

SCENTRE GROUP

20 April 2017

Division Head
Corporate and International Tax Division
The Treasury

By email: stapledstructures@treasury.gov.au

Stapled Structures Consultation Paper

Scentre Group welcomes the opportunity to respond to the Treasury consultation paper issued in March 2017 regarding Stapled Structures (Consultation Paper).

Scentre Group

Scentre Group (SCG) is the owner and manager of the Westfield Shopping Centres in Australia and New Zealand. SCG is a top 20 ASX listed stapled property group. It was formed in June 2014 through the merger of the Australian and New Zealand operations of the former ASX listed Westfield Group with the former ASX listed Westfield Retail Trust.

SCG has retail real estate assets under management valued at \$45.7 billion and shopping centre ownership interests valued at \$32.3 billion as at 31 December 2016. The Group has a broad investor base that covers Australian individual and super fund investors as well as international institutional investors.

SCG is an internally managed stapled Australian real estate investment trust (AREIT). The Group manages every aspect of its portfolio – from design, construction and development to leasing, management and marketing. As many of the shopping centres in the portfolio are owned in partnership with leading property investment institutions these services are also provided to the third party property co-owners.

Consultation Paper

SCG is a member of the Property Council of Australia (PCA) and supports the PCA submission provided to Treasury in relation to the Consultation Paper.

In particular, SCG supports the position that there should be a co-design process to develop and road test any required integrity rules around the use of stapled structures to ensure that there are not any material unintended consequences from any changes.

SCG also supports the position that the existing framework for AREITs (within the recently enacted AMIT Regime and Division 6C) provides a solid foundation and any changes should be to enhance these rules rather than replace them with a new regime. In our view the existing framework is already world class.

In this context we have long supported amendments to Division 6C to modernise the rules including amendments that would enable AREITs to move to a structure with a single (trust) head entity that owns and controls taxable subsidiary companies (Top Hatting). Past amendments to Division 6C

Owner and Operator of  in Australia and New Zealand

SCENTRE GROUP LIMITED ABN 66 001 671 496

Level 30, 85 Castlereagh Street, Sydney NSW 2000 Australia · GPO Box 4004 Sydney NSW 2001 Australia · T +61 (02) 9358 7000 · scentregroup.com

provide a framework for such change. However, an overly restrictive interpretation of the prior amendments has limited their application. We feel that the recently enacted non-arm's length income rules in the AMIT Regime should provide sufficient integrity to enable further amendments to be made to facilitate Top Hatting.

SCG will work through the PCA on the next stage of the consultation process. However, should you wish to discuss any aspect of the Consultation Paper directly with SCG please contact Dudley Heywood (our Head of Tax) directly on 02 9358 7991.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Peter Allen', written over a faint, illegible stamp or background.

Peter Allen

Chief Executive Officer