 million which relate to the property development and project management business (page 24 Grant Samuel WDC Independent Expert Report)
4. Represents development profits which are eliminated upon consolidation

WHAT DID WESTFIELD GROUP ANNOUNCE ON 29 MAY 2014?

"If the WRT meeting this afternoon does not approve the proposal, it will not diminish our determination to proceed with WDC's strategic objective of separating the two businesses. We will pursue that separation - but without WRT. However, the existing relationship with WRT will continue…We will begin that process immediately, and I expect the revised plan to be presented to security holders by the first quarter of next year."

Westfield Group Chairman's Address, 29 May 2014

INVESTORS HAVE A DECISION TO MAKE

Approve the proposal

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Scale

Strategic flexibility

Internal Operating Platform

SCENTRE GROUP

Reject the proposal

And if Westfield Group implements the separation of its businesses without WRT[1] then:

Westfield

Westfield RETAIL TRUST

NewCo Australasia

Westfield International

Status quo, relationship between WRT and Westfield Group continues

Almost identical property portfolio as WRT, however:
- internally managed
- receives significant fees from WRT
- expected to have higher return on invested capital than WRT
- arguably greater growth prospects & flexibility than WRT

WRT will compete for capital with NewCo Australasia

1. Note that the details of the Westfield Group separation plan are not available

THE INDEPENDENT BOARD COMMITTEE BELIEVES…

…THERE MAY BE MATERIALLY ADVERSE IMPLICATIONS TO WRT AND WRT SECURITYHOLDERS IF WESTFIELD GROUP SEPARATES ITS BUSINESSES WITHOUT WRT

1. Unlikely to be another opportunity for WRT to buy the entire WDC Australian and New Zealand property portfolio, or indeed any property portfolio having similar scale and quality characteristics, in an uncontested and cost efficient manner, at book value

2. Unlikely to be another opportunity for WRT to acquire what is widely regarded as the best property management platform in Australia and New Zealand

3. Unlikely to be another opportunity for WRT to internalise the property management for its existing portfolio

4. Investors may prefer to invest in NewCo Australasia as an internally managed property group with an almost identical property portfolio to WRT that is expected to generate a superior return on invested capital as compared to WRT – with a consequent risk to WRT's Security price

5. As WRT will continue to pay property management fees, it may be uncompetitive in bidding for assets when compared to entities with internally managed property platforms (including the new NewCo Australasia if it is created) which may derive higher income from assets purchased

6. The Independent Board Committee believes there will be no opportunity to renegotiate terms of WRT's existing arrangements with Westfield Group

Further explanation of these potential implications is contained in the Second Supplementary Securityholder Booklet dated 3 June 2014

Westfield
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VOTING BY PROXY – RESUMED MEETING

AVAILABLE COURSES OF ACTION

1 No change in voting or proxy decision

- Securityholders who lodged a valid proxy for the Meeting before 2:00pm on Tuesday 27 May 2014 (Original Proxy Deadline) do not need to complete a new proxy form unless they want to change their voting instructions or the person(s) they appoint as proxy.

2 Change in voting or proxy decision

- Securityholders who:
  a) did not lodge a proxy form before the Original Proxy Deadline but now wish to lodge a proxy for the Resumed Meeting; or
  b) lodged a proxy form before the Original Proxy Deadline but now wish to amend their proxy for the Resumed Meeting,
  should lodge a Revised Proxy Form (which is included with the Second Supplementary Securityholder Booklet).

Lodgement procedures

- The Revised Proxy Form for the Resumed Meeting, duly completed in accordance with the instructions set out on the Revised Proxy Form, may be lodged in one of four ways:

Online	www.investorvote.com.au Please read the instructions for online proxy submissions carefully before you lodge your proxy. You will need the 6 digit control number, your Security Holder Reference Number (SRN) or Holder Identification Number (HIN) which appears in the box on the front page of the proxy form;
Mail to	Computershare Investor Services Pty Limited GPO Box 242 Melbourne, Victoria 3001 using the reply paid envelope provided.
Fax to	1800 783 447 (within Australia) or +61 3 9473 2555 (from outside Australia)
Hand delivery to	Level 4, 60 Carrington Street Sydney 2000 Australia.

- To be valid, the Revised Proxy Form and any power of attorney or other authority (if any) under which it is signed (or a certified copy of it) must be received by no later than 10.00am (AEST) on Wednesday, 18 June 2014 (proxy deadline).

Note: Securityholders on the register at 7:00pm (AEST) on Tuesday 27 May 2014 are the only Securityholders eligible to vote on the Proposal Resolutions at the Resumed Meeting

Westfield RETAIL TRUST

FURTHER INFORMATION

For further information please contact:

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Phone: +61 2 9333 4800

About Westfield Retail Trust

Westfield Retail Trust (ASX Code: WRT) is Australia's largest listed real estate investment trust solely focused on Australian and New Zealand retail property, with a total asset value at 31 December 2013 of $14 billion. WRT's principal investment is the joint venture ownership, alongside Westfield Group, in a high quality shopping centre portfolio comprising interests in 46 major shopping centres located predominantly in Australia with 9% of WRT's shopping centre assets located in New Zealand.