

[Version with confidential information removed]

**APPLICATION BY THE WESTFIELD GROUP FOR EXEMPTION
UNDER SECTION 81 OF THE
ELECTRICITY INDUSTRY REFORM ACT 1998
DATED 1 DECEMBER 2003**



[Version with confidential information removed]

A. INTRODUCTION

1. We act for Westfield Trust (NZ) Limited ("Westfield") which is the parent company of the Westfield Group. The Westfield Group companies are listed in Appendix A and a diagram showing the corporate structure of the Group is contained in Appendix B. Pursuant to section 81 of the Electricity Industry Reform Act 1998 (the "EIR Act"), application is hereby made by the Westfield Group to the Commerce Commission for exemption from the application of the ownership separation provisions of the EIR Act to certain parts of the Westfield Group's business.
2. The Westfield Group owns and operates numerous shopping centres in New Zealand and as part of that business it typically sells electricity to its tenants. When the EIR Act came into force, the Westfield Group opted to comply with that statute by undertaking corporate separation of its lines and electricity businesses. In view of the imminent expiration of the time limit for corporate separation as a means of complying with the EIR Act on 31 December 2003, the Westfield Group has now lodged this exemption application with the Commission.
3. This application:
 - sets out the background to the business of the Westfield Group and the exemption application;
 - explains the relationship of the EIR Act to the business of the Westfield Group;
 - identifies the extent of the exemption sought;
 - specifies the conditions on which the Westfield Group will conduct its business if the exemption is granted.

B. CONFIDENTIALITY

4. Confidentiality is sought for the information contained in this application in shaded italics due to the commercial sensitivity of this information which, if released, could unreasonably prejudice the Westfield Group vis à vis its business competitors. This includes the invoice in Appendix F which it has not been possible to shade in italics. (A separate copy of this application which deletes the shaded portions is **enclosed** for the Commission's convenience.) Confidentiality is sought for 20 working days after the determination of this application (pursuant to section 100 of the Commerce Act 1986). For the same reasons, the Westfield Group would also like the Commission to note that the information should be confidential thereafter on the basis of section 9(2)(b) of the Official Information Act 1982.

C. NATURE OF THE WESTFIELD GROUP'S BUSINESS

5. The Westfield Group owns and operates the Shopping Centres and associated land holdings set out in Appendix A of this application.

Current Arrangements in Relation to Supply of Electricity

6. At these shopping centres electricity is generally purchased in bulk from an electricity supplier by the Westfield Group and then the electricity is sold by the Westfield Group to its tenants. There are two main exceptions to this. Firstly Westfield Chartwell operates as a fully reconciled embedded network¹ and tenants do not take their supply of electricity from it. Secondly, a small number of major tenants take supply completely independently from the electricity infrastructure of the shopping centres owned by the Westfield Group. This allows them to take advantage of rates offered within their own group electricity contracts (for instance [] at Westfield Glenfield). A table identifying how many tenants currently take their supply from the Westfield Group on a shopping centre by centre basis is attached at Appendix C.
7. The Westfield Group also purchases electricity to run the common services at its shopping centres such as lighting common areas, lighting in carparks and running central air conditioning systems. The cost of this electricity, along with general running expenditure (such as cleaning common areas), is recovered by the Westfield Group from the tenants as part of the operating expenditure charge.
8. The amount of electricity that the Westfield Group conveys and supplies to its tenants as at 3 June 2003 exceeds the 2.5 gigawatts per annum threshold set out in sections 4(2)(a) and 5(2)(a) of the EIR Act. The Westfield Group conveys approximately [] kWh per annum of electricity on its internal wiring systems. Out of this amount, [] kWh is supplied by the Westfield Group to its tenants, [] kWh is supplied by the Westfield Group to the common area, and at least [] kWh (the exact figure is not known but it will be higher than this) is supplied to tenants by alternative electricity retailers. A schedule setting out the amount of electricity supplied to tenants and common areas at each shopping centre is set out at Appendix D.
9. In most instances at the properties where the Westfield Group sells electricity to tenants, the group company has the right under the terms of its standard lease (known as the specialty shop lease) to require tenants to purchase electricity from it (a copy of clause 8.10 of the standard specialty shop lease terms relating to the supply of electricity are attached in Appendix E). Clause 8.10.3 of the Westfield Group's standard specialty shop lease terms protects tenants in that the maximum price that it can charge tenants for electricity cannot be more than the tenants would have to pay for the same amount of electricity on a stand-alone basis. While the Westfield Group has specific leases with major customers such as [], [], [] and [], their terms relating to electricity are broadly similar to clause 8.10 (including clause 8.10.3) of the standard lease.

¹ Tenants are free to take supply of electricity from any energy retailers trading in the open market. The Westfield Group derives its income here from charging energy retailers for the right to access the lines network. The incumbent energy retailer is responsible for reconciliation of the site within the local network area (as is required under the MARIA guidelines).

10. Since August 2000 the Westfield Group has been party to a national supply contract for electricity supply to its shopping centres with [] (in 2000), [] (in 2001) and [] (since 2002).
11. It is the Westfield Group's policy to act fairly and reasonably and to provide the best service possible to its tenants. The Westfield Group believes it is offering the best service it can to tenants since its bulk electricity purchasing arrangements have meant that the Westfield Group can offer stable and competitive prices and reduce the impact of fluctuations in the spot market price.

Current Arrangements in Relation to Supply of External Lines

12. The Westfield Group does not sell electricity or own or operate any electricity conveying system outside of its properties.
13. The local electricity lines network operator invoices the Westfield Group for the supply of external lines services for its tenants. This applies regardless of whether those tenants take their supply of electricity from the Westfield Group or another electricity retailer.
14. Where the Westfield Group sells electricity to its tenants, in order to recover the external lines charges from the local network operator, the Westfield Group's price for that electricity includes a component for external lines charges from the local network operator. Where tenants take their supply of electricity directly from the electricity retailer of their choice, the Westfield Group still has to charge for the supply of external lines services invoiced to it by the local network operator. The Westfield Group does this by charging the retailer for these services which then recovers the cost of them from the tenant.
15. As stated above, in both instances tenants are protected by clause 8.10.3 of the Westfield Group's standard lease terms in that the maximum price that it can charge tenants for electricity supply and external lines cannot be more than the tenants would have to pay on a stand alone basis.

Current Arrangements In Relation to Internal Embedded Wiring Systems

16. There are internal embedded wiring systems within the shopping centres owned by members of the Westfield Group.
17. For the reasons stated in the next section of this exemption application, the Westfield Group considers that it presently has involvements in an electricity supply business and an electricity lines business through its ownership of the internal embedded wiring systems in its shopping centres.
18. When the EIR Act came into force, it exempted the Westfield Group from the ownership separation rules in respect of its existing cross-involvements in lines and electricity supply businesses until 31 December 2003 (s28), provided that these businesses were carried on in different companies (s24) and complied with the arms

length rules of the EIR Act (s25). In order to comply with this requirement, each of the shopping centres in the Westfield Group sold the internal embedded wiring systems within their shopping centres to a separate but wholly owned company called Abyssinian Holdings Limited. (The only exception was Manukau City Centre Limited which sold its internal embedded wiring system to a separate company called Gloriana Holdings Limited.) Accordingly the Westfield Group complied in full with the corporate separation and arms length rules in the EIR Act for operating the lines and supply businesses.

19. Gloriana Holdings Limited has now ceased to exist as a company and its assets have been amalgamated with those of Abyssinian Holdings Limited.
20. Subject to the outcome of this exemption application, it is likely that the Westfield Group will transfer the ownership of Abyssinian Holdings Limited to Westfield Alliances (NZ) Pty Limited. It is also likely that this company will be responsible for entering into contracts for the purchase of electricity.

D. APPLICATION OF THE EIR ACT

21. Section 17 of the EIR Act prohibits cross involvements in electricity lines businesses and electricity supply businesses.

Electricity Lines Businesses

22. The first question to consider is whether the Westfield Group operates a lines business.

Section 4

23. Section 4 of the EIR Act provides that:

- “(1) For the purposes of this Act, “electricity lines business”-
 - (a) Means a business that conveys electricity by line in New Zealand; and
 - (b) Includes the ownership or operation, directly or indirectly, of lines in New Zealand or any other core assets of an electricity lines business.
- (2) None of the following activities brings a person within subsection (1):
 - (a) Conveying, together with its associates (if any), less than 2.5 GWh per annum;...”

24. In the *Trans Tasman Properties* decision (331A) the Commission considered that a business that conveys electricity by an embedded wiring system within a building in New Zealand is an "electricity lines business" (unless it is actively exempted from the meaning of "electricity lines business" by section 4(2)). Under section 4(1)(b) an electricity lines business includes the ownership or operation, directly or indirectly, of an embedded wiring system conveying electricity.

25. Based on these factors the Westfield Group operates an electricity lines business as it:
- (i) conveys electricity by line in New Zealand (on the internal embedded electrical wiring systems in its shopping centres) (s4(1)(a));
 - (ii) owns those lines in New Zealand indirectly through Abyssinian Holdings Limited (s4(1)(b)); and
 - (iii) is not exempted by s4(2)(a) because as a group its shopping centres convey more than 2.5GWh of electricity per annum.
26. For the sake of completeness, we note that, where the local lines network operator invoices the Westfield Group directly for supply of its external lines services and the Westfield Group in turn charges its tenants or retailers for those external lines services, the Westfield Group does not operate an electricity lines business as:
- (a) it does not convey electricity in New Zealand through those external lines since that is done instead by the local lines network operator (s4(1)(a)); and
 - (b) it does not own directly or indirectly those external lines in New Zealand since they are owned by the local lines network operator (s4(1)(b)).

Electricity Supply Businesses

27. Is the Westfield Group an electricity supply business?

Section 5

28. Section 5 of the EIR Act provides that:

- "(1) For the purposes of this Act, "electricity supply business"-
 - (a) Means a business that-
 - (i) Sells electricity in New Zealand: ...
 - (c) Includes the ownership or operation, directly or indirectly, of any core assets of an electricity retail business, which include -
 - (i) the customer data base relating to and used for the purposes of an electricity retail or electricity trading business; and
 - (ii) the benefit of a contract to sell electricity; ...
- (2) None of the following activities brings a person within subsection (1):
 - (a) Selling or generating less than 2.5 GWh per annum;

- (b) Generating or selling electricity solely for its own consumption or for the consumption of its associates:..."

29. Based on these factors the Westfield Group is an electricity supply business as Westfield:

- (i) sells electricity in New Zealand (section (5)(1)(a)(i));
- (ii) has the benefit of a contract to sell electricity (section 5(1)(c)(ii)); and
- (iii) individually sells more than 2.5GWh of electricity per annum to its tenants and therefore is not exempted from being an electricity supply business by section 5(2)(a). The Westfield Group has generators at shopping centres for use at those shopping centres where they are located in case of power outages but these do not generate more than 2.5 GWh per annum in total.

Conclusion on Application of the EIR Act

30. Given that the Westfield Group is both involved in an electricity lines business (through its ownership of internal embedded wiring systems) and in an electricity supply business, the Westfield Group would be operating in contravention of section 17 of the EIR Act, which prohibits cross involvements in electricity lines and supply businesses, if it were not for the fact that its internal embedded wiring systems are currently operated by Abyssinian Holdings Limited on an arms length basis (sections 24 and 25). However, as set out in section 28, this exception to the EIR Act only applies until the close of 31 December 2003 at which time the Westfield Group would be in breach of the EIR Act subject to this exemption application.

E. ACTIVITIES FOR WHICH THE WESTFIELD GROUP IS NOT SEEKING AN EXEMPTION

31. The Westfield Group is not seeking an exemption in respect of electricity charged to tenants that is consumed in providing common services. The Westfield Group does not consider that the purchase of electricity to run common services (the cost of which is recovered as part of the tenants' operating expense charge) constitutes an electricity supply business for the purposes of the EIR Act.

32. This position was adopted in the Commerce Commission's decision (315A) on the *Trans Tasman Properties* application (see page 4, paragraph 11):

"The purchase of such electricity by TTP is to enable it to provide and maintain rental properties to a standard required by tenants, rather than for the purpose of direct consumption by tenants. The electricity is consumed by assets owned by, and not leased from, TTP. The recovery of the cost of this electricity by TTP does not, in the Commission's view, represent selling electricity but is instead the recovery of costs of various services provided by TTP which are integral to managing and operating its rental properties, and for which, in some instances, electricity is a necessary input."

33. The approach on this point adopted by the Commerce Commission in the *Trans Tasman Properties* application has been subsequently followed in other exemption application decisions including the *AMP Asset Management New Zealand Ltd* decision (373).

F. SCOPE OF THE APPLICATION FOR EXEMPTION

34. For the reasons set out above, as a result of the impending expiration of the time limit for compliance with the EIR Act by corporate separation on 31 December 2003, the Westfield Group applies to the Commission for exemption from the application of the EIR Act and, in particular, from the requirement to comply with the ownership separation provisions of the Act.

Part A – Short Term Exemption

35. The Westfield Group assumes that the Commission will have time to issue its determination on the Westfield Group's application for a permanent exemption under Part B of this exemption application below prior to 31 December 2003.

36. However, if for any reason the Commission is not able to issue its determination on the Westfield Group's application for a permanent exemption under Part B of this exemption application below prior to 31 December 2003, then the Westfield Group seeks a short term exemption under s81 of the EIR Act from the application of s17 of that Act as follows:

- (a) to the date of the Commission's determination, assuming that the Commission approves the Westfield Group's application for a permanent exemption under Part B of this exemption application; or
- (b) for three months after the date of the Commission's determination if the Commission does not approve the Westfield Group's application for a permanent exemption under Part B of this exemption application. This time period is necessary so that the Westfield Group can put in place alternative arrangements to ensure that it does not have a prohibited cross-involvement under the EIR Act. In light of the closeness to 31 December 2003, the Westfield Group requests that a short term exemption of this time period apply to any such negative determination by the Commission (even if given prior to 31 December 2003) to ensure that alternative arrangements can be put in place.

37. The Westfield Group submits that a short term exemption under either of these bases will not create incentives or opportunities to inhibit competition. Because of the short term nature of this exemption, the Westfield Group will have no reason to try and inhibit competition (or any time to actually do this) as no significant benefits could be obtained from any lessening of competition over such a short period. Alternatively, even if contrary to the Westfield Group's views the Commission considers that incentives or opportunities to inhibit competition would be created,

due to the short term nature of the exemption these would only be minimal and therefore the purposes of the EIR Act would not be defeated.

Part B - Permanent Exemption In Relation to Cross-Involvement

38. Pursuant to section 81 of the EIR Act, the Westfield Group seeks a permanent exemption from the application of section 17 of the EIR Act.

39. In considering applications for an exemption under section 81 of the EIR Act, the Commerce Commission has stated that it will consider the following three questions. We address each question in turn below.

Question 1: Would the Commission, by granting an exemption in respect of a business or involvement or interest, create incentives or opportunities to inhibit competition in the electricity industry?

40. The Westfield Group makes the following points:

- (a) The relevant market is the national electricity retail market (see the Commission's decision 351A).
- (b) The Westfield Group is asking the Commission to grant an exemption on the following terms ("the Conditions") which are substantially the same as the conditions on which the Commission granted an exemption to *Capital Properties Limited* (Decision 458, p7) which in turn was based on the conditions imposed in the *Trans Tasman Properties* decision (351A):
 - (i) The Westfield Group will not charge tenants (or anyone else) for the use of the internal embedded wiring systems within its shopping centres.
 - (ii) The Westfield Group will allow access to the internal embedded wiring systems within its shopping centres on reasonable terms and within a reasonable time to any electricity supply business to enable that electricity supply business to supply electricity to any tenant of the Westfield Group connected to such systems.
 - (iii) The Westfield Group will not enforce any of its existing lease clauses which allow it to require tenants to obtain electricity from or through the Westfield Group in order that any tenant can obtain electricity from or through any alternative electricity supplier it so chooses.
 - (iv) The Westfield Group will continue to provide consumption and billing information to its tenants in the form of the invoice set out in Appendix F, or any other information the Commission specifies, to enable tenants to assess competitive options available to them for the supply of electricity.

41. The Westfield Group will implement the above Conditions no later than 31 December 2003 (at which time its current exemption under section 28 of the EIR Act expires), or three months after the Commission confirms its decision to grant an exemption to the Westfield Group under these Conditions, whichever is the later.
42. The Westfield Group submits that these steps will ensure that there is no opportunity for it to inhibit competitive electricity supply to its tenants in the relevant electricity retail market either now or in the future. The Westfield Group's tenants will be free to choose their electricity supplier. As found by the Commission at paragraph 32 of the Commission's exemption to *Capital Properties Limited* (Decision 458), the leasing of the Westfield Group's properties occurs in a competitive property market and such competition for tenants mitigates the incentive or opportunity for the Westfield Group to attempt to raise electricity prices by anti-competitive behaviour.

Ongoing Sale & Purchase of Properties

43. The Westfield Group may in the future purchase additional properties or sell existing properties. This in turn may involve the sale, purchase and formation of new companies. Section 30 of the EIR Act prohibits a person from increasing its involvement in an electricity business, which includes the lines and supply business. Each time the Westfield Group acquires a new property it may increase its involvement in an electricity lines and supply business. Given the above the Westfield Group would need to seek an exemption from the Commission each time it acquired another building, large or small. Similarly if the new company purchased or formed by the Westfield Group was not included in Appendix A of this application and fell within s30, then the Westfield Group would have to seek a further exemption in relation to that company. The Westfield Group wishes to avoid having to seek an exemption each time it purchases a new property or purchases/forms a new company because of the compliance costs involved, and potential transactional delays which could otherwise result. Therefore, the Westfield Group also seeks an exemption in respect of its future property investment and management activities in respect of which the EIR Act might apply on the basis set out in the Commission's exemption to *Capital Properties Limited* (Decision 458, p7), namely:
 - (a) the Westfield Group will comply with the previous Conditions set out in paragraph 40(b) of this application; and
 - (b) the Westfield Group will inform the Commission of the details of any future property investment and/or management activity (including company purchases or formation) within 20 working days (as that term is defined in the Commerce Act 1986) from the day following the day it undertakes the activity that is likely to breach the EIR Act and for which the Westfield Group and/or any other persons are likely to rely on this exemption.

Future Exit & Re-Entry Issues Relating to Supply of Electricity

44. The Westfield Group perceives the electricity industry to be in a state of flux. From a business perspective, it is difficult to assess what level of involvement in the industry is most appropriate for the Westfield Group (ie is it preferable for the Westfield Group to be a "lines only" company or to remain as a supplier of electricity to its tenants as well). The merits of any approach adopted by the Westfield Group may well change over time depending on what happens in the electricity industry. It is therefore quite possible that in the future the Westfield Group may choose not to supply any of its tenants at its shopping centres with electricity. Of course in that event the Westfield Group would no longer have a prohibited cross-involvement under s17 of the EIR Act as it would not be involved in an electricity supply business under s5 of the EIR Act. Therefore it would no longer need to rely on the terms of a determination by the Commission granting an exemption on the basis of the Conditions above. However, as a result of market conditions, the Westfield Group may then decide to recommence supplying tenants at some or all of its shopping centres with electricity and would need to rely on the exemption again. Since the Westfield Group is seeking a permanent exemption which remains in force until it is revoked by the Commission (as set out in s81 of the EIR Act), it does not consider that it would need to revert back to the Commission to obtain a further exemption in these circumstances. However, it is proposed that in the event of the Westfield Group exiting or re-entering the electricity supply business the Westfield Group will give the Commission written notice of that fact for the Commission's records.

45. If the Commission concurs with the Westfield Group and adopts the Conditions and also those conditions for future conduct set out above, the opportunities for the Westfield Group to defeat the purposes of the EIR Act by remaining cross involved would be significantly restricted.

Question 2: Would the Commission, by granting an exemption in respect of a business or involvement or interest, create incentives or opportunities to cross-subsidise generation activities from electricity lines businesses?

46. There is no threat of this occurring because the Westfield Group is not involved in any generation activities for the purposes of the EIR Act. As stated above in para. 29, the Westfield Group has generators at shopping centres for use at the shopping centres where they are located in case of power outages but these do not generate more than 2.5 GWh per annum in total. Therefore this generation is below the threshold required for it to be an "electricity supply business" for the purposes of s5(2) of the Act.

Question 3: Would the Commission permit, by granting an exemption in respect of a business or involvement or interest, a relationship between an electricity lines business and an electricity supply business which is not at arms length?

47. As previously set out, subject to the outcome of this exemption application, it is likely that the Westfield Group will transfer the ownership of Abyssinian Holdings

Limited to Westfield Alliances (NZ) Pty Limited. It is also likely that this company will be responsible for entering into contracts for the purchase of electricity.

48. However, the Westfield Group considers that no anti-competitive consequences will arise from the absence of an arms length relationship because of the Conditions that would form part of the exemption and the strong incentive on the Westfield Group as a property owner to minimise its costs to tenants. In particular, applying the criteria on this point used by the Commission at paragraph 37 of its exemption to *Capital Properties Limited* (Decision 458):
- (a) the Westfield Group will not charge tenants for the use of the internal embedded wiring systems within its shopping centres;
 - (b) the Westfield Group is accordingly restricted in its ability to use the existence of a relationship not at arm's length to defeat the purposes of the EIR Act; and
 - (c) therefore the potential effects of the relationship not being at arm's length are not a material risk to the purposes of the EIR Act.

Additional Points

49. The Westfield Group makes the following additional points in support of its application for a permanent exemption from the application of section 17 of the EIR Act:
- (a) The principal purposes of the EIR Act are to better ensure that:
 - (i) costs and prices in the electricity industry are subjected to sustained downward pressure; and
 - (ii) the benefits of efficient electricity pricing flow through to all classes of consumers.

The EIR Act requires the separation of ownership of electricity lines and electricity supply businesses as a means by which to achieve these principal purposes. However, if the principal purposes of the EIR Act can be achieved by means other than ownership separation, this should be allowed.

- (b) Granting the Westfield Group an exemption on the conditions proposed will achieve the principal purposes of the EIR Act because the Westfield Group, through its bulk purchasing power, will be able to offer tenants a competitive electricity price.

G. ADJUDICATION FEE

50. **Enclosed** is the Westfield Group's cheque in the sum of \$11,250 (inclusive of GST) payable to the Commerce Commission. In accordance with regulation 3 of the

Electricity Industry Reform Act (Fees) Regulations 1998, the Westfield Group wishes to request a refund of any proportion of this fee where the actual cost of processing this application is less than \$11,250. Given that this application is based substantially on the Commission's decisions in *Trans Tasman Properties* (351A), *Capital Properties Limited* (458) and subsequent exemption applications which have been granted, it may be the case that the Commission's time in considering this application is materially less than the time spent considering previous applications.

H. DECLARATION

51. Attached to this application as Appendix G is a completed declaration form.

I. FURTHER INFORMATION

52. If the Commission requires any further information in relation to this application for exemption please contact the Westfield Group or Simpson Grierson at the following contact details.

Westfield Group

Philip Goulton (National Finance Manager) – email: philip.goulton@westfield.co.nz
Robyn Kiddle (National Operations Manager) – email: robyn.kiddle@westfield.co.nz
Westfield (New Zealand) Limited
PO Box 109 280
Newmarket
AUCKLAND

Ph: (09) 978 5050
Fax: (09) 978 5070

Simpson Grierson

Anne Callinan (Partner) – email: anne.callinan@simpsongrierson.com
James Craig (Senior Associate) – email: james.craig@simpsongrierson.com
Simpson Grierson
Private Bag 92518
Wellesley Street
AUCKLAND

Ph: (09) 358 2222
Fax: (09) 307 0331

Simpson Grierson
1 December 2003

APPENDIX A

WESTFIELD COMPANIES INVOLVED IN THE EXEMPTION APPLICATION

| Company | Shopping Centre |
|---|--|
| Chartwell Shopping Centre Limited | Westfield Chartwell |
| Downtown Shopping Centre Limited | Downtown Shopping Centre |
| Glenfield Mall Limited | Westfield Glenfield |
| Manukau City Centre Limited | Westfield Manukau |
| The Pakuranga Plaza Limited | Westfield Pakuranga |
| Queensgate Centre Limited | Westfield Queensgate |
| Riccarton Shopping Centre (1997) Limited | Westfield Riccarton |
| Shore City Centre (1993) Limited | Westfield Shore City |
| St Lukes Square (1993) Limited | Westfield St Lukes |
| WestCity Shopping Centre Limited | Westfield WestCity |
| Albany Shopping Centre Limited and Albany Shopping Centre No. 2 Limited | Albany Landholding |
| St Lukes Group No. 2 Limited | Newmarket Landholding Two Double Seven Shopping Centre ² |
| Westfield Trust (NZ) Limited | (The parent company for the Shopping Centre entities) |
| Westfield (New Zealand) Limited | (The Property Manager) |
| Abyssinian Holdings Limited | (Owner of the internal lines networks at the Shopping Centres) |
| Westfield Alliances (NZ) Pty Limited | (Depending on the outcome of the exemption application, control of Abyssinian Holdings Limited may be vested in this company in future and this company may enter into electricity purchase contracts) |

² The Westfield Group through St Lukes Group No. 2 Limited has a 50% shareholding in the Two Double Seven shopping centre in Newmarket. The Westfield Group understands that Newmarket New Zealand Limited and Auckland One Limited have already obtained an exemption under s81 of the EIR Act in respect of the Two Double Seven shopping centre (Decision No. 425 dated 5 July 2001). Therefore it is not strictly necessary for the Westfield Group to include the Two Double Seven shopping centre in this exemption application – nonetheless it has done so for the sake of completeness.

[Version with confidential information removed]

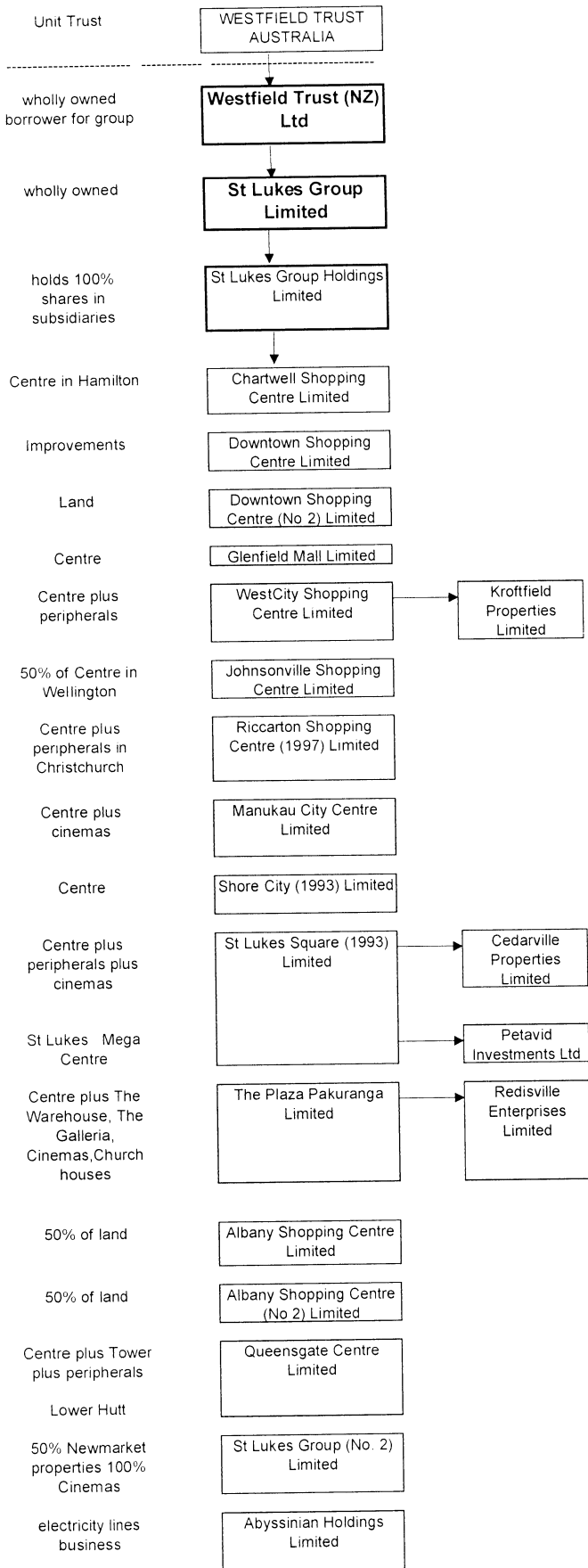
APPENDIX B

CORPORATE STRUCTURE OF THE WESTFIELD GROUP

Two separate company structure charts are attached. The first shows Westfield Trust (NZ) Limited and the shopping centres for which it is the parent company. The second shows Westfield (New Zealand) Limited which has no shareholding relationship with either Westfield Trust (NZ) Limited or the shopping centres but nevertheless manages the business of the shopping centres on behalf of Westfield Trust (NZ) Limited.

Note that the identity of a number of these companies is confidential to the Westfield Group and these companies are indicated with shading.

Companies Owning Confidential Properties Removed



Westfield (New Zealand) Limited

Ownership Structure as at 30 June 2003

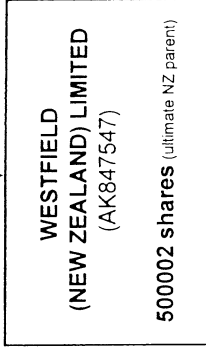
Australia



100%

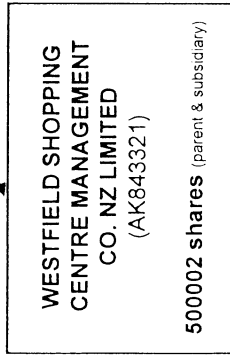
New Zealand

Qualify for differential reporting as no separation. We assume M D Teperson has been appointed a representative of Westfield R. S.C.F Management Ltd.



Directors:
M D Teperson
G W Thompson (Russell McVeagh partner)
J P H Oldfield (Russell McVeagh partner)

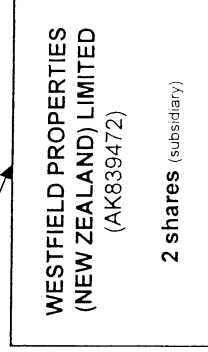
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Directors:
M D Teperson
G W Thompson
J P H Oldfield

Qualify for differential reporting as no separation.

100%



Directors:
M D Teperson
G W Thompson
J P H Oldfield

Qualify for differential reporting as no separation.

100%



Directors:
M D Teperson
G W Thompson
J P H Oldfield

Qualify for differential reporting as no separation.

File Annual Return

| | |
|---|----------|
| Westfield (New Zealand) Limited | July |
| Westfield Shopping Centre Management Co. (NZ) Limited | November |
| Westfield Leasing (NZ) Limited | April |
| Westfield Properties (New Zealand) Limited | February |

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APPENDIX C

TENANTS TAKING SUPPLY OF ELECTRICITY FROM THE WESTFIELD GROUP

| Shopping Centre | No. of Tenants Taking Supply From Westfield Group | No. of Tenants Taking Their Own Supply of Electricity |
|--------------------------|--|--|
| Westfield Chartwell | | |
| Downtown Shopping Centre | | |
| Two Double Seven | | |
| Westfield Glenfield | | |
| Westfield Manukau | | |
| Westfield Pakuranga | | |
| Westfield Queensgate | | |
| Westfield Riccarton | | |
| Westfield Shore City | | |
| Westfield St Lukes | | |
| Westfield WestCity | | |
| Albany Landholding | | |
| Newmarket Landholding | | |

APPENDIX D

WESTFIELD GROUP ELECTRICITY USAGE & SALES AS AT 3 JUNE 2003

| Centre | Total Electricity Conveyed on Internal System | Electricity Sold to Tenants by the Westfield Group | Electricity Sold to Common Area by the Westfield Group | Electricity Sold to Tenants by Other Retailers |
|-----------------------|---|--|--|--|
| Chartwell | | | | |
| Downtown | | | | |
| Two Double Seven | | | | |
| Glenfield | | | | |
| Manukau | | | | |
| Pakuranga | | | | |
| Queensgate | | | | |
| Riccarton | | | | |
| Shore City | | | | |
| St Lukes | | | | |
| WestCity | | | | |
| Newmarket Landholding | | | | |
| Totals | | | | |

1. All figures above are in kWh.
2. Please note that there will be approximately 2% losses on the electricity sold to common areas and tenants.
3. For the [] and [] shopping centres, the Westfield Group does not know how much electricity in total is sold to tenants by other electricity retailers as this electricity is not currently conveyed through the internal wiring systems at these centres.
4. The figures for the [] shopping centre are the Westfield Group's best estimate for the year to 3 June 2003 as full year information is not available.
5. The amount of electricity sold to tenants by the Westfield Group for the Newmarket Landholding includes [] kWh sold to the Westfield Group support office.

[Version with confidential information removed]

APPENDIX E

STANDARD LEASE TERMS

[]

[Version with confidential information removed]

APPENDIX F

INVOICE

As stated in paragraph 4 of this application, the attached invoice is confidential to the Westfield Group.

[]

APPENDIX G

DECLARATION

THIS APPLICATION is made by the Westfield Group companies set out in Appendix A.

The **Westfield Group** hereby confirms that:

- all information requested by the Commerce Commission has been supplied;
- all information known to the applicants which is relevant to the consideration of this application has been supplied to the Commerce Commission; and
- all information supplied by the applicants to the Commerce Commission is correct as at the date of this application.

The **Westfield Group** undertakes to advise the Commerce Commission immediately of any material change in circumstances relating to the application.

Date:

Signed for and on behalf of the **Westfield Group** by:

Signature

Philip Goulton
National Finance Manager
Westfield (New Zealand) Limited

I am an Officer of Westfield (New Zealand) Limited and am duly authorised to make this application.