

27 August 2004



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

**Westfield Group**

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Sydney NSW 2011  
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Dear Sir,

**WESTFIELD HOLDINGS LIMITED – FULL YEAR RESULT  
WESTFIELD TRUST – HALF YEAR RESULT  
WESTFIELD AMERICA TRUST – HALF YEAR RESULT**

Attached is the Preliminary Final Report (Appendix 4E) of Westfield Holdings Limited (ASX:WSF) for the year ended 30 June 2004, and the Half yearly Reports (Appendix 4D) of Westfield Trust (ASX: WFT) and Westfield America Trust (ASX: WFA) respectively for the six months ended 30 June 2004.

Following Members' and Court approval, the shares of WSF and the units of WFT and WFA were stapled in July 2004 to form the Westfield Group (ASX: WDC). The results for the relevant period to 30 June 2004 for WSF, WFT and WFA are in line with the forecasts contained in the Explanatory Memorandum ("EM") issued in May 2004.

		<b>Westfield Holdings Ltd</b> Year to 30 June 2004	<b>Westfield Trust</b> Six months 30 June 2004	<b>Westfield America Trust</b> Six months 30 June 2004
<b>Profit after tax (before Merger costs and related charges) attributable to Members</b>				
Actual	cents per share/unit \$M	58.1 328.5	12.9 288.0	7.8 291.8
EM forecast	cents per share/unit \$M	58.1 328.4	12.9 287.6	7.8 291.9
<b>Dividend / distributions</b>				
Actual	cents per share/unit \$M	28.9 164.2	12.7 283.7	7.8 291.8
EM forecast	Cents per share/unit \$M	28.9 163.5	12.7 283.7	7.8 291.9

Yours faithfully  
**WESTFIELD GROUP**

**Simon Tuxen**  
Company Secretary

Westfield Holdings Limited ABN 66 001 671 496

Westfield Management Limited ABN 41 001 670 579 AFS Licence 230329  
as responsible entity for Westfield Trust ABN 55 191 750 378 ARSN 090 849 746

Westfield America Management Limited ABN 66 072 780 619 AFS Licence 230324  
as responsible entity for Westfield America Trust ABN 27 374 714 905 ARSN 092 058 449

# WESTFIELD HOLDINGS LIMITED

30 JUNE 2004

## FINANCIAL HIGHLIGHTS

	Per Explanatory Memorandum <sup>(i)</sup> \$'million	Actual June 04 \$'million	Actual June 03 \$'million	%Change June 04 to June 03
<b>Trading revenue <sup>(ii)</sup></b>	<b>1,318.3</b>	<b>1,245.9</b>	<b>1,101.9</b>	+ 13.1%
Project income	140.5	141.5	114.5	+ 23.5%
Property and funds management	117.9	116.2	100.6	+ 15.5%
Corporate	(13.3)	(13.1)	(12.0)	- 9.3%
<b>Business income</b>	<b>245.1</b>	<b>244.6</b>	<b>203.1</b>	+ 20.4%
Property investment	175.2	179.5	197.9	- 9.3%
Net interest	(9.2)	(12.7)	(40.6)	+ 68.7%
<b>Net investment income</b>	<b>166.0</b>	<b>166.8</b>	<b>157.3</b>	+ 6.0%
<b>Profit before tax, Merger <sup>(iii)</sup> and capital restructure charges</b>	<b>411.1</b>	<b>411.4</b>	<b>360.5</b>	+ 14.1%
Tax expense	(82.7)	(82.9)	(72.0)	+ 15.1%
<b>Profit after tax and before Merger and capital restructure charges</b>	<b>328.4</b>	<b>328.5</b>	<b>288.4</b>	+ 13.9%
<b>Merger and capital restructure charges</b>				
- write down of equity accounted associates' <sup>(iv)</sup>	(575.0)	(477.0)	-	
- costs <sup>(v)</sup>	(31.7)	(42.7)	-	
- share of equity accounted associates' charges	-	(5.1)	-	
<b>Total Merger and capital restructure charges</b>	<b>(606.7)</b>	<b>(524.8)</b>	-	
<b>Net profit/(loss) after tax, Merger and capital restructure charges</b>	<b>(278.3)</b>	<b>(196.4)</b>	<b>288.4</b>	- 168.1%
Basic earnings per share before Merger and capital restructure charges	58.10	58.10 ¢	51.13 ¢	+ 13.6%
Basic earnings per share after Merger and capital restructure charges	(49.30)	(34.74) ¢	51.13 ¢	- 167.9%
Total dividend - per share	28.92	28.92 ¢	25.57 ¢	+ 13.1%

(i) As disclosed on page 48 of the Explanatory Memorandum issued 25 May 2004 in relation to the proposal to staple the shares of Westfield Holdings Limited ("WHL") and the units of Westfield Trust ("WFT") and Westfield America Trust ("WAT") to form the Westfield Group ("WDC").

(ii) Trading revenue for the year ended 30 June 2004 was \$72.4 million below the Explanatory Memorandum forecast due principally to differences in the timing of project billings. These amounts will be billed in the September 2004 quarter.

(iii) The stapling of securities of WHL, WFT and WAT is referred to as the "Merger".

(iv) WHL's investment in WAT participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result, the WHL's investment in WAT was diluted and the resultant reduction in carrying value of \$563.6 million was charged to the Statement of Financial Performance (\$477.0 million) and the Asset Revaluation Reserve (\$86.6 million).

(v) Merger charges totalling \$103.5 million (per Explanatory Memorandum \$95.0 million) were shared equally between WHL, WFT and WAT. In addition, WHL incurred capital restructure charges totalling \$8.2 million (per Explanatory Memorandum \$nil).

# Appendix 4E

## Preliminary Final Report

### under ASX listing rule 4.3A

Name of entity

WESTFIELD HOLDINGS LIMITED trading as part of the WESTFIELD GROUP (ASX Code: WDC)

ABN or equivalent company  
reference

66 001 671 496

Financial year ended ('current period')

30 June 2004

#### Results for announcement to the market

				\$A'000
<b>Revenue from ordinary activities</b>	<i>(item 1.3)</i>	up	9.2%	to <b>1,253,512</b>
<b>Profit from ordinary activities after income tax expense and before Merger* and capital restructure charges attributable to members</b>	<i>(item 1.10, 1.12b and 1.16)</i>	up	13.9%	to <b>328,459</b>
<b>Merger and capital restructure charges</b>				
- write down of equity accounted associates'				(477,019)
- costs				(42,703)
- share of equity accounted associates charges				(5,105)
<b>Total Merger and capital restructure charges</b>				<b>(524,827)</b>
<b>Profit/(loss) from ordinary activities after income tax and after Merger and capital restructure charges attributable to members</b>				<b>(196,368)</b>
<b>Dividends</b>				
		Amount per security	Franked amount per security	
Final Dividend	<i>(item 5.4)</i>	13.58 cents	6.79 cents (50%)	
Interim Dividend	<i>(item 5.6)</i>	15.34 cents	7.67 cents (50%)	
Previous corresponding period final dividend	<i>(item 5.5)</i>	13.55 cents	6.78 cents (50%)	
Previous corresponding period interim dividend	<i>(item 5.7)</i>	12.02 cents	4.81 cents (40%)	
Record date for determining entitlements to the final dividend <i>(item 5.2)</i>		9 July 2004		
Commentary				
Profit from ordinary activities after income tax expense and before Merger and capital restructure charges and the final dividend for the period are in line with the forecast as disclosed in the Explanatory Memorandum dated 25 May 2004.				

\* The stapling of securities of Westfield Holdings Limited ("WHL"), Westfield Trust ("WFT") and Westfield America Trust ("WAT") is referred to as the "Merger".

The previous corresponding period is the financial year ended 30 June 2003.

## Consolidated statement of financial performance

	Current period - \$A'000	Previous corresponding period - \$A'000
1.1 Revenue from trading activities ( <i>item 1.32d</i> )	1,245,934	1,101,851
1.2 Other Revenue ( <i>item 1.33c</i> )	7,578	45,568
<b>1.3 Revenue from ordinary activities (<i>item 1.34</i>)</b>	<b>1,253,512</b>	<b>1,147,419</b>
1.4 Expenses from trading activities ( <i>item 1.35g</i> )	(1,032,209)	(922,616)
1.5 Other expenses ( <i>item 1.36e</i> )	(3,183)	(44,443)
<b>1.6 Total expenses before Merger and capital restructure charges</b>	<b>(1,035,392)</b>	<b>(967,059)</b>
<b>1.7 Merger and capital restructure charges</b>		
1.8 - write down of equity accounted associates' (WAT)	(477,019)	-
1.9 - costs	(42,703)	-
<b>1.10 Total Merger and capital restructure charges</b>	<b>(519,722)</b>	<b>-</b>
<b>1.11 Expenses from ordinary activities (<i>item 1.38</i>)</b>	<b>(1,555,114)</b>	<b>(967,059)</b>
1.12a Share of net profits of associates before Merger charges	210,342	222,782
1.12b Share of Merger charges included in associates' net profit ( <i>item 8.2</i> )	(5,105)	-
<b>1.12c Share of net profits of associates after Merger charges (<i>item 8.4</i>)</b>	<b>205,237</b>	<b>222,782</b>
<b>1.13 Borrowing costs</b>	<b>(17,094)</b>	<b>(42,710)</b>
<b>1.14 Profit/(loss) from ordinary activities before tax and after Merger and capital restructure charges</b>	<b>(113,459)</b>	<b>360,432</b>
1.15 Income tax on ordinary activities	(82,909)	(72,046)
<b>1.16 Profit/(loss) from ordinary activities after tax, Merger and capital restructure charges attributable to members</b>	<b>(196,368)</b>	<b>288,386</b>
1.17 Net increase in revaluation reserves	184,915	56,864
1.18 Net exchange difference on translation of financial report of foreign controlled entities and equity accounted associates	(4,258)	(119,957)
<b>1.19 Total transactions and adjustments recognised directly in equity (<i>items 1.17 to 1.18</i>)</b>	<b>180,657</b>	<b>(63,093)</b>
<b>1.20 Total changes in equity not resulting from transactions with owners as owners</b>	<b>(15,711)</b>	<b>225,293</b>

### Analysis of profit

<b>1.21 Profit/(loss) from ordinary activities after tax, Merger and capital restructure charges</b>	<b>(196,368)</b>	<b>288,386</b>
<b>1.22 Merger and capital restructure charges</b>		
1.23 - write down of equity accounted associates' (WAT)	(477,019)	-
1.24 - costs	(42,703)	-
1.25 - share of Merger charges included in associates net profit	(5,105)	-
<b>1.26 Total Merger and capital restructure charges</b>	<b>(524,827)</b>	<b>-</b>
<b>1.27 Profit from ordinary activities after tax and before Merger and capital restructure charges</b>	<b>328,459</b>	<b>288,386</b>

## Notes to the consolidated statement of financial performance

### Earnings per share (EPS)

	Current period	Previous corresponding period
1.28 Basic EPS before Merger and capital restructure charges	58.10 cents	51.13 cents
1.29 Diluted EPS before Merger and capital restructure charges	57.70 cents	50.63 cents
1.30 Basic EPS after Merger and capital restructure charges	(34.74) cents	51.13 cents
1.31 Diluted EPS after Merger and capital restructure charges	(34.41) cents	50.63 cents

### Revenue and expenses from ordinary activities

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>1.32 Revenue from trading activities</b>		
1.32a Property development and construction	953,186	828,043
1.32b Property and funds management	239,617	228,587
1.32c Property investment	53,131	45,221
<b>1.32d Total revenue from trading activities</b>	<b>1,245,934</b>	<b>1,101,851</b>
<b>1.33 Other revenue</b>		
1.33a Interest income	4,367	2,051
1.33b Proceeds on disposal of non current assets	3,211	43,517
<b>1.33c Total other revenue</b>	<b>7,578</b>	<b>45,568</b>
<b>1.34 Revenue from ordinary activities</b>	<b>1,253,512</b>	<b>1,147,419</b>
<b>1.35 Expenses from trading activities</b>		
1.35a Cost of materials and supplies	(723,221)	(635,548)
1.35b Employment expense	(233,317)	(216,208)
1.35c Corporate overheads	(13,820)	(10,832)
1.35d Operating lease rental expense	(44,760)	(38,453)
1.35e Depreciation and amortisation	(17,838)	(20,441)
1.35f Realised foreign currency gain/(loss)	747	(1,134)
<b>1.35g Total expenses from trading activities</b>	<b>(1,032,209)</b>	<b>(922,616)</b>
<b>1.36 Other expenses</b>		
1.36a Write back of previously written down non current assets	-	6,396
Foreign currency:		
1.36b - Write down of fixed assets due to exchange rate movement	(1,697)	(18,424)
1.36c - Unrealised gain on currency loans to fund fixed assets	1,697	9,909
1.36d Book value of non current assets sold	(3,183)	(42,324)
<b>1.36e Total other expenses</b>	<b>(3,183)</b>	<b>(44,443)</b>
<b>1.37 Merger and capital restructure charges <sup>(i)</sup></b>		
1.37a Recoverable amount write down of investments in equity accounted associates <sup>(ii)</sup>	(458,086)	-
1.37b Termination of excess interest rate swaps on close out of excess cross currency swaps in respect of equity accounted associates	(18,933)	-
	(477,019)	-
1.37c Merger charges <sup>(iii)</sup>	(34,495)	-
1.37d Capital restructure charges	(8,208)	-
<b>1.37e Total Merger and capital restructure charges</b>	<b>(519,722)</b>	<b>-</b>
<b>1.38 Expenses from ordinary activities</b>	<b>(1,555,114)</b>	<b>(967,059)</b>

(i) No income tax benefit has been applied to these expenses.

(ii) The Group's investment in WAT participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result, the Group's investment in WAT was diluted and the resultant reduction in carrying value of \$544.7 million was charged to the Statement of Financial Performance (\$458.1 million) and the Asset Revaluation Reserve (\$86.6 million).

(iii) WHL's share of Merger charges.

## Notes to the consolidated statement of financial performance continued

### Statement of retained earnings

	Current period - \$A'000	Previous corresponding period - \$A'000
1.39 Retained profits at the beginning of the period	819,746	599,235
1.40 Net profit/(loss) attributable to members after tax, Merger and capital restructure charges ( <i>item 1.16</i> )	(196,368)	288,386
1.41 Net effect of changes in accounting policies <i>AASB 1044: Provisions, Contingent Liabilities and Contingent Assets - Provision for Dividends</i>	-	73,219
1.42 Dividends paid or provided for ( <i>see note (i) below</i> )	(240,756)	(141,094)
<b>1.43 Retained profits at the end of the period</b>	<b>382,622</b>	<b>819,746</b>

- (i) The final dividend for the current period of \$77.4 million (13.58 cents per share) has been provided for in the Statement of Financial Position.

## Consolidated statement of financial position

Item		At end of current period \$A'000	As shown in last annual report \$A'000	As shown in last half yearly report \$A'000	
<b>Current assets</b>					
2.1	Cash	71,733	54,998	40,805	
2.2	Receivables	69,969	58,695	57,835	
2.3	Dividends and distributions receivable	71,439	65,648	73,342	
2.4	Inventories	66,122	68,112	55,211	
2.5	Income tax receivable	11,994	3,125	-	
2.6	Other assets	2.34	143,479	48,931	106,958
<b>2.7</b>	<b>Total current assets</b>		434,736	299,509	334,151
<b>Non current assets</b>					
2.8	Equity accounted investments	2.36	2,083,462	2,341,850	2,205,112
2.9	Other investments		34,752	31,053	31,769
2.10	Fixed assets	2.38	150,190	113,707	135,631
2.11	Receivables		63,862	80,481	79,216
2.12	Deferred tax assets		17,894	31,805	20,490
2.13	Other assets	2.40	236,269	223,228	413,068
<b>2.14</b>	<b>Total non current assets</b>		2,586,429	2,822,124	2,885,286
<b>2.15</b>	<b>Total assets</b>		3,021,165	3,121,633	3,219,437
<b>Current liabilities</b>					
2.16	Payables		138,082	160,467	162,969
2.17	Interest bearing liabilities		12,154	2,333	25,378
2.18	Non interest bearing liabilities		2,108	16,065	6,493
2.19	Current tax liabilities		46,583	39,212	42,082
2.20	Other liabilities	2.42	192,558	75,771	91,997
<b>2.21</b>	<b>Total current liabilities</b>		391,485	293,848	328,919
<b>Non current liabilities</b>					
2.22	Other (creditors and accruals)		21,186	14,651	15,029
2.23	Interest bearing liabilities		1,063,595	985,943	906,971
2.24	Deferred tax liabilities		140,986	138,444	188,797
2.25	Other liabilities		56,261	65,578	85,845
<b>2.26</b>	<b>Total non current liabilities</b>		1,282,028	1,204,616	1,196,642
<b>2.27</b>	<b>Total liabilities</b>		1,673,513	1,498,464	1,525,561
<b>2.28</b>	<b>Net assets</b>		1,347,652	1,623,169	1,693,876
<b>Equity</b>					
2.29	Contributed equity	2.44	696,142	715,192	717,711
2.30	Reserves	2.46	268,888	88,231	59,600
2.31	Retained profits	1.43	382,622	819,746	916,565
<b>2.32</b>	<b>Total equity</b>		1,347,652	1,623,169	1,693,876

## Notes to consolidated statement of financial position

Item	At end of current period \$A'000	As shown in last annual report \$A'000	As shown in last half yearly report \$A'000
<b>2.33 Other current assets</b>			
Security deposits and prepayments	55,623	6,708	49,207
Prepaid interest rate hedge option	40,911	-	-
Amounts receivable under forward exchange contracts	20,980	14,859	29,596
Unrealised exchange loss on forward exchange contracts	-	1,125	643
Other debtors	25,965	26,239	27,512
<b>2.34 Total other current assets</b>	<b>143,479</b>	<b>48,931</b>	<b>106,958</b>
<b>2.35 Equity accounted investments</b>			
Listed - WAT and its controlled entities	1,393,292	1,828,276	1,696,244
Unlisted - UK property investments	690,170	513,574	508,868
<b>2.36 Total equity accounted investments</b>	<b>2,083,462</b>	<b>2,341,850</b>	<b>2,205,112</b>
<b>2.37 Fixed assets</b>			
Fixed assets reconciliation			
Opening balance	113,707	130,746	113,707
Additions	59,642	25,918	39,546
Disposals	(3,073)	(42)	(202)
Depreciation expense	(17,279)	(19,901)	(8,149)
Write down due to exchange rate movement	(1,697)	(18,424)	(6,079)
Retranslation of foreign operations and other differences	(1,110)	(4,590)	(3,192)
<b>2.38 Total fixed assets</b>	<b>150,190</b>	<b>113,707</b>	<b>135,631</b>
<b>2.39 Other non current assets</b>			
Unrealised exchange difference on cross currency swaps	167,106	146,059	311,552
Amounts receivable under forward exchange contracts	56,261	65,578	85,845
Other debtors	12,902	11,591	15,671
<b>2.40 Total other non current assets</b>	<b>236,269</b>	<b>223,228</b>	<b>413,068</b>
<b>2.41 Other current liabilities</b>			
Provision for dividend	77,432	-	-
Unrealised exchange gain on forward exchange contracts	20,980	14,859	29,596
Other creditors and accruals	94,146	60,912	62,401
<b>2.42 Total other current liabilities</b>	<b>192,558</b>	<b>75,771</b>	<b>91,997</b>
<b>2.43 Contributed equity</b>			
Balance at the beginning of the period	715,192	708,872	715,192
Issue of share options ( <i>item 9.4</i> )	10,530	-	-
Extinguishment of share option ( <i>item 9.8</i> )	(32,865)	-	-
Executive incentive scheme ( <i>item 9.5</i> )	3,285	6,320	2,519
<b>2.44 Balance at the end of the period</b>	<b>696,142</b>	<b>715,192</b>	<b>717,711</b>



## Notes to consolidated statement of financial position continued

Item	At end of current period \$A'000	As shown in last annual report \$A'000	As shown in last half yearly report \$A'000
<b>2.45 Reserves</b>			
Asset revaluation reserve	2.48	422,504	237,589
Exchange fluctuation reserve	2.50	(153,616)	(149,358)
<b>2.46 Total reserves</b>		268,888	88,231
			59,600
<b>2.47 Asset revaluation reserve</b>			
Balance at the beginning of the period		237,589	180,725
Revaluation of equity accounted investments		270,020	56,159
Write down of equity accounted investments <sup>(i)</sup>		(86,559)	-
Revaluation of other investments		1,454	705
<b>2.48 Balance at the end of the period</b>		422,504	237,589
			303,050
<b>Exchange Fluctuation Reserve</b>			
<b>2.49</b> Balance at the beginning of the period		(149,358)	(29,401)
Exchange movement arising from the translation of net investments in self sustaining foreign controlled entities and equity accounted associates:			
Equity accounted foreign associates and controlled foreign entities		(23,503)	(397,487)
Foreign currency loans and derivatives to hedge foreign associates and controlled entities		18,384	341,093
- Tax effect		861	(63,563)
<b>2.50 Balance at the end of the period</b>		(153,616)	(149,358)
			(243,450)

- (i) The Group's investment in WAT participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result, the Group's investment in WAT was diluted and the resultant reduction in carrying value of \$544.7 million was charged to the Statement of Financial Performance (\$458.1 million) and the Asset Revaluation Reserve (\$86.6 million).

## Consolidated statement of cash flows

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Cash flows related to operating activities</b>		
3.1 Receipts from customers (including GST)	1,327,135	1,215,691
3.2 Payments to suppliers and employees (including GST)	(1,095,315)	(960,841)
3.3 Dividends and distributions received from associates	201,700	199,854
3.4 Income taxes paid	(70,371)	(47,840)
3.5 Goods and services tax paid	(30,650)	(30,717)
<b>3.6 Net operating cash flows</b>	<b>332,499</b>	<b>376,147</b>
<b>Cash flows related to investing activities</b>		
3.7 Payment for purchases of property, plant and equipment	(59,642)	(25,919)
3.8 Proceeds from sale of property, plant and equipment	3,101	39
3.9 Payment for purchases of equity accounted investments	(39,210)	(19,533)
3.10 Proceeds from sale and realisation of equity accounted investments	110	64,212
3.11 Loans repaid by/(advanced to) other entities	16,619	(73,520)
3.12 Dividends and distributions received	109	181
<b>3.13 Net investing cash flows</b>	<b>(78,913)</b>	<b>(54,540)</b>
<b>Cash flows related to financing activities</b>		
3.14 Proceeds from issues of securities (shares, options, etc.)	3,285	6,320
3.15 Extinguishment of share option ( <i>item 9.8</i> )	(32,865)	-
3.16 Merger and capital restructure charges	(18,684)	-
3.17 Purchase of interest rate option	(40,911)	-
3.18 Interest bearing liabilities	78,027	(144,405)
3.19 Non-interest bearing liabilities and deposits	(57,777)	10,362
3.20 Interest received	4,413	2,002
3.21 Interest paid	(17,371)	(45,870)
3.22 Dividends paid	(163,324)	(141,094)
<b>3.23 Net financing cash flows</b>	<b>(245,207)</b>	<b>(312,685)</b>
<b>3.24 Net increase in cash held</b>	<b>8,379</b>	<b>8,922</b>
3.25 Cash at the beginning of the period ( <i>see Reconciliation of cash</i> )	52,665	47,575
3.26 Exchange rate adjustments to item 3.24	(165)	(3,832)
<b>3.27 Cash at the end of the period</b> ( <i>see Reconciliation of cash</i> )	<b>60,879</b>	<b>52,665</b>

## Non-cash financing and investing activities

*Details of financing and investing transactions, which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)*

NIL

	Current period - \$A'000	Previous corresponding period - \$A'000
<b>Reconciliation of cash</b>		
3.28 Cash on hand and at bank	71,733	54,998
3.29 Bank overdraft	(10,854)	(2,333)
<b>3.30 Total cash at the end of the period (item 3.27)</b>	<b>60,879</b>	<b>52,665</b>
<b>Reconciliation of profit/(loss) from ordinary activities after income tax to net cash flows from operating activities</b>		
3.31 Profit/(loss) from ordinary activities after income tax, Merger and capital restructure charges	(196,368)	288,386
3.32 Share of Merger charges included in associates net profit (item 1.12b)	5,105	-
3.33 Merger and capital restructure charges (item 1.37e)	519,722	-
3.34 Profit from ordinary activities before Merger and capital restructure charges and after income tax expense	328,459	288,386
3.35 Depreciation and amortisation	17,838	20,441
3.36 Share of associates' profit in excess of dividend and distribution	(1,912)	(4,123)
3.37 Profit on disposal of non current assets	(28)	(1,193)
3.38 Dividend and distribution income	(109)	(181)
3.39 Interest income	(4,367)	(2,051)
3.40 Borrowing costs	17,094	42,710
3.41 Write back of previously written down non current assets	-	(6,396)
Foreign currency:		
3.42 - Write down of fixed assets due to exchange rate movement	1,697	18,424
3.43 - Unrealised gain on currency loans to fund fixed assets	(1,697)	(9,909)
3.44 - Realised (gain)/loss	(747)	1,134
3.45 Increase in net tax liability	12,538	24,206
3.46 (Increase)/decrease in other assets attributable to operating activities	(36,267)	4,699
<b>3.47 Net cash flows from operating activities</b>	<b>332,499</b>	<b>376,147</b>
<b>Financing facilities</b>		
Committed financing facilities available to the Group:		
3.48 Total financing facilities at the end of the period	1,666,884	1,565,781
3.49 Amount utilised	(1,072,831)	(998,363)
3.50 Financing facilities available	594,053	567,418
3.51 Cash assets	71,733	54,998
<b>3.52 Financing resources available at the end of the period</b>	<b>665,786</b>	<b>622,416</b>

## Earnings per share (EPS)

	Current period - \$'A000	Previous corresponding period - \$'A000
4.1 Basic EPS before Merger and capital restructure charges	58.10 cents	51.13 cents
4.2 Diluted EPS before Merger and capital restructure charges	57.70 cents	50.63 cents
4.3 Basic EPS after Merger and capital restructure charges	(34.74) cents	51.13 cents
4.4 Diluted EPS after Merger and capital restructure charges	(34.41) cents	50.63 cents
Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of AASB 1027: Earnings per share are as follows.		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
4.5 Net Profit after tax and before Merger and capital restructure charges	323,354	288,386
4.6 Share of associates' Merger charges ( <i>item 1.12b</i> )	5,105	-
4.7 Earnings used in calculating basic and diluted earnings per share after tax and before Merger and capital restructure charges	328,459	288,386
4.8 Merger and capital restructure charges	(519,722)	-
4.9 Share of associates Merger charges ( <i>item 1.12b</i> )	(5,105)	-
4.10 Net profit/(loss) after tax and after Merger and capital restructure charges ( <i>item 1.16</i> )	(196,368)	288,386
4.11 Adjustments	-	-
4.12 Earnings used in calculating basic and diluted earnings per share	(196,368)	288,386

	Current period - No. of shares	Previous corresponding period - No. of shares
4.13 Weighted average number of ordinary shares used in calculating basic earnings per share:	565,314,865	563,985,762
<b>Effect of dilutive securities:</b>		
4.14 Share options	5,343,531	5,615,598
4.15 Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	570,658,396	569,601,360
4.16 Number of unexpired options in respect of ordinary shares considered not to be dilutive	1,600,100	4,442,486

### Conversions, calls, subscription or issues after 30 June 2004

Since the end of the financial year:

- 2,813,560 ordinary shares were issued for cash consideration totalling \$26.8 million and 1,126,506 ordinary shares were issued for \$nil consideration following the exercise of the executive option plan and executive performance share plan options over 6,591,090 unissued ordinary shares.
- to implement the Westfield Group Merger, 629,615,967 ordinary shares were issued to Members of WFT for cash consideration totalling \$6.3 million and 483,255,917 ordinary shares were issued to Members of WAT for cash consideration totalling \$4.8 million.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up of the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the company.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this preliminary final report.

## Dividends

5.1 Date the dividend is payable

31 August 2004

5.2 Record date to determine entitlements to the dividend (i.e., on the basis of transfers received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00pm or such later time permitted by SCH Business Rules if securities are CHES approved).

9 July 2004

5.3 Has the dividend been declared?

YES

## Amount per security

		Amount per security	Franked amount per security	Amount per security of foreign source dividend
5.4	<i>(Preliminary final report only)</i> <b>Final dividend:</b> Current year (50% franked)	13.58 cents	6.79 cents	N/A cents
5.5	Previous year (50% franked)	13.55 cents	6.78 cents	N/A cents
5.6	<i>(Half yearly and preliminary final reports)</i> <b>Interim dividend:</b> Current year (50% franked)	15.34 cents	7.67 cents	N/A cents
5.7	Previous year (40% franked)	12.02 cents	4.81 cents	N/A cents

## Final dividend on all securities

5.8 Ordinary securities

Current period - \$A'000	Previous corresponding period - \$A'000
77,432	76,458

The dividend plans shown below are in operation

Not Applicable

The last date for receipt of election notices for the dividend plan

Not Applicable

Any other disclosures in relation to dividends

Not Applicable

## NTA backing

	Current period	Previous corresponding period
6.1 Net tangible asset backing per ordinary security before Merger and capital restructure charges	329.78 cents	287.66 cents
6.2 Merger and capital restructure charges	(91.78) cents	0.00 cents
6.3 Net tangible asset backing per ordinary security after Merger and capital restructure charges	238.00 cents	287.66 cents

## Control gained or lost over entities having material effect

7.1 Name of entity (or group of entities)

Not Applicable

7.2 If material, date from which such profit has been calculated

Not Applicable

7.3 The contribution of such entities to the reporting entity's profit from ordinary activities during the period and the profit or loss of such entities during the whole of the previous corresponding period.

Not Applicable

## Details of aggregate share of profits and carrying value of associates

### Group's Share of associates':

8.1 Profit from ordinary activities before income tax

Current period - \$A'000	Previous corresponding period - \$A'000
-----------------------------	--

8.2 Share of Merger charges

215,161

228,046

8.3 Income and withholding tax on ordinary activities

(5,105)

-

8.4 Share of net profits of associates

(4,819)

(5,264)

205,237

222,782

### Name of entity

	Percentage of ownership interest held at end of period		Contribution to consolidated operating profit before interest and tax (item 1.12c)	
	Current period	Previous corresponding period	Current period - \$A'000	Previous corresponding period - \$A'000
<b>8.5 Equity accounted associates share of profits</b>				
Westfield America Trust and controlled entities <i>see note (i) below</i>	25.3%	26.2%	175,935	194,160
Broadmarsh Retail L.P. <i>see note (ii) below</i>	75.0%	75.0%	8,139	8,519
Wilmslow No 1 to 6 L.P.s	50.0%	50.0%	21,163	18,938
Two Rivers L.P.	N/A	N/A	-	1,165
<b>8.6 Total</b>			<b>205,237</b>	<b>222,782</b>

(i) At 30 June 2004 the Group held an aggregate 25.3% interest in WAT and its controlled entities ("WEA") represented by 14.7% direct interest in WAT and a 14.1% direct interest in WEA. As a result of the Merger the aggregate interest was diluted to 17.7% represented by a 4.7% direct interest in WAT (WAT held a 76.4% interest in WEA) and a direct 14.1% interest in WEA.

(ii) The Group has a 75% economic interest in the Broadmarsh Retail General Partner Limited ("Broadmarsh"). The Group has equal representation and voting rights on the Board of Broadmarsh resulting in joint control, and as a consequence, significant influence. Accordingly, Broadmarsh has been accounted for as an associate in accordance with AASB 1016: Accounting for Investments in Associates.

## Issued and quoted securities at end of current period

Category of securities		Total Number	Number quoted	Issue price per security	Amount paid up per security
9.1	<b>Ordinary securities (shares)</b>	566,249,327	566,249,327	Fully Paid	Fully Paid
9.2	Changes during current period				
	Exercise of options	507,370	507,370	Refer 9.5	N/A
	<b>Options</b>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
9.3	Options on issue at the end of the period				
	Issued on 01-10-1999 (i)	120,000	Nil	\$9.310	01-10-2004
	Issued on 01-10-1999 (i)	3,750,000	Nil	\$9.310	01-10-2004
	Issued on 04-11-1999 (i)	55,000	Nil	\$9.820	04-11-2004
	Issued on 23-12-1999 (i)	376,060	Nil	\$10.080	23-12-2004
	Issued on 03-02-2000 (i)	62,500	Nil	\$9.160	03-02-2005
	Issued on 10-04-2000 (i)	270,000	Nil	\$9.320	10-04-2005
	Issued on 22-09-2000 (i)	360,000	Nil	\$12.550	22-09-2005
	Issued on 09-11-2000 (i)	75,000	Nil	\$13.460	09-11-2005
	Issued on 22-12-2000 (i)	20,000	Nil	\$14.210	22-12-2005
	Issued on 30-04-2001 (i)	250,000	Nil	\$13.030	30-04-2006
	Issued on 06-08-2001 (i)	455,000	Nil	\$15.050	06-08-2006
	Issued on 12-11-2001 (i)	100,000	Nil	\$17.360	12-11-2006
	Issued on 20-03-2002 (i)	75,000	Nil	\$17.140	20-03-2007
	Issued on 15-04-2002 (i)	25,000	Nil	\$17.040	15-04-2007
	Issued on 26-06-2002 (i)	100,000	Nil	\$15.370	26-06-2007
	Issued on 24-07-2002 (i)	150,000	Nil	\$14.760	24-07-2007
	Issued on 25-10-2002 (i)	271,500	Nil	\$12.910	25-10-2007
	Issued on 20-12-2002 (i)	145,000	Nil	\$13.800	20-12-2007
	Issued on 28-02-2003 (i)	142,500	Nil	\$13.140	28-02-2008
	Issued on 28-02-2003 (i)	575,000	Nil	\$13.140	28-02-2010
	Issued on 10-06-2003 (i) (iii)	20,710	Nil	\$0.000	10-06-2008
	Issued on 19-08-2003 (i) (ii)	30,000	Nil	\$15.600	19-08-2008
	Issued on 01-09-2003 (i) (ii)	252,600	Nil	\$15.560	01-09-2008
	Issued on 01-09-2003 (i) (iii)	25,500	Nil	\$0.000	01-09-2008
	Issued on 13-11-2003 (i) (ii)	50,000	Nil	\$14.810	13-11-2008
	Issued on 19-12-2003 (i) (iii)	127,550	Nil	\$0.000	19-12-2008
	Issued on 01-01-2004 (i) (iii)	112,070	Nil	\$0.000	01-01-2009
	Issued on 28-02-2004 (i) (ii)	75,000	Nil	\$13.550	28-02-2011
	Issued on 01-04-2004 (iv)	7,950,000	Nil	\$12.840	22-05-2005
		16,020,990	Nil		
9.4	Issued during current period				
	Issued on 19-08-2003 (i) (ii)	30,000	Nil	\$15.600	19-08-2008
	Issued on 01-09-2003 (i) (ii)	252,600	Nil	\$15.560	01-09-2008
	Issued on 01-09-2003 (i) (iii)	93,890	Nil	\$0.000	01-09-2008
	Issued on 01-10-2003 (i) (ii)	240,000	Nil	\$15.010	01-10-2008
	Issued on 13-11-2003 (i) (ii)	50,000	Nil	\$14.810	13-11-2008
	Issued on 19-12-2003 (i) (iii)	127,550	Nil	\$0.000	19-12-2008
	Issued on 01-01-2004 (i) (iii)	112,070	Nil	\$0.000	01-01-2009
	Issued on 27-02-2004 (i) (ii)	400,000	Nil	\$13.550	27-02-2009
	Issued on 28-02-2004 (i) (ii)	150,000	Nil	\$13.550	28-02-2011
	Issued on 01-03-2004 (i) (iii)	135,821	Nil	\$0.000	01-03-2009
	Issued on 01-04-2004 (iv)	7,950,000	Nil	\$12.840	22-05-2005
		9,541,931	Nil		

(i), (ii), (iii) & (iv) refer to page 15 and 16

## Issued and quoted securities at end of current period continued

### Category of securities

#### Options (continued)

	Total Number	Number quoted	Exercise price	Expiry date (if any)
9.5 Exercised during current period and extinguished by the issuance of new shares				
Issued on 14-09-1998	240,000	Nil	\$7.540	14-09-2003
Issued on 01-10-1999	5,000	Nil	\$9.310	01-10-2004
Issued on 23-12-1999	76,440	Nil	\$10.080	23-12-2004
Issued on 22-09-2000	52,500	Nil	\$12.550	22-09-2005
Issued on 28-02-2003	49,750	Nil	\$0.000	28-02-2008
Issued on 10-06-2003	42,580	Nil	\$0.000	10-06-2008
Issued on 01-09-2003	41,100	Nil	\$0.000	01-09-2008
	507,370	Nil		
9.6 Exercised during current period and extinguished by the transfer of existing shares				
Issued on 09-06-1999	432,500	Nil	\$9.450	09-06-2004
Issued on 01-10-1999	810,000	Nil	\$9.310	01-10-2004
Issued on 01-10-1999	278,750	Nil	\$9.310	01-10-2004
Issued on 04-11-1999	30,000	Nil	\$9.820	04-11-2004
Issued on 03-02-2000	31,250	Nil	\$9.160	03-02-2005
Issued on 10-04-2000	117,500	Nil	\$9.320	10-04-2005
Issued on 10-04-2000	62,500	Nil	\$9.320	10-04-2005
Issued on 22-12-2000	15,000	Nil	\$14.210	22-12-2005
Issued on 20-03-2003	186,752	Nil	\$0.000	20-03-2008
Issued on 20-03-2003	13,390	Nil	\$0.000	20-03-2007
Issued on 01-10-2002	160,340	Nil	\$0.000	01-10-2007
Issued on 27-02-2003	162,090	Nil	\$0.000	27-02-2010
Issued on 01-03-2004	135,821	Nil	\$0.000	01-03-2009
	2,435,893	Nil		
9.7 Exercised during current period and extinguished by the issue of existing shares equal to the difference between market value and exercise price				
Issued on 2-09-1998	1,590,000	Nil	\$7.580	02-09-2003
Issued on 09-06-1999	30,000	Nil	\$9.450	09-06-2004
Issued on 01-10-1999	90,000	Nil	\$9.310	01-10-2004
Issued on 04-11-1999	30,000	Nil	\$9.820	04-11-2004
Issued on 23-12-1999	325,000	Nil	\$10.080	23-12-2004
Issued on 10-04-2000	75,000	Nil	\$9.320	10-04-2005
Issued on 22-09-2000	356,250	Nil	\$12.550	22-09-2005
Issued on 30-04-2001	25,000	Nil	\$13.030	30-04-2006
Issued on 01-10-2002	240,000	Nil	\$13.520	01-10-2007
Issued on 25-10-2002	303,500	Nil	\$12.910	25-10-2007
Issued on 20-12-2002	130,000	Nil	\$13.800	20-12-2007
Issued on 13-01-2003	30,000	Nil	\$13.800	13-01-2008
Issued on 27-02-2003	400,000	Nil	\$13.190	27-02-2008
Issued on 28-02-2003	1,170,500	Nil	\$13.140	28-02-2008
Issued on 28-02-2003	75,000	Nil	\$13.140	28-02-2010
Issued on 31-03-2003	100,000	Nil	\$13.140	31-03-2008
Issued on 01-10-2003	240,000	Nil	\$15.010	01-10-2008
Issued on 27-02-2004	400,000	Nil	\$13.550	27-02-2009
Issued on 28-02-2004	75,000	Nil	\$13.550	28-02-2011
	5,685,250	Nil		



## Issued and quoted securities at end of current period continued

Category of securities		Total Number	Number quoted	Exercise price	Expiry date (if any)
<b>Options (continued)</b>					
9.8	Exercised during current period and extinguished by the payment of cash equal to the difference between market value and exercise price Issued on 20-05-2000	8,000,000	Nil	\$8.740	20-05-2005
		8,000,000	Nil		
9.9	Expired during current period				
	Issued on 01-10-1999	10,000	Nil	\$9.310	01-10-2004
	Issued on 23-12-1999	32,500	Nil	\$10.080	23-12-2004
	Issued on 10-04-2000	112,500	Nil	\$9.320	10-04-2005
	Issued on 22-09-2000	46,250	Nil	\$12.550	22-09-2005
	Issued on 22-12-2000	15,000	Nil	\$14.210	22-12-2005
	Issued on 06-08-2001	75,000	Nil	\$15.050	06-08-2006
	Issued on 11-01-2002	25,000	Nil	\$17.340	11-01-2007
	Issued on 20-12-2002	80,000	Nil	\$13.800	20-12-2007
	Issued on 01-09-2003	27,290	Nil	\$0.000	01-09-2008
		423,540	Nil		

- (i) Under the terms of the Executive Option Plan and Executive Performance Share plan and as a result of the Merger, the vesting dates of the options and share awards were accelerated, so that Executives had the right to exercise all their options and/or share awards until 2 July 2004, being the effective date of the Merger. Any options outstanding at this date continue with the original vesting dates, as described in notes (ii) and (iii) below.

The Rules of the Executive Option Plan permitted the Parent Company to satisfy the exercise of an Executive Option in one of the following ways:

- (a) issuing or transferring a share to the Executive Option holder;
- (b) paying the Executive Option holder an amount equal to the difference between the market value of a share as at the date of exercise (determined under section 139FA of the Income Tax Assessment Act 1936) and the exercise price for the Executive Option ("Profit Element"); or
- (c) issuing or transferring shares to the Executive Option holder equal to the value of the Profit Element.

These options have no entitlement to dividends and no voting rights.

As a result of the Merger, the Executive Option Plan Rules and the Executive Performance Share Plan Rules were amended. Executive options and share awards outstanding and not exercised on or before 2 July 2004 will now receive stapled securities on exercise of an Executive option or share award subject to the terms and conditions of the respective plans.

- (ii) Pursuant to the Company's Executive Option Plan, options over 1,122,600 (2003: 3,828,000) unissued ordinary shares were granted during the financial year. The exercise price for the options was set at 105% of the market value of the Company's shares at the time the options were issued. The Company has a policy of not recognising a value for options granted with an exercise price at or above current market value. Accordingly, no amounts have been recorded in the Statement of Financial Performance in respect of the issue of these options. These options have no entitlement to dividends and no voting rights. The value of these options issued during the year, based upon the higher of cost or Black - Scholes valuation model, was \$2.7 million (2003: \$12.0 million).
- (iii) Pursuant to the Company's Executive Performance Share Plan, share awards over 469,331 (2003: 635,612) unissued ordinary shares were granted during the financial year. The exercise price for the awards was \$nil. The Company has a policy of not recognising a value for awards granted with an exercise price at or above current market value. Accordingly, no amounts have been recorded in the Statement of Financial Performance in respect of the issue of these awards. These awards have no entitlement to dividends and no voting rights. The value of these awards issued during the year, based upon the higher of cost or Black - Scholes valuation model, was \$6.5 million (2003: \$8.1 million).

## **Issued and quoted securities at end of current period continued**

- (iv) These options were issued to Possfund Custodian Trustee Limited ("Possfund") at an exercise price per option of \$12.84 on 1 April 2004 with an expiry date of 22 May 2005. They may be exercised at any time during the period commencing on 1 April 2004 and expiring on 22 May 2005.

These options have no entitlement to dividends and no voting rights. The value of these options issued during the year, based upon the higher of cost or Black - Scholes valuation model, was \$10.5 million.

The terms of the Possfund Options allowed the Parent Company, at its election on exercise of an option, to either:

- (a) issue or transfer one share in respect of each option exercised subject to payment of the exercise price;
- (b) issue or transfer the number of shares whose value represents the difference between the market value of the shares that would otherwise have been issued on exercise of the option as at the date of their exercise and their exercise price (that difference being the "profit component"); or
- (c) paying to Possfund an amount equal to the profit component.

Following the stapling of securities on 16 July 2004, the terms of the Possfund Options will allow the Group, on exercise of a Possfund Option, to issue or transfer to Possfund the number of Stapled Securities that Possfund would have received had it exercised those options prior to the stapling of securities. Also, following the stapling of securities, the terms of the Possfund Options will allow the calculation of the profit component on the basis of the market value of Stapled Securities.

## 10. Segment Reporting

### Information by primary geographic segments

	Australasia		United States		United Kingdom		GROUP	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>SEGMENT REVENUE</b>								
Segment trading revenue	692,163	634,870	523,117	425,721	30,654	41,260	1,245,934	1,101,851
Equity accounted net profit of associates	-	-	175,935 <sup>(i)</sup>	194,160	29,302	28,622	205,237	222,782
Total segment revenue	692,163	634,870	699,052	619,881	59,956	69,882	1,451,171	1,324,633
Group interest income							4,367	2,051
Proceeds from sale of non current assets							3,211	43,517
Consolidated total revenue							1,458,749	1,370,201

### SEGMENT PROFIT

Segment result before corporate overheads, interest, sale of investments and taxation	115,783	105,346	300,006 <sup>(i)</sup>	284,385	21,381	23,326	437,170	413,057
Corporate overheads and net interest expense							(30,907)	(52,625)
Tax expense							(82,909)	(72,046)
Consolidated operating profit after tax and before Merger and capital restructure charges							323,354	288,386
Merger and other capital restructure charges ( <i>item 1.37e</i> )							(519,722)	-
Consolidated operating profit/(loss) after tax, Merger and capital restructure charges							(196,368)	288,386

### SEGMENT ASSETS

Segment assets	159,348	134,313	1,623,400 <sup>(ii)</sup>	2,023,240	734,933	547,519	2,517,681	2,705,072
Corporate assets							503,484	416,561
Consolidated total assets							3,021,165	3,121,633

### SEGMENT LIABILITIES

Segment liabilities	152,818	162,511	51,800	37,636	21,025	11,596	225,643	211,743
Corporate liabilities							1,447,870	1,286,721
Consolidated total liabilities							1,673,513	1,498,464

### OTHER SEGMENT INFORMATION

Investment in equity accounted associates included in segment assets	-	-	1,393,292 <sup>(ii)</sup>	1,828,276	690,170	513,574	2,083,462	2,341,850
Additions to segment non current assets	13,867	10,688	48,735	9,236	36,250	25,528	98,852	45,452
Depreciation and amortisation	9,007	10,455	6,969	8,699	1,862	1,287	17,838	20,441

(i) Includes \$5.1 million of associates share of Merger charges included in associates' net profit.

(ii) The Group's investment in WAT participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result, the Group's investment in WAT was diluted and the resultant reduction in carrying value of \$544.7 million was charged to the Statement of Financial Performance (\$458.1 million) and the Asset Revaluation Reserve (\$86.6 million).

## 10. Segment Reporting (continued)

### Information by secondary business segments

	Property Investment		Property Development and Construction		Property and Funds Management		GROUP	
	2004	2003	2004	2003	2004	2003	2004	2003
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>SEGMENT REVENUE</b>								
Segment trading revenue	53,131	45,221	953,186	828,043	239,617	228,587	1,245,934	1,101,851
Equity accounted net profit of associates	205,237	222,782	-	-	-	-	205,237	222,782
Total segment revenue	258,368	268,003	953,186	828,043	239,617	228,587	1,451,171	1,324,633
Group interest income							4,367	2,051
Proceeds from sale of non current assets							3,211	43,517
Consolidated total revenue							1,458,749	1,370,201
<b>SEGMENT ASSETS</b>								
Segment assets	2,189,651	2,438,551	185,461	167,150	142,569	99,371	2,517,681	2,705,072
Corporate assets							503,484	416,561
Consolidated total assets							3,021,165	3,121,633
<b>OTHER SEGMENT INFORMATION</b>								
Additions to segment non current assets	39,210	20,799	29,821	9,288	29,821	15,365	98,852	45,452

## Taxation

- 11.1 The amount provided for income tax differs by more than 15% from the prima facie income tax payable due to: the benefit of approximately \$42.2 million arising from differences in tax rates on overseas income; additional non deductible items of \$159.7 million, including the write down of equity accounted associates and restructure charges of \$143.1 million; and the benefit of other items of \$0.6 million.

## Basis of financial report preparation

- 12.1 Material factors affecting the revenues and expenses of the economic entity for the current period.

The Group's investment in WAT participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result, the Group's investment in WAT was diluted and the resultant reduction in carrying value of \$544.7 million was charged to the Statement of Financial Performance (\$458.1 million) and the Asset Revaluation Reserve (\$86.6 million).

Merger charges totalling \$103.5 million (per Explanatory Memorandum \$95.0 million) were shared equally between WHL, WFT and WAT. In addition, WHL incurred capital restructure charges totalling \$8.2 million (per Explanatory Memorandum \$nil).

- 12.2 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

On 22 April 2004, Westfield Holdings Limited ("Parent Company") announced a proposal to staple the securities of the Parent Company with those of WFT and WAT to form the Westfield Group ("Merger").

The Merger was implemented by way of a Court approved scheme of arrangement ("Share Scheme") of the Parent Company and amendments to the constitutions of each of the Parent Company, WFT and WAT.

On 25 June 2004, members of each of the Parent Company, WFT and WAT approved the Merger. As a result of the Merger the Parent Company is considered, for accounting purposes, to have gained control of WFT and WAT and will consolidate WFT and WAT from the date control is obtained. As the Merger was not effective until 2 July 2004, being the date an order made by the Supreme Court of New South Wales approving the share scheme was lodged with the Australian Securities and Investment Commission, WFT and WAT have not been consolidated in this report.

The Merger was implemented on 16 July 2004 ("Implementation Date"), being the date on which securities were issued to investors in each other entity and "stapled" such that the Westfield Group stapled securities trade as one security on the Australian Stock Exchange under the code WDC. The stapled security comprises one share in the Parent Company, one WFT unit and one WAT unit. The following occurred on the Implementation Date:

## Basis of financial report preparation *continued*

### 12.2 Continued

- members of WFT holding units on 12 July 2004 ("Stapling Record Date") had their units converted into 0.28 restructured WFT units and members of WAT had their units converted into 0.15 restructured WAT units;
- a fully franked "stapling" dividend of \$0.002 per share in the Parent Company was paid to members of the Parent Company holding shares on the Stapling Record Date and applied to subscribe for one restructured WFT unit for \$0.001 and one restructured WAT unit for \$0.001 for each share in the Parent Company held by the member;
- a stapling distribution of \$1.01 was paid to members of WFT holding units on the Stapling Record Date and applied to subscribe for one share in the Parent Company for \$0.01 and one restructured WAT unit for \$1.00 for each restructured WFT unit held;
- a stapling distribution of \$1.01 was paid to members of WAT holding units on the Stapling Record Date and applied to subscribe for one share in the Parent Company for \$0.01 and one restructured WFT unit for \$1.00 for each restructured WAT unit held;
- members of the Parent Company holding shares on the Stapling Record Date received one stapled security for each share held; and
- on the Implementation Date, members of each of WFT and WAT received one stapled security for each restructured WFT unit or restructured WAT unit (as the case may be) held on the Stapling Record Date.

As a result of the above, 629,615,967 ordinary shares of the Parent Company were issued to members of WFT for cash consideration totalling \$6.3 million and 483,255,917 ordinary shares of the Parent Company were issued to members of WAT for cash consideration totalling \$4.8 million.

The Merger ensures a common investor base in each of the Parent Company, WFT and WAT other than a number of entities controlled by the Parent Company ("Cross Holders") holding units and options in WAT. The Cross Holders held 553.9 million units in WAT prior to the Merger. The Cross Holders participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result of the consolidation the Cross Holders currently hold 83,084,363 restructured units in WAT and will continue to receive distributions which are paid on WAT units. These units may not be transferred to third parties, except to other wholly owned subsidiaries of the Parent Company. The units held by the Cross Holders will remain for the life of WAT. The Cross Holders will continue to be able to vote at meetings of WAT. As a result of the Merger, the Group's unit holdings in WAT has been reduced from 14.7% to 4.7% (on an undiluted basis).

The Cross Holders also hold a total of 27,661,209 Special Options in WAT.

As a result of the Merger, the Parent Company issued 850,000 options to WFT and 28,355,654 options to WAT to enable each of WFT and WAT to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

The Parent Company and the Responsible Entities of WFT and WAT entered into the Stapling Deed (effective 2 July 2004) which sets out the terms of the relationship between the entities with respect to the stapled securities. The Stapling Deed ensures that the entities must operate on a co-operative basis for the benefit of holders of Stapled Securities as a whole.

As a consequence of the Merger the Parent Company, the Responsible Entities of WAT and WFT and certain subsidiaries of each of them (each an "Obligor") have recently executed guarantee and negative pledge documentation in respect of financial accommodation provided for the benefit of the Westfield Group.

Under the guarantee documentation, each Obligor unconditionally and irrevocably grants a guarantee for the benefit of Westfield Group Lenders in respect of the debts and monetary obligations of certain subsidiaries of Westfield Holdings, the Responsible Entity of WAT, or the Responsible Entity of WFT.

The Master Negative Pledge Deed Poll given by the Parent Company, and the Responsible Entities of WAT and WFT contains, amongst other things, certain undertakings, financial covenants, representations and warranties in respect of themselves and their controlled entities for the benefit of Lenders to the Westfield Group. This document also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligors and the acceleration rights of Westfield Group Lenders in that event.

The Westfield Group has entered into a US\$2.25 billion 364-day bridging facility agreement with various financial institutions. This is a floating interest rate facility. The facility is subject to negative pledge arrangements which, amongst other things, requires the Westfield Group to comply with certain minimum financial requirements.

In order to implement the Merger, the Constitutions of each of the Parent Company, WFT and WAT were amended. These amendments were approved by Members of each entity at the meetings held on 25 June 2004.

Under the amended constitutions for each of WFT and WAT, the responsible entities are entitled to be paid a management fee equal to the reasonable estimate of its costs in providing their services as responsible entity.

As a result of the Merger investors in the Westfield Group will receive distributions from each component of the Stapled Security comprising dividends from the Parent Entity and distributions from each of WFT and WAT. The distribution policy of the Westfield Group is to distribute its reported after tax profit and adjusted for an amount equivalent to the project profits that the Group would have reflected in its statement of financial performance but for the Merger and other amounts which the Directors may determine to take into account in order to reflect the capital profits or losses and other items as considered appropriate. It is intended that the Westfield Group distributions be paid to investors half yearly and no later than two months after the end of each half year.

## **Basis of financial report preparation *continued***

12.3 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

The final dividend payable on 31 August 2004 will be 50% franked. Following the Merger, the forecast aggregate distribution payable in February 2005 and August 2005 of \$1.03 per stapled security is expected to include an 8% franked and a 27% tax advantaged component as disclosed in the Explanatory Memorandum dated 25 May 2004.
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## **Basis of preparing the Appendix 4E Preliminary Final Report**

- 1 This report has been prepared in accordance with AASB standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on accounts which are in the process of being audited.
- 5 The entity has a formally constituted audit committee.

Sign here:

Date: 27 August 2004

Company Secretary

Print name: Simon Tuxen

# WESTFIELD TRUST

Six Months ended 30 JUNE 2004

## FINANCIAL HIGHLIGHTS

	Per Explanatory Memorandum <sup>(i)</sup> \$M	Actual June 04 \$M	Actual June 03 \$M	%Change June 04 to June 03
<b>Net property income</b>	<b>426.3</b>	<b>430.0</b>	<b>376.7</b>	+ 14.1%
Other expenses	(24.0)	(24.7)	(19.5)	+ 26.7%
Net interest	(115.0)	(118.1)	(97.3)	+ 21.4%
<b>Profit before tax, Merger costs and asset sales</b>	<b>287.3</b>	<b>287.2</b>	<b>259.9</b>	+ 10.5%
Tax expense	(0.4)	(0.3)	(0.2)	+ 50.0%
Outside Equity Interest	(3.2)	(3.2)	(5.4)	+ 40.7%
<b>Profit after tax before Merger <sup>(ii)</sup> costs and asset sales / Distribution</b>	<b>283.7</b>	<b>283.7</b>	<b>254.3</b>	+ 11.6%
Asset Sales	3.9	4.0	4.0	0.0%
<b>Profit after tax and asset sales before Merger costs</b>	<b>287.6</b>	<b>287.7</b>	<b>258.3</b>	+ 11.4%
Merger costs	(31.7)	(34.5)	-	+ 100.0%
<b>Net profit after tax, Merger costs and asset sales</b>	<b>255.9</b>	<b>253.2</b>	<b>258.3</b>	- 2.0%
Basic earnings per unit				
- Profit after tax before Merger costs and asset sales	12.71 ¢	12.71 ¢	12.09 ¢	+ 5.1%
Basic earnings per unit				
- Net profit after tax, Merger costs and asset sales	11.46 ¢	11.34 ¢	12.28 ¢	- 7.7%
Distribution per unit	12.71 ¢	12.71 ¢	12.22 ¢	+ 4.0%

(i) As disclosed on pages 48 and 50 of the Explanatory Memorandum issued 25 May 2004 in relation to the proposal to staple the shares of Westfield Holdings Limited ("WHL") and the units of Westfield Trust ("WFT") and Westfield America Trust ("WAT") to form the Westfield Group (WDC).

(ii) The stapling of securities of WHL, WFT and WAT is referred to as the "Merger".

# Appendix 4D

## Half year information given to the ASX under listing rule 4.2A

Name of entity

**WESTFIELD TRUST - trading as part of Westfield Group ("WDC")**

ARSN

**090 849 746**

Half year ending ('current period')

**30 June 2004**

### Results for announcement to the market

Extracts from this report for announcement to the market

				A\$ million
Revenue from trading activities	<i>(item 1.1d)</i>	up	15.4%	to <b>568.8</b>
Revenue from asset sales	<i>(item 1.2)</i>	down	98.6%	to <b>10.1</b>
Revenue from ordinary activities	<i>(item 1.3)</i>	down	51.8%	to <b>578.9</b>
Net profit from ordinary activities attributable to members of Westfield Trust	<i>(item 1.13)</i>	down	2.0%	to <b>253.2</b>
Westfield Group Merger costs	<i>(item 1.23)</i>	up	100.0%	to <b>34.5</b>
Profit after tax and asset sales before Westfield Group Merger costs attributable to members		up	11.4%	to <b>287.7</b>
Profit from asset sales after tax attributable to members	<i>(item 1.24)</i>		0.0%	to <b>(4.0)</b>
Profit after tax (excluding asset sales and Merger costs) attributable to members		up	11.6%	to <b>283.7</b>
<b>Distributions</b>		Amount per ordinary security		Amount per DRP security
Interim distribution		12.71	cents	8.52 cents
Previous corresponding period		12.22	cents	8.24 cents
Record date for determining entitlements to the distribution (see item 9.2)		<b>9 July 2004</b>		
<p>The distribution for the six months ended 30 June 2004, will be 12.71 cents per unit. The distribution on the DRP units (ASX Code: WFTNA) issued in February 2004 will be 8.52 cents per unit. These distributions are payable on 31 August 2004.</p> <p>For unitholders that are individuals, the taxable component of the full year cash distribution is estimated to be approximately 71%. This taxable component includes 6% attributable to discounted capital gains arising from property disposals during the year.</p>				
<b>Commentary</b>				
<p>Profit after tax (excluding asset sales and Merger costs) attributable to members and distribution for the period are in line with the forecast as disclosed in the Explanatory Memorandum dated 25 May 2004.</p>				

*Amounts in this report shown as 0.0 represent amounts less than \$50,000 that have been rounded down.*

**This half yearly report should be read in conjunction with the most recent annual financial report.**

**The previous corresponding period is 30 June 2003 unless otherwise stated.**



## Consolidated statement of financial performance

	Current period A\$ million	Previous corresponding period - A\$ million
<b>1.1 Revenues from ordinary activities</b>		
1.1a Rental and other property income - Australia	491.7	415.2
1.1b Rental and other property income - New Zealand	75.9	76.9
1.1c Interest income	1.2	1.0
1.1d Revenue from trading activities	568.8	493.1
1.2 Revenue from asset sales (item 1.29)	10.1	708.0
<b>1.3 Revenue from ordinary activities</b>	<b>578.9</b>	<b>1,201.1</b>
<b>1.4 Expenses from ordinary activities</b>		
1.4a Rates, taxes and other property outgoings	(166.5)	(143.8)
1.4b Legal fees	(1.0)	(0.8)
1.4c Auditors' remuneration	(0.5)	(0.6)
1.4d Custodian and trustee fees	(0.3)	(0.3)
1.4e Manager's service charge	(20.7)	(15.7)
1.4f Other expenses	(2.2)	(2.1)
1.4g Expenses from trading activities	(191.2)	(163.3)
1.5a Westfield Group Merger costs	(34.5)	-
1.5b Cost of asset sales (item 1.29)	(6.1)	(704.0)
<b>1.6 Expenses from ordinary activities excluding borrowing costs</b>	<b>(231.8)</b>	<b>(867.3)</b>
1.7 Borrowing costs expense	(119.3)	(98.3)
1.8 Share of equity accounted joint ventures' net profit	28.9	28.4
<b>1.9 Profit from ordinary activities before tax</b>	<b>256.7</b>	<b>263.9</b>
1.10 Income tax on ordinary activities	(0.3)	(0.2)
<b>1.11 Profit from ordinary activities after tax</b>	<b>256.4</b>	<b>263.7</b>
1.12 Net profit attributable to outside equity interests	(3.2)	(5.4)
<b>1.13 Net profit from ordinary activities attributable to members of Westfield Trust (item 1.27)</b>	<b>253.2</b>	<b>258.3</b>
1.14 Increase in asset revaluation reserve	312.1	53.3
1.15 Increase in foreign currency translation reserve	102.8	-
1.16 Cost of raising equity	-	(2.0)
<b>1.17 Total revenues, expenses and valuation adjustments attributable to members of Westfield Trust and recognised directly in unitholders' funds</b>	<b>414.9</b>	<b>51.3</b>
<b>1.18 Total changes in unitholders' funds other than those resulting from transactions with members as members</b>	<b>668.1</b>	<b>309.6</b>

## Notes to the consolidated statement of financial performance

<b>Earnings and distribution per unit</b>	Current period - cents	Previous corresponding period - cents
1.19 Basic earnings per unit from trading activities	12.71	12.09
1.19a Basic earnings per unit from asset sales	0.18	0.19
1.19b Basic earnings per unit from ordinary activities after asset sales and before Westfield Group Merger costs	12.89	12.28
1.19c Basic earnings per unit from Westfield Group Merger costs (item 1.5a)	(1.55)	-
1.19d Basic earnings per unit from ordinary activities	11.34	12.28
1.20 Diluted earnings per unit from ordinary activities	11.34	12.28
1.21 Distribution per ordinary unit	12.71	12.22

## Notes to the consolidated statement of financial performance (continued)

### Profit from ordinary activities attributable to members of Westfield Trust

	Current period - A\$ million	Previous corresponding period - A\$ million
1.22 Profit from trading activities before tax	284.0	254.5
1.23 Westfield Group Merger costs (item 1.5a)	(34.5)	-
1.24 Profit from asset sales before tax	4.0	4.0
1.25 Profit from ordinary activities before tax	253.5	258.5
1.26 Income tax on ordinary activities	(0.3)	(0.2)
1.27 <b>Net profit from ordinary activities after tax attributable to members of Westfield Trust (item 1.13)</b>	<b>253.2</b>	<b>258.3</b>

### 1.28 Statement of Distributions

	Current period A\$ million	Previous corresponding period - A\$ million
<b>Distribution payable to members of Westfield Trust</b>		
Net profit from ordinary activities after tax and outside equity interests (item 1.13)	253.2	258.3
Add - Westfield Group Merger costs transferred from reserves (item 1.5a)	34.5	-
Less - Net profit from asset sales transferred to reserves (item 1.29)	(4.0)	(4.0)
<b>Distribution paid / payable</b>	<b>283.7</b>	<b>254.3</b>

### 1.29 Asset sales

	Current period A\$ million	Previous corresponding period - A\$ million
Revenue from asset sales (item 1.2)	10.1	708.0
Cost of asset sales (item 1.5b)	(6.1)	(704.0)
	4.0	4.0
Represented by:		
Airport West 50%	-	3.7
Galleria	-	48.4
Toombul	-	11.6
Sundry properties	4.0	0.2
Profit from asset sales	4.0	63.9
Termination of interest rate swaps on the repayment of borrowings with the proceeds from asset sales	-	(59.9)
	4.0	4.0

### Capitalised outlays

	Current period A\$ million	Previous corresponding period - A\$ million
1.30 Interest costs capitalised in asset values	27.2	14.3

### Consolidated retained profits

	Current period A\$ million	Previous corresponding period - A\$ million
1.31 Retained profits at the beginning of the financial period	19.2	-
1.32 Net profit from ordinary activities attributable to members of Westfield Trust (item 1.13)	253.2	258.3
1.33 Net transfers to and from reserves	11.3	(4.0)
1.34 Distributions paid or payable (item 1.28, item 10.4)	(283.7)	(254.3)
<b>1.35 Retained profits at the end of the financial period (item 2.23)</b>	<b>-</b>	<b>-</b>

## Consolidated statement of financial position

	At end of current period A\$ million	As shown in last annual report A\$ million	As in last half yearly report A\$ million	
<b>Current assets</b>				
2.1	Cash	41.4	39.5	57.9
2.2	Receivables	69.5	53.7	35.6
2.3	Other current assets	38.8	97.5	642.9
<b>2.4</b>	<b>Total current assets</b>	<b>149.7</b>	<b>190.7</b>	<b>736.4</b>
<b>Non-current assets</b>				
2.5	Receivables	-	19.6	19.2
2.6	Investments in equity accounted joint ventures	799.2	797.6	651.6
2.7	Property investments	12,189.8	11,498.6	10,965.3
2.8	Other non-current assets	88.8	96.8	65.0
<b>2.9</b>	<b>Total non-current assets</b>	<b>13,077.8</b>	<b>12,412.6</b>	<b>11,701.1</b>
<b>2.10</b>	<b>Total assets</b>	<b>13,227.5</b>	<b>12,603.3</b>	<b>12,437.5</b>
<b>Current liabilities</b>				
2.11	Payables	109.4	99.2	98.7
2.12	Interest bearing liabilities			
	- Medium term notes	426.1	425.9	122.2
	- Other loans	58.7	-	-
2.13	Other current liabilities	555.3	490.3	550.2
<b>2.14</b>	<b>Total current liabilities</b>	<b>1,149.5</b>	<b>1,015.4</b>	<b>771.1</b>
<b>Non-current liabilities</b>				
2.15	Payables	-	-	-
2.16	Interest bearing liabilities			
	- Bank loans	854.9	899.4	1,713.4
	- Commercial paper	220.0	400.0	845.0
	- Bank bills	590.8	390.8	390.8
	- Medium term notes	1,511.1	1,514.3	1,437.2
	- Unsecured notes	840.4	839.3	-
	- Other instruments - secured	93.9	92.9	92.7
	- Other loans	29.4	85.0	85.0
2.17	Other non-current liabilities	75.0	75.9	84.7
<b>2.18</b>	<b>Total non-current liabilities</b>	<b>4,215.5</b>	<b>4,297.6</b>	<b>4,648.8</b>
<b>2.19</b>	<b>Total liabilities</b>	<b>5,365.0</b>	<b>5,313.0</b>	<b>5,419.9</b>
<b>2.20</b>	<b>Net assets</b>	<b>7,862.5</b>	<b>7,290.3</b>	<b>7,017.6</b>
<b>Unitholders' funds</b>				
2.21	Contributed equity	5,456.7	5,287.3	5,145.3
2.22	Reserves	2,295.7	1,892.1	1,579.5
2.23	Retained profits	-	19.2	-
<b>2.24</b>	<b>Unitholders' funds attributable to members of Westfield Trust</b>	<b>7,752.4</b>	<b>7,198.6</b>	<b>6,724.8</b>
<b>Outside equity interests</b>				
2.25	Contributed equity	91.7	91.7	281.8
2.26	Reserves	18.4	-	11.0
2.27	Retained profits	-	-	-
<b>2.28</b>	<b>Total outside equity interests</b>	<b>110.1</b>	<b>91.7</b>	<b>292.8</b>
<b>2.29</b>	<b>Total unitholders' funds</b>	<b>7,862.5</b>	<b>7,290.3</b>	<b>7,017.6</b>

## Consolidated statement of cash flows

	Current period A\$ million	Previous corresponding period - A\$ million
<b>Cash flows from operating activities</b>		
3.1 Receipts in the course of operations (including GST)	625.5	516.8
3.2 Payments in the course of operations (including GST)	(221.8)	(172.2)
3.3 Distributions received from equity accounted joint ventures	30.7	23.5
3.4 Interest received	1.2	0.9
3.5 New Zealand taxes paid	(0.3)	(0.3)
3.6 GST paid to suppliers for investing activities	(24.8)	(21.9)
3.7 GST paid to government bodies	(8.3)	(8.7)
<b>3.8 Cash flows from operating activities</b>	<b>402.2</b>	<b>338.1</b>
<b>Cash flows from investing activities</b>		
3.9 Payments for property investments and construction in progress	(211.4)	(1,829.1)
3.10 Proceeds from the sale of property investments	70.1	98.5
3.11 Payment for investments in equity accounted joint ventures	(1.8)	(0.8)
<b>3.12 Cash flows used in investing activities</b>	<b>(143.1)</b>	<b>(1,731.4)</b>
<b>Cash flows from financing activities</b>		
3.13 Proceeds from issues of securities (units)	169.3	335.6
3.14 Proceeds from interest bearing liabilities (net)	-	1,436.2
3.15 Repayment of interest bearing liabilities (net)	(20.2)	-
3.16 Distributions paid	(271.2)	(241.1)
3.17 Distributions paid by controlled entities to outside equity interests	(3.3)	(3.0)
3.18 Interest and other borrowing costs paid	(131.8)	(106.2)
<b>3.19 Cash flows from / (used in) financing activities</b>	<b>(257.2)</b>	<b>1,421.5</b>
<b>3.20 Net cash in / (out) flows from the period</b>	<b>1.9</b>	<b>28.2</b>
<b>3.21 Cash assets at the beginning of the period</b>	<b>39.5</b>	<b>29.7</b>
3.22 Exchange gains/(losses) on cash assets brought forward at the beginning of the period	-	-
<b>3.23 Cash assets at the end of the period</b>	<b>41.4</b>	<b>57.9</b>

## Notes to the consolidated statement of cash flows

### Non-cash financing and investing activities

Details of financing and investing transactions, which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows:

N/A
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### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period - A\$ million	Previous corresponding period - A\$ million
4.1 Cash on hand and at bank	30.0	47.0
4.2 Deposits at call	11.4	10.9
<b>4.3 Total cash at the end of the period (item 3.23)</b>	<b>41.4</b>	<b>57.9</b>

## Other notes to the financial statements

### Earnings per unit (EPU)

5.1 Calculation of basic and diluted EPU are as follows:

	Current period	Previous corresponding period
Net Profit	256.4	263.7
<b>Adjustments:</b>		
Net Profit attributed to outside equity interests	(3.2)	(5.4)
Earnings used in calculating basic EPU (item 1.19d)	253.2	258.3
Earnings from potentially dilutive units	-	-
Earnings used in calculating diluted EPU (item 1.20)	253.2	258.3
Weighted average number of ordinary units used in calculating basic and diluted EPU	2,232.3	2,104.3

### NTA backing

6.1 Net tangible asset backing per ordinary security

	Current period	Previous corresponding period
6.1 Net tangible asset backing per ordinary security	345 cents	312 cents

### Control gained over entities

7.1 Name of entity and date that control was obtained

N/A

If material, disclose the following:

7.2 Profit from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired

N/A

7.3 Profit from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

N/A

### Loss of control of entities

8.1 Name of entity and date of loss of control

N/A

If material, disclose the following:

8.2 Profit from ordinary activities after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

8.3 Profit from ordinary activities after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

## Other notes to the financial statements (continued)

### Distributions

9.1 Date the distribution is payable

31 August 2004
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9.2 Record date to determine entitlements to the distribution (ie, on the basis of registrable transfers received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHES approved)

9 July 2004
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		Amount per ordinary unit	Amount per unit of foreign sourced distribution
9.3	<b>Final distribution:</b> Current year	N/A	N/A
9.4	Previous year	12.41 cents	0.36 cents
9.5	<b>Interim distribution:</b> Current period	12.71 cents *	0.36 cents
9.6	Previous period	12.22 cents	0.38 cents

\* The rate of distribution payable on Distribution Reinvestment Plan ("DRP") units issued in February 2004 (ASX Code: WFTNA) is 8.52 cents per unit.

### Half yearly report - interim distribution

	Current period - A\$ million	Previous corresponding period - A\$ million
10.1 Net profit from ordinary activities attributable to members of Westfield Trust	253.2	258.3
10.2 Westfield Group Merger costs	34.5	-
10.3 Net profit from asset sales	(4.0)	(4.0)
10.4 Total distribution to the members of Westfield Trust	283.7	254.3

The distribution plans shown below are in operation.

As a result of the Westfield Group Merger, the DRP has been suspended and will not apply to current year distributions noted in section 9 above.
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The last date for receipt of election notices for the distribution plan

N/A
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Any other disclosures in relation to distributions

For unitholders that are individuals, the taxable component of the full year cash distribution is estimated to be approximately 71%. This taxable component includes 6% attributable to discounted capital gains arising from property disposals during the year.
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## Other notes to the financial statements (continued)

### Details of equity accounted entities

Details of the Group's aggregate share of net profit from equity accounted property trusts:		Current period - A\$ million	Previous corresponding period - A\$ million
11.1	Profit from ordinary activities before income tax	28.9	28.4
11.2	Income tax on ordinary activities	-	-
<b>11.3</b>	<b>Profit from ordinary activities after income tax</b>	<b>28.9</b>	<b>28.4</b>
11.4	Outside equity interests	-	-
<b>11.5</b>	<b>Share of net profit of joint venture entities</b>	<b>28.9</b>	<b>28.4</b>

Note: **Operating profit before income tax**

Operating revenue	
Shopping centre rental and other income	
Operating expenditure	
Rates, taxes and other property outgoings	
Borrowing costs	
Other expenses	

	Current period - A\$ million	Previous corresponding period - A\$ million
	41.8	42.9
	41.8	42.9
	12.3	12.9
	0.6	1.5
	-	0.1
	12.9	14.5
<b>Share of net profit of joint venture entities</b>	<b>28.9</b>	<b>28.4</b>

11.6 **Joint venture property trusts:**

Name	Type of Equity	Ownership Interest at 30 June 2004
AMP Wholesale Shopping Centre Trust No.2	Partnership Units	10%
Karrinyup Shopping Centre Trust	Partnership Units	25%
Mt Druitt Shopping Centre Trust	Partnership Units	50%
SA Shopping Centre Trust	Partnership Units	50%
Southland Trust	Partnership Units	50%
Tee Tree Plaza Trust	Partnership Units	50%

### Issued and quoted securities at end of current period

Category of securities	Total Number	Number quoted	Issue price per unit A\$	Amount paid up per unit A\$
12.1 <b>Ordinary units</b>	2,248,589,244	2,248,589,244	N/A	N/A
12.2 Changes during current period i) Distribution Reinvestment Plan - 27 Feb 04	49,520,572	49,520,572	\$3.42	\$3.42
12.3 <b>Options</b>	850,000	850,000	<b>Description</b> refer below	<b>Expiry date</b> refer below

#### Deutsche Bank AG Sydney Branch call options

In December 2003, Westfield Management Limited as responsible entity of Westfield Trust ("WFT") issued 850,000 call options in respect of ordinary units in WFT to Deutsche Bank AG. The options are exercisable at any time up to 5 January 2009. The options were issued at a strike price of \$3.75 which is subject to adjustment in the event of certain corporate actions occurring. The number of units to be issued on exercise of an option was to be calculated by dividing \$1,000 being the exercise price per option by the strike price (as may be adjusted from time to time).

As a result of the Merger, the terms of the options were amended such that the strike price was, in accordance with the merger ratio, adjusted to \$13.3928. The number of units to be issued on exercise of an option will be calculated by dividing \$1,000 being the exercise price per option by the adjusted strike price of \$13.3928 (as may be adjusted from time to time in accordance with the terms of the options).

The expiry date of the options remains as 5 January 2009.

## Other notes to the financial statements (continued)

### 13.1 Reports for industry and geographical segments

	Australia		New Zealand		GROUP	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>SEGMENT REVENUE</b>						
Segment trading revenue	491.7	415.2	75.9 *	76.9	567.6	492.1
Total segment revenue	491.7	415.2	75.9	76.9	567.6	492.1
Group interest income					1.2	1.0
Revenue from asset sales					10.1	708.0
Consolidated total revenue					578.9	1,201.1
<b>SEGMENT PROFIT</b>						
Segment result before corporate overheads, interest, sale of investments and taxation	376.0	323.8	54.0	52.9	430.0	376.7
Profit from asset sales					4.0	4.0
Corporate overheads and net interest expense					(177.3)	(116.8)
Consolidated operating profit before tax					256.7	263.9

\* New Zealand segment revenues have declined in the current period as a result of the sale of Johnsonville in the prior year and a change in foreign exchange hedge rates between periods.

### 13.2 Reserves

#### Foreign Currency Translation

As a result of the New Zealand operations being considered to be self sustaining, the Trust's interest in New Zealand has been translated using the current rate method for the current period (previously translated using the temporal method). As a result, a foreign currency translation reserve has arisen to record exchange differences arising from the translation of the financial statements of the New Zealand operations, refer item 1.15.

#### Asset Revaluation Reserve

The fair value assessment of the Trust's investment property portfolio at 30 June 2004 was performed resulting in shopping centres being valued independently (in accordance with the Trust's rolling three year independent valuation policy) and at Directors' valuations (given the magnitude of the movement in market capitalisation rates over the past twelve to eighteen months).



## Other notes to the financial statements (continued)

### Basis of financial report preparation

*This is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. This report does not include all the notes of the type normally included in an annual financial report.*

#### 14.1 Westfield Merger

On 22 April 2004, WFT announced a proposal to staple the securities of WFT with those of Westfield Holdings Limited (“Westfield Holdings”) and Westfield America Trust (“WAT”) to form the Westfield Group (“Merger”).

The Merger was implemented by way of a Court approved scheme of arrangement (“Share Scheme”) of Westfield Holdings and amendments to the constitutions of each of Westfield Holdings, WAT and WFT.

On 25 June 2004, the members of each of WFT, Westfield Holdings and WAT approved the Merger. The Merger became effective on 2 July 2004 being the date an order made by the Supreme Court of New South Wales approving the Share Scheme was lodged with the Australian Securities & Investments Commission. The Merger was implemented on 16 July 2004 (“Implementation Date”), being the date on which securities were issued to investors in each other entity and “stapled” such that the Westfield Group stapled securities trade as one security on the Australian Stock Exchange under the code WDC.

The stapled security comprises one share in Westfield Holdings, one WFT unit and one WAT unit. To effect the Merger, units in WFT and WAT were consolidated with the result that on the Implementation Date:

- (i) each member of WFT holding units on the 12 July 2004 (Stapling Record Date) had their units converted into 0.28 restructured WFT units; and
- (ii) each member of WAT holding units on the Stapling Record Date had their units converted into 0.15 restructured WAT units.

A stapling distribution of \$1.01 was paid by WFT to members of WFT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WAT unit for \$1.00 for each restructured WFT unit held by the member.

A stapling distribution of \$1.01 was paid by WAT to members of WAT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WFT unit for \$1.00 for each restructured WAT unit held by the member.

A fully franked “stapling” dividend of \$0.002 per share in Westfield Holdings was paid by Westfield Holdings to members of Westfield Holdings holding shares on the Stapling Record Date and applied to subscribe for one restructured WAT unit for \$0.001 and one restructured WFT unit for \$0.001 for each share in Westfield Holdings held by the member.

On the Implementation Date:

- (i) members of WFT received one stapled security for each restructured WFT unit held;
- (ii) members of WAT received one stapled security for each restructured WAT unit held; and
- (iii) members of Westfield Holdings received one stapled security for each share held.

The total stapling distribution paid by WFT was \$635.9 million. WFT issued 570.2 million units to members of Westfield Holdings and 483.2 million units to members of WAT to implement the Merger.

#### Cross Holders

The Merger ensures a common investor base in each of Westfield Holdings, WAT and WFT other than a number of entities controlled by Westfield Holdings holding units and options in WAT.

#### Issue of Options

As a result of the Merger and subsequent to 30 June 2004, WFT issued 28.4 million options to WAT and 9.4 million options to Westfield Holdings to enable each of WAT and Westfield Holdings to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

Additionally, WFT was issued 850,000 options by Westfield Holdings and 850,000 options by WAT to enable WFT to satisfy the delivery of a stapled security on exercise of options currently on issue by WFT.

#### Financing

Westfield Holdings, the Responsible Entities of WAT and WFT and certain subsidiaries of each of them (each an “Obligor”) have recently executed guarantee and negative pledge documentation in respect of financial accommodation provided for the benefit of the Westfield Group.

Under the guarantee documentation, each Obligor unconditionally and irrevocably grants a guarantee for the benefit of Westfield Group Lenders in respect of the debts and monetary obligations of certain subsidiaries of Westfield Holdings, the Responsible Entity of WAT, or the Responsible Entity of WFT.

## Other notes to the financial statements (continued)

### 14.1 Westfield Merger (continued)

The Master Negative Pledge Deed Poll given by Westfield Holdings, and the Responsible Entities of WAT and WFT contains, amongst other things, certain undertakings, financial covenants, representations and warranties in respect of themselves and their controlled entities for the benefit of Lenders to the Westfield Group. This document also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligor and the acceleration rights of Westfield Group Lenders in that event.

The Westfield Group has entered into a US\$2.25 billion 364 day bridging facility agreement with various financial institutions. This is a floating interest rate facility.

The facility is subject to negative pledge arrangements which, amongst other things, requires the Westfield Group to comply with certain minimum financial requirements.

#### Merger Costs

Costs of the Merger totalling A\$103.5 million have been incurred in the half year ended 30 June 2004. These costs relate to advisors fees and costs (time based and success based fees), establishment costs of bridge finance standby facility and various other costs relating to the write-off of existing option arrangements. This cost has been allocated in equal proportions to Westfield Holdings, WFT and WAT.

#### Distributions

Following the Merger, investors in the Westfield Group will receive distributions from each component of the stapled security comprising dividends from Westfield Holdings as well as distributions from WFT and WAT. It is intended that these combined distributions will be paid to investors half yearly no later than two months after the end of each half year.

#### NZX Listing

On 2 July 2004, Westfield Trust ceased to be listed on the New Zealand Stock Exchange.

### 14.2 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Refer section 14.1.

In July 2004, the Trust acquired the remaining 50% interest in the Two Double Seven shopping centre and adjacent land at Newmarket for \$85.8 million. As part of the same transaction, the Trust also settled on the first 50% interest in the Two Double Seven shopping centre and adjacent land at Newmarket for \$85.8 million which was originally acquired on a deferred settlement basis in August 2002.

Of the total purchase price of \$171.5 million, \$142.1 million has been paid and was funded from the Trust's existing debt facilities. The balance of \$29.4 million will be paid in June 2007.

As a result of this transaction, the Trust will own 100% of the Two Double Seven shopping centre and adjacent land at Newmarket.

In August 2004, the Westfield Group formed four new joint ventures with Deutsche Diversified Trust which involved an outlay of \$273.0 million, as follows:

- acquisition of a 50% interest in Whitford City in Perth, Western Australia for \$184.5 million and a 50% interest in an adjacent bulky goods property for \$8.0 million;
- acquisition of a 50% interest in West Lakes Mall in Adelaide, South Australia for \$122.5 million;
- acquisition of a 50% interest in Plenty Valley Town Centre in Melbourne, Victoria for \$10.25 million and a 50% interest in the adjacent parcel of land for \$8.75 million; and
- disposal of a 50% interest in North Lakes shopping centre and adjacent land in Brisbane, Queensland for \$61.0 million.

All of the above centres will be managed by Westfield.

Settlement of all properties occurred on 20 August 2004 with the exception of West Lakes which is expected to settle on 31 March 2005 in line with the anticipated completion of the current development.

In August 2004, the Westfield Group announced that it will acquire the Skygarden shopping centre for \$151.0 million and the adjacent Imperial Arcade, in Sydney's CBD, for \$90.0 million. As part of this transaction, and on completion of its current redevelopment, Westfield will sell The Pines shopping centre in Melbourne for \$116.0 million.

Settlement of Skygarden is anticipated to take place in early September 2004 with both Imperial Arcade and The Pines expected to settle in October 2004 in line with the anticipated completion of the current development at The Pines.

### 14.3 Changes in accounting policies since the last annual report are disclosed as follows:

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

N/A

## Other notes to the financial statements (continued)

### Additional disclosure for trusts

15.1 Number of units held by the management company or responsible entity or their related parties.

51,047

15.2 A statement of the fees and commissions payable to the management company or responsible entity:

- manager's service charge

\$20.7 million

### 15.3 **Property Management Fees and Manager's service charge**

Westfield Management Limited, being the Responsible Entity of the Trust, is considered to be a related party of the Economic Entity. The Manager's Service Charge ("Service Charge") and Real estate management fees ("Management Fee") payable to the Responsible Entity are based on normal commercial terms.

The Service Charge expensed and payable for the half-year ended 30 June 2004 is \$20.7 million (30 June 2003: \$15.1 million).

The Management Fee for the half-year ended 30 June 2004 is \$22.3 million (30 June 2003: \$24.0 million) of which \$4.3 million (30 June 2003: \$4.4 million) is payable as at 30 June 2004.

#### **Responsible entity fees**

In order to implement the Merger, the constitution of WFT was amended. These amendments were approved by members at the meeting held on 25 June 2004. Under the amended constitution, the Responsible Entity is entitled to be paid a management fee equal to a reasonable estimate of its costs in providing its services as Responsible Entity.

## Taxation

16 Under current Australian Income Tax Legislation, the Trust is not liable to income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as calculated for trust accounting purposes.

## 30 June 2004 Half Year Report

17 In accordance with ASX listing rule 4.2A.1 a copy of the 30 June 2004 Half Year Report that has been lodged with the Australian Securities and Investment Commission (ASIC) is included in Appendix 2.

## Property Portfolio

18 Details of the property portfolio are set out in Appendix 1.

**WESTFIELD TRUST  
PROPERTY PORTFOLIO  
30 JUNE 2004**

**WESTFIELD TRUST**  
**APPENDIX 1: PROPERTY PORTFOLIO**  
**30 June 2004**

Shopping Centre	Consolidated or Equity Accounted Interest %	Book Value 30 June 2004 \$Million	Book Value 31 Dec 2003 \$Million	Capitalisation Rate %
<b>AUSTRALIA</b>				
Airport West	50	88.8	87.6	8.00%
Bay City	50	77.2	77.1	7.50%
Belconnen	100	461.1	460.0	6.75%
Bondi Junction	100	204.0	202.6	N/A
Booragoon	25	124.1	124.0	6.50%
Burwood	100	480.0	480.0	6.75%
Carindale	50	263.6	225.4	6.75%
Carousel	100	436.1	377.0	7.00%
Centrepont	100	330.5	272.5	7.25%
Chatswood	100	571.1	521.9	6.75%
Chermside	100	485.4	427.7	7.00%
Doncaster	100	378.6	378.4	7.00%
Figtree	100	77.7	77.1	8.25%
Fountain Gate	100	467.9	457.7	7.25%
Hornsby	100	554.6	536.7	7.00%
Hurstville	50	212.5	185.4	7.25%
Innaloo	100	69.9	69.7	9.50%
Knox	30	189.6	189.0	7.00%
Kotara	100	253.0	245.0	7.25%
Liverpool	50	182.8	182.6	7.25%
Macquarie	50	282.3	280.0	6.50%
Marion	50	323.3	323.0	6.50%
Miranda	50	417.0	327.8	6.50%
Mt Gravatt	75	392.5	391.0	6.75%
North Lakes	100	89.8	89.0	8.00%
North Rocks	100	66.0	57.9	8.25%
Pacific Fair	40	289.0	285.6	6.50%
Parramatta	100	834.3	829.6	7.00%
Strathpine	100	189.3	175.9	8.00%
Sydney Central Plaza	100	412.3	401.4	6.25%
Tuggerah	100	252.3	247.3	7.50%
Warrawong	100	155.5	155.0	8.25%
Warringah Mall	25	175.9	175.0	6.50%
Total consolidated Australian shopping centres		9,788.0	9,315.9	
<b>Equity accounted Australian shopping centres</b>				
Karrinyup	25	85.2	85.0	6.75%
Macquarie*	5	28.2	28.0	6.50%
Mt Druitt	50	125.6	125.0	8.00%
Pacific Fair*	4	28.9	28.6	6.50%
Southland	50	361.2	360.8	6.75%
Tea Tree Plaza	50	181.8	181.5	7.25%
Total equity accounted Australian shopping centres **		810.9	808.9	
<b>Total Australian property investment portfolio</b>		<b>10,598.9</b>	<b>10,124.8</b>	

**WESTFIELD TRUST**  
**APPENDIX 1: PROPERTY PORTFOLIO**  
**30 June 2004**

Shopping Centre	Consolidated or Equity Accounted Interest %	Book Value 30 June 2004 \$Million	Book Value 31 Dec 2003 \$Million	Capitalisation Rate %
<b>NEW ZEALAND</b>				
Chartwell	100	55.8	50.3	10.38%
Downtown	100	41.2	39.1	9.50%
Glenfield	100	135.0	129.1	8.50%
Manukau	100	169.7	152.0	8.75%
Newmarket	50	66.8	63.8	7.75%
Pakuranga	100	71.5	64.6	10.00%
Queensgate	100	105.2	100.9	8.50%
Riccarton	100	145.7	132.0	8.75%
Shore City	100	92.0	87.9	9.00%
St Lukes	100	316.7	282.9	7.50%
WestCity	100	158.7	133.4	8.25%
<b>Total New Zealand shopping centre portfolio</b>		<b>1,358.3</b>	<b>1,236.0</b>	
<b>Total consolidated controlled and equity accounted property investments</b>		<b>11,957.2</b>	<b>11,360.8</b>	

**Classification of shopping centre portfolio**

Consolidated Australian shopping centres	9,788.0	9,315.9
Consolidated New Zealand shopping centres	1,358.3	1,236.0
Properties subject to development	1,043.5	946.7
<b>Total consolidated shopping centres (Item 2.7, Appendix 4D)</b>	<b>12,189.8</b>	<b>11,498.6</b>
Equity accounted shopping centres **	810.9	808.9
<b>Total shopping centre portfolio</b>	<b>13,000.7</b>	<b>12,307.5</b>

\* Investment property interest is held by AMPWSCF No.2.

\*\* The value of the Trust's equity accounted investments is gross of its share in the borrowings and net working capital associated with these properties as follows:

Equity accounted shopping centres:	810.9	808.9
Add: Equity accounted sundry property	16.6	16.6
Less: Equity accounted debt and net working capital	(28.3)	(27.9)
<b>(Item 2.6, Appendix 4D)</b>	<b>799.2</b>	<b>797.6</b>

**WESTFIELD TRUST  
HALF-YEAR REPORT  
30 JUNE 2004**

# **WESTFIELD TRUST**

## **DIRECTORS' REPORT**

*for the half-year ended 30 June 2004*

### **REVIEW OF OPERATIONS**

Westfield Trust reported a net profit after tax of \$283.7 million (excluding Westfield Group Merger costs and asset sales) for the half year ended 30 June 2004, an increase of 11.6% on the same period last year. This result is in line with the forecast as disclosed in the Explanatory Memorandum in relation to the proposal to staple the shares of Westfield Holdings Limited and the units of Westfield Trust and Westfield America Trust dated 25 May 2004.

The Trust will pay a distribution of 12.71 cents per unit for the six months ended 30 June 2004, up 4.0% over the previous corresponding period.

This strong result reflects the intensive management of Westfield Trust assets, the quality of the shopping centre portfolio, strong retail conditions and the positive impact of recent acquisitions.

At 30 June 2004, the Trust's total assets were \$13.2 billion, an increase of 6.4% over the position at 30 June 2003.

Unitholders' equity attributable to members of Westfield Trust is \$7.8 billion up 15.3% from 30 June 2003 with the Trust's net asset backing increasing from \$3.12 to \$3.45 per unit largely due to the revaluation of the Trust's portfolio of shopping centres during the six months.

#### **Operational results**

Retail sales in the Trust's 32 owned and managed Australian centres totalled \$5.0 billion, up 11.1% for the six months to 30 June 2004. On a comparable basis, total retail sales increased 7.7% and specialty store sales also increased 7.7% for the six month period.

Retail sales for the Trust's 11 shopping centres in New Zealand increased 5.6% to total NZ\$700 million for the six months to 30 June 2004. On a comparable basis, total retail sales increased 4.4% and specialty store sales increased 6.4% for the six month period.

The Australian and New Zealand portfolios have continued to perform well and maintained occupancy levels in excess of 99.5% with retailer demand continuing to be strong.

#### **Investment projects**

During the six month period to June 2004, the Trust completed the redevelopment at West City in Auckland, New Zealand.

There is currently \$1.2 billion of projects under construction in Australia and New Zealand including the continuation of Bondi Junction in Sydney, The Pines in Melbourne and Riccarton in Christchurch, New Zealand.



# **WESTFIELD TRUST**

## **DIRECTORS' REPORT (continued)**

### *for the half-year ended 30 June 2004*

The \$750 million redevelopment of Bondi Junction, the Trust's largest project to date, is nearing completion. The centre reflects the latest in innovation and provides a world class shopping centre which has been well received by retailers and consumers.

The Trust has recently commenced construction at Mt Gravatt in Brisbane and Queensgate in Wellington, New Zealand.

A further \$2.0 billion of projects are currently planned in Australia and New Zealand.

#### **Property transactions**

In August 2004, the Westfield Group announced a number of property transactions including four new joint ventures with Deutsche Diversified Fund, worth \$790 million. In addition, The Trust enhanced its holding in the Sydney's CBD with the acquisition of Skygarden and Imperial Arcade for \$151.0 million and \$90.0 million respectively. The Trust also acquired the remaining 50% interest in its existing property holdings at Newmarket in Auckland, New Zealand for \$85.8 million.

Post completion of these transactions the Trust will have interests in 51 shopping centres in Australia and New Zealand with a value of \$16.9 billion, comprising 3.4 million square metres of retail space and 10,200 retailers.

#### **Revaluations and gearing**

During the period all of the Trust's Australian shopping centres and New Zealand shopping centres were subject to a fair value assessment, resulting in a revaluation surplus of \$312.1 million.

As at 30 June 2004, the Trust's gearing level was 34.8%.

#### **Outlook**

On 2 July 2004, the Merger as referred to in the Explanatory Memorandum dated 25 May 2004 became effective. The merger of the three listed Westfield entities – Westfield Trust, Westfield America Trust and Westfield Holdings Limited has created the world's largest listed retail property group. The new entity, known as the Westfield Group is internally managed, based in Australia and is the 8<sup>th</sup> largest entity on the Australian Stock Exchange with a market capitalisation in excess of \$25 billion.

The completion of the Merger provides the Westfield Group with a strong financial and operating platform to take advantage of global growth opportunities.

**WESTFIELD TRUST**  
**DIRECTORS' REPORT (continued)**  
*for the half-year ended 30 June 2004*

**DIRECTORS**

The directors of the Board of Westfield Management Limited, the responsible entity of the Trust, during the half-year were as follows: FP Lowy AC, JR Broadbent AO, WJ Falconer CNZM, H Huizinga, SP Johns, PS Lowy, SM Lowy, RC Mansfield AO, JB Studdy AM and GH Weiss. Each of the directors held office throughout the half-year.

Since the end of the half-year, the following directors resigned from the Board of Westfield Management Limited with effect from 13 July 2004: JR Broadbent AO, WJ Falconer CNZM, H Huizinga and RC Mansfield AO. In addition, the following directors were appointed with effect from 13 July 2004: DH Lowy AM, RL Furman, DM Gonski AO, FG Hilmer AO, DR Wills AO and CM Zampatti AM.

**SYNCHRONISATION OF FINANCIAL YEAR**

By an Order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of Westfield Trust. Although the financial years of Carindale Property Trust end on 30 June, the Financial Statements of Westfield Trust have been prepared to include accounts for Carindale Property Trust for a period coinciding with the Financial Year of Westfield Trust.

Made on 27 August 2004

In accordance with a resolution of the Directors



F P Lowy AC  
Chairman



S P Johns  
Director

**WESTFIELD TRUST**  
**STATEMENT OF FINANCIAL PERFORMANCE AND**  
**STATEMENT OF DISTRIBUTIONS**  
*for the half-year ended 30 June 2004*

	Note 1(iii)	CONSOLIDATED Half-year 30 Jun 2004 \$Million	Half-year 30 Jun 2003 \$Million
<b>STATEMENT OF FINANCIAL PERFORMANCE</b>			
<b>Revenue from ordinary activities</b>			
Rental and other property income		567.6	492.1
Interest income		1.2	1.0
Revenue from trading activities		568.8	493.1
Revenue from asset sales		10.1	708.0
<b>Total revenue from ordinary activities</b>		<b>578.9</b>	<b>1,201.1</b>
<b>Expenses from ordinary activities</b>			
Rates, taxes & other property outgoings		166.5	143.8
Legal fees		1.0	0.8
Auditors' remuneration		0.5	0.6
Custodian and trustee fees		0.3	0.3
Manager's service charge		20.7	15.7
Other expenses		2.2	2.1
Expenses from trading activities		191.2	163.3
Westfield Group Merger costs	2	34.5	-
Cost of asset sales		6.1	704.0
<b>Expenses from ordinary activities excluding borrowing costs</b>		<b>231.8</b>	<b>867.3</b>
Less: Borrowing costs expense		119.3	98.3
Add: Share of equity accounted joint ventures' net profit		28.9	28.4
<b>Profit from ordinary activities before income tax</b>		<b>256.7</b>	<b>263.9</b>
Less: New Zealand income tax expense		0.3	0.2
<b>Profit from ordinary activities after income tax</b>		<b>256.4</b>	<b>263.7</b>
Less: Net profit attributable to outside equity interests		3.2	5.4
<b>Net profit from ordinary activities attributable to members of Westfield Trust</b>		<b>253.2</b>	<b>258.3</b>
Increase in asset revaluation reserve		312.1	53.3
Increase in foreign currency translation reserve		102.8	-
Cost of raising equity		-	(2.0)
<b>Total revenue, expenses and valuation adjustments attributable to members of Westfield Trust and recognised directly in equity</b>		<b>414.9</b>	<b>51.3</b>
<b>Total changes in unitholders funds other than those resulting from transactions with members as members</b>		<b>668.1</b>	<b>309.6</b>
<b>Basic earnings per unit (cents)</b>			
- from trading activities		12.71	12.09
- from Westfield Merger costs		(1.55)	-
- from asset sales		0.18	0.19
- from ordinary activities		11.34	12.28
<b>Diluted earnings per unit (cents)</b>		<b>11.34</b>	<b>12.28</b>
<b>STATEMENT OF DISTRIBUTIONS</b>			
Net profit attributable to members of Westfield Trust		253.2	258.3
Transfer from reserves (Westfield Merger costs)		34.5	-
Transfer to capital profits reserve (profit from asset sales)		(4.0)	(4.0)
<b>Distribution payable</b>		<b>283.7</b>	<b>254.3</b>
Distribution per unit (cents)		12.71	12.22

**WESTFIELD TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
*as at 30 June 2004*

	<b>CONSOLIDATED</b>	
	<b>Note</b>	
	<b>1(iii)</b>	
	<b>30 Jun 2004</b>	<b>31 Dec 2003</b>
	<b>\$Million</b>	<b>\$Million</b>
<b>CURRENT ASSETS</b>		
Cash assets	41.4	39.5
Receivables	69.5	53.7
Other current assets	38.8	97.5
<b>Total current assets</b>	<b>149.7</b>	<b>190.7</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	-	19.6
Investments in equity accounted joint ventures	799.2	797.6
Property investments	12,189.8	11,498.6
Other non-current assets	88.8	96.8
<b>Total non-current assets</b>	<b>13,077.8</b>	<b>12,412.6</b>
<b>Total assets</b>	<b>13,227.5</b>	<b>12,603.3</b>
<b>CURRENT LIABILITIES</b>		
Payables	664.7	589.5
Interest bearing liabilities	484.8	425.9
<b>Total current liabilities</b>	<b>1,149.5</b>	<b>1,015.4</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest bearing liabilities	4,140.5	4,221.7
Other non-current liabilities	75.0	75.9
<b>Total non-current liabilities</b>	<b>4,215.5</b>	<b>4,297.6</b>
<b>Total liabilities</b>	<b>5,365.0</b>	<b>5,313.0</b>
<b>NET ASSETS</b>	<b>7,862.5</b>	<b>7,290.3</b>
<b>UNITHOLDERS' FUNDS</b>		
<b>Parent entity interest</b>		
Contributed equity	5,456.7	5,287.3
Reserves	2,295.7	1,892.1
Retained profits	-	19.2
<b>Unitholders' funds attributable to members of Westfield Trust</b>	<b>7,752.4</b>	<b>7,198.6</b>
<b>Outside equity interests</b>		
Contributed equity	91.7	91.7
Reserves	18.4	-
Retained profits	-	-
<b>Total outside equity interests</b>	<b>110.1</b>	<b>91.7</b>
<b>TOTAL UNITHOLDERS' FUNDS</b>	<b>7,862.5</b>	<b>7,290.3</b>

**WESTFIELD TRUST**  
**STATEMENT OF CASH FLOWS**  
*for the half-year ended 30 June 2004*

	<b>CONSOLIDATED</b>	
Note	<b>Half-Year</b>	<b>Half-Year</b>
1(iii)	<b>30 June 2004</b>	<b>30 June 2003</b>
	<b>\$Million</b>	<b>\$Million</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts in the course of operations (including GST)	625.5	516.8
Payments in the course of operations (including GST)	(221.8)	(172.2)
Distributions received from equity accounted joint ventures	30.7	23.5
Interest received	1.2	0.9
New Zealand taxes paid	(0.3)	(0.3)
GST paid to suppliers for investing activities	(24.8)	(21.9)
GST paid to government bodies	(8.3)	(8.7)
<b>Cash flows from operating activities</b>	<b>402.2</b>	<b>338.1</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property investments and construction in progress	(211.4)	(1,829.1)
Proceeds from the sale of property investments	70.1	98.5
Payments for investments in equity accounted joint ventures	(1.8)	(0.8)
<b>Cash flows used in investing activities</b>	<b>(143.1)</b>	<b>(1,731.4)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issues of securities	169.3	335.6
Proceeds from / (repayments of) interest bearing liabilities	(20.2)	1,436.2
Distributions paid	(271.2)	(241.1)
Distributions paid by controlled entities to outside equity interests	(3.3)	(3.0)
Interest and other borrowing costs paid	(131.8)	(106.2)
<b>Cash flows from/(used in) financing activities</b>	<b>(257.2)</b>	<b>1,421.5</b>
Net cash in / (out) flows from the period	1.9	28.2
<b>CASH ASSETS AT THE BEGINNING OF THE PERIOD</b>	<b>39.5</b>	<b>29.7</b>
Exchange gain/(loss) on cash assets brought forward at the beginning of the period	-	-
<b>CASH ASSETS AT THE END OF THE PERIOD</b>	<b>41.4</b>	<b>57.9</b>

# WESTFIELD TRUST

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

*for the half-year ended 30 June 2004*

### NOTE 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

#### (i) Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore provides an abbreviated view of the financial performance, financial position and financing and investing activities of the consolidated entity.

The half-year financial report is to be read in conjunction with the annual financial report of Westfield Trust (the "Trust or "WFT") for the year ended 31 December 2003 and any public announcements made by the Trust and its controlled entities during the half-year ended 30 June 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

#### (ii) Basis of Accounting

The half-year financial report is a general purpose half-year financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views.

The half-year financial report has been prepared on the basis of historical cost accounting and does not purport to disclose current values except for property investments which are carried at fair value.

The accounting policies adopted are consistent with those applied in the 31 December 2003 Annual Report.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

#### (iii) Rounding

Pursuant to ASIC Class Order 98/0100, the amounts shown in the half-year financial report have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

#### (iv) Comparative figures

Where applicable, certain comparative figures are restated in order to comply with the current period presentation of the Financial Statements.

### NOTE 2. ACQUISITIONS, DISPOSALS, CAPITAL RAISINGS, SUBSEQUENT EVENTS AND WESTFIELD MERGER

#### Capital Raisings

On the 27 February 2004, 49,520,572 fully paid units were issued at \$3.42 per unit pursuant to the Westfield Trust Distribution Reinvestment Plan ("DRP"). DRP units issued during the period rank for distribution from 1 March 2004. All units issued during the period were to fund acquisitions and extensions to shopping centres and other investments.

As a result of the Westfield Group Merger, the distribution reinvestment plan has been suspended and will not apply to current period or future distributions.

#### Subsequent Events

In July 2004, the Trust acquired the remaining 50% interest in the Two Double Seven shopping centre and adjacent land at Newmarket for \$85.8 million. As part of the same transaction, the Trust also settled on the first 50% interest in the Two Double Seven shopping centre and adjacent land at Newmarket for \$85.8 million which was originally acquired on a deferred settlement basis in August 2002.

Of the total purchase price of \$171.5 million, \$142.1 million has been paid and was funded from the Trust's existing debt facilities. The balance of \$29.4 million will be paid in June 2007.

As a result of this transaction, the Trust will own 100% of the Two Double Seven shopping centre and adjacent land at Newmarket.

In August 2004, the Westfield Group formed four new joint ventures with Deutsche Diversified Trust which involved an outlay of \$273.0 million, as follows:

- acquisition of a 50% interest in Whitford City in Perth, Western Australia for \$184.5 million and a 50% interest in an adjacent bulky goods property for \$8.0 million;
- acquisition of a 50% interest in West Lakes Mall in Adelaide, South Australia for \$122.5 million;
- acquisition of a 50% interest in Plenty Valley Town Centre in Melbourne, Victoria for \$10.25 million and a 50% interest in the adjacent parcel of land for \$8.75 million; and
- disposal of a 50% interest in North Lakes shopping centre and adjacent land in Brisbane, Queensland for \$61.0 million.

All of the above centres will be managed by Westfield.

Settlement of all properties occurred on 20 August 2004 with the exception of West Lakes which is expected to settle on 31 March 2005 in line with the anticipated completion of the current development.

In August 2004, the Westfield Group announced that it will acquire the Skygarden shopping centre for \$151.0 million and the adjacent Imperial Arcade, in Sydney's CBD, for \$90.0 million. As part of this transaction, and on completion of its current redevelopment, Westfield will sell The Pines shopping centre in Melbourne for \$116.0 million.

Settlement of Skygarden is anticipated to take place in early September 2004 with both Imperial Arcade and The Pines expected to settle in October 2004 in line with the anticipated completion of the current development at The Pines.

# **WESTFIELD TRUST**

## **NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

*for the half-year ended 30 June 2004*

### **NOTE 2. ACQUISITIONS, DISPOSALS, CAPITAL RAISINGS, SUBSEQUENT EVENTS AND WESTFIELD MERGER (continued)**

#### **Westfield Merger**

On 22 April 2004, WFT announced a proposal to staple the securities of WFT with those of Westfield Holdings Limited ("Westfield Holdings") and Westfield America Trust ("WAT") to form the Westfield Group ("Merger").

The Merger was implemented by way of a Court approved scheme of arrangement ("Share Scheme") of Westfield Holdings and amendments to the constitutions of each of Westfield Holdings, WAT and WFT.

On 25 June 2004, the members of each of WFT, Westfield Holdings and WAT approved the Merger. The Merger became effective on 2 July 2004 being the date an order made by the Supreme Court of New South Wales approving the Share Scheme was lodged with the Australian Securities & Investments Commission. The Merger was implemented on 16 July 2004 ("Implementation Date"), being the date on which securities were issued to investors in each other entity and "stapled" such that the Westfield Group stapled securities trade as one security on the Australian Stock Exchange under the code WDC.

The stapled security comprises one share in Westfield Holdings, one WFT unit and one WAT unit. To effect the Merger, units in WFT and WAT were consolidated with the result that on the Implementation Date:

- (i) each member of WFT holding units on the 12 July 2004 (Stapling Record Date) had their units converted into 0.28 restructured WFT units; and
- (ii) each member of WAT holding units on the Stapling Record Date had their units converted into 0.15 restructured WAT units.

A stapling distribution of \$1.01 was paid by WFT to members of WFT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WAT unit for \$1.00 for each restructured WFT unit held by the member.

A stapling distribution of \$1.01 was paid by WAT to members of WAT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WFT unit for \$1.00 for each restructured WAT unit held by the member.

A fully franked "stapling" dividend of \$0.002 per share in Westfield Holdings was paid by Westfield Holdings to members of Westfield Holdings holding shares on the Stapling Record Date and applied to subscribe for one restructured WAT unit for \$0.001 and one restructured WFT unit for \$0.001 for each share in Westfield Holdings held by the member.

On the Implementation Date:

- (i) members of WFT received one stapled security for each restructured WFT unit held;
- (ii) members of WAT received one stapled security for each restructured WAT unit held; and
- (iii) members of Westfield Holdings received one stapled security for each share held.

The total stapling distribution paid by WFT was \$635.9 million. WFT issued 570.2 million units to members of Westfield Holdings and 483.3 million units to members of WAT to implement the Merger.

#### **Cross Holders**

The Merger ensures a common investor base in each of Westfield Holdings, WAT and WFT other than a number of entities controlled by Westfield Holdings holding units and options in WAT.

#### **850,000 Call Options**

In December 2003, Westfield Management Limited as responsible entity of WFT issued 850,000 call options in respect of ordinary units in WFT to Deutsche Bank AG. The options are exercisable at any time up to 5 January 2009. The options were issued at a strike price of \$3.75 which is subject to adjustment in the event of certain corporate actions occurring. The number of units to be issued on exercise of an option was to be calculated by dividing \$1,000 being the exercise price per option by the strike price (as may be adjusted from time to time).

As a result of the Merger, the terms of the options were amended such that the strike price was, in accordance with the merger ratio, adjusted to \$13.3928. The number of units to be issued on exercise of an option will be calculated by dividing \$1,000 being the exercise price per option by the adjusted strike price of \$13.3928 (as may be adjusted from time to time in accordance with the terms of the options).

The expiry date of the options remains as 5 January 2009.

#### **Issue of Options**

As a result of the Merger and subsequent to 30 June 2004, WFT issued 28.4 million options to WAT and 9.4 million options to Westfield Holdings to enable each of WAT and Westfield Holdings to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

Additionally, WFT was issued 850,000 options by Westfield Holdings and 850,000 options by WAT to enable WFT to satisfy the delivery of a stapled security on exercise of options currently on issue by WFT.

**WESTFIELD TRUST**  
**NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**  
*for the half-year ended 30 June 2004*

**NOTE 2. ACQUISITIONS, DISPOSALS, CAPITAL RAISINGS, SUBSEQUENT EVENTS AND WESTFIELD MERGER (continued)**  
**Financing Arrangements**

Westfield Holdings, the Responsible Entities of WAT and WFT and certain subsidiaries of each of them (each an "Obligor") have recently executed guarantee and negative pledge documentation in respect of financial accommodation provided for the benefit of the Westfield Group.

Under the guarantee documentation, each Obligor unconditionally and irrevocably grants a guarantee for the benefit of Westfield Group Lenders in respect of the debts and monetary obligations of certain subsidiaries of Westfield Holdings, the Responsible Entity of WAT, or the Responsible Entity of WFT.

The Master Negative Pledge Deed Poll given by Westfield Holdings, and the Responsible Entities of WAT and WFT contains, amongst other things, certain undertakings, financial covenants, representations and warranties in respect of themselves and their controlled entities for the benefit of Lenders to the Westfield Group. This document also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligors and the acceleration rights of Westfield Group Lenders in that event.

The Westfield Group has entered into a US\$2.25 billion 364 day bridging facility agreement with various financial institutions. This is a floating interest rate facility.

The facility is subject to negative pledge arrangements which, amongst other things, requires the Westfield Group to comply with certain minimum financial requirements.

**Merger Costs**

Costs of the Merger totalling A\$103.5 million have been incurred in the half year ended 30 June 2004. These costs relate to advisors fees and costs (time based and success based fees), establishment costs of bridge finance standby facility and various other costs relating to the write-off of existing option arrangements. This cost has been allocated in equal proportions to Westfield Holdings, WFT and WAT.

**Distributions**

Following the Merger, investors in the Westfield Group will receive distributions from each component of the stapled security comprising dividends from Westfield Holdings as well as distributions from WFT and WAT. It is intended that these combined distributions will be paid to investors half yearly no later than two months after the end of each half year.

**NZX Listing**

On 2 July 2004, Westfield Trust ceased to be listed on the New Zealand Stock Exchange.

**Responsible entity fees**

In order to implement the Merger, the constitution of WFT was amended. These amendments were approved by members at the meeting held on 25 June 2004. Under the amended constitution, the responsible entity is entitled to be paid a management fee equal to a reasonable estimate of its costs in providing its services as Responsible Entity.

**NOTE 3. FINANCIAL REPORTING BY SEGMENTS**

	Australia		New Zealand		GROUP	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
<b>SEGMENT REVENUE</b>						
Segment trading revenue	491.7	415.2	75.9 *	76.9	567.6	492.1
Total segment revenue	491.7	415.2	75.9	76.9	567.6	492.1
Group interest income					1.2	1.0
Revenue from asset sales					10.1	708.0
Consolidated total revenue					578.9	1,201.1
<b>SEGMENT PROFIT</b>						
Segment result before corporate overheads, interest, sale of investments and taxation	376.0	323.8	54.0	52.9	430.0	376.7
Profit from asset sales					4.0	4.0
Corporate overheads and net interest expense					(177.3)	(116.8)
Consolidated operating profit before tax					256.7	263.9

\* New Zealand segment revenues have declined in the current period as a result of the sale of Johnsonville in the prior year and a change in foreign exchange hedge rates between periods.



# WESTFIELD TRUST

## NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS

*for the half-year ended 30 June 2004*

### NOTE 4. CONTINGENT LIABILITIES

The Trust has a number of guarantees with banks and insurance companies arising from obligations in the respect of works pursuant to lease, construction and development commitments totalling \$34.3 million (31 December 2003: \$33.5 million), \$30.0 million of which has been indemnified by an associate of the Responsible Entity.

The Trust is involved in several lawsuits and claims in the normal course of business. Management believes that the ultimate outcome of such pending litigation and claims will not materially affect the results or the financial position of the Trust.

### NOTE 5. IMPACT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

#### (a) Management of the Transition to IFRS

WFT has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Trust has allocated internal resources and engaged expert consultants to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, an IFRS implementation plan has been put in place. As WFT has a 31 December year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 January 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when WFT prepares its first fully IFRS compliant financial report for the year ended 31 December 2005. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of WFT.

#### (b) Key Differences between Australian Generally Accepted Accounting Practices ("AGAAP") and Expected IFRS

The key differences between AGAAP and Expected IFRS identified by management to date as potentially having a significant effect on the financial position and financial performance of WFT are summarised below.

No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Regulatory bodies that promulgate AGAAP and Expected IFRS have significant ongoing projects that could affect the differences between AGAAP and Expected IFRS described below. The Trust's financial statements in the future could therefore be impacted by these changes, perhaps materially.

#### (i) Investment Property Revaluation

Under AGAAP, changes in the fair value of investment properties are reflected through the asset revaluation reserve. Decreases are also reflected through the asset revaluation reserve to the extent they reduce previously recognised increments and otherwise are charged to the operating result in the statement of financial performance.

Under Expected IFRS, changes in the fair value of investment properties are reflected through the operating result in the statement of financial performance.

#### (ii) Foreign Currency Translation

Under AGAAP, the statement of financial position and the statement of financial performance of WFT's integrated foreign operations are translated to A\$ at historic exchange rates. On consolidation, exchange differences arising on translation of foreign monetary items of integrated foreign operations are taken directly to the statement of financial performance.

Under Expected IFRS, those foreign operations must determine their functional currency (being the currency in which the entity operates and determines pricing decisions). Exchange differences arising on translation from functional currency to Australian dollars are taken directly to the foreign currency translation reserve.

Where operations classified as self-sustaining under AGAAP have a functional currency that differs from the Australian parent, translation movements continue to be recognised in the foreign currency translation reserve under Expected IFRS.

#### (iii) Financial Instruments and Derivatives

##### *Foreign Currency Derivatives*

Under AGAAP, gains and losses on foreign currency derivatives are deferred and brought to account with the underlying transactions being hedged:

(i) for hedges of foreign earnings, gains and losses are reflected in the statement of financial performance as the underlying earnings are recognised; and

(ii) for hedges of net investments in foreign operations, gains and losses are reflected in the foreign currency translation reserve.

Under Expected IFRS, hedge accounting cannot be applied to derivatives entered into to hedge the foreign exchange exposure relating to foreign earnings. Accordingly, such derivatives are measured at fair value and gains and losses are reflected in the statement of financial performance as they arise. The foreign exchange exposure on net investments in foreign operations can be hedged under Expected IFRS provided that certain strict tests are met relating to hedge designation, documentation and effectiveness. If these tests are satisfied then the hedging derivative is measured at fair value and gains and losses reflected in the foreign currency translation reserve. However, to the extent that the hedge does not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

## **WESTFIELD TRUST**

### **NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS**

*for the half-year ended 30 June 2004*

#### **NOTE 5. IMPACT OF THE ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)**

##### *Interest Rate Derivatives*

Under AGAAP, derivatives which are used to hedge exposure to fluctuations in floating interest rates are not measured at fair value. Instead payments and receipts on swaps are recognised in the statement of financial performance as they arise and premiums paid on options are amortised over the period of the hedge.

Under Expected IFRS, derivatives taken out to reduce exposures to fluctuations in floating interest rates may be accounted for as cash flow hedges provided that the hedge designation, documentation and effectiveness tests can be met. If these tests are satisfied then the hedging derivative is measured at fair value and gains or losses are reflected directly in equity until the hedged transaction occurs, when they are released to the statement of financial performance. For fully effective hedges, this results in a profit and loss outcome similar to AGAAP. However, to the extent that the hedges do not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

##### **(iv) Taxation**

Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties does not have an impact on the tax expense in the statement of financial performance. A liability is only recognised once there is an intention to sell the investment property and the sale would give rise to a tax obligation.

Under Expected IFRS it is anticipated that there will be no significant effect on the financial position and financial performance of WFT in respect to taxation.

# **WESTFIELD TRUST**

## **DIRECTORS' DECLARATION**

*for the half-year ended 30 June 2004*

The Directors of Westfield Management Limited, the Responsible Entity of Westfield Trust ("Trust"), declare that:

- (a) the financial statements for the half-year ended 30 June 2004 ("Financial Statements") and notes thereto comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements in Australia;
- (b) the Financial Statements and notes thereto give a true and fair view of the financial position of the Trust and the consolidated entity and of their performance for the half-year ended on that date;
- (c) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Made on 27 August 2004 in accordance with a resolution of the Board of Directors.



F P Lowy AC  
Chairman



S P Johns  
Director

## Independent audit report to unitholders of Westfield Trust

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the consolidated financial statements, and the Directors' Declaration for Westfield Trust (the trust) and the consolidated entity, for the half year ended 30 June 2004. The consolidated entity comprises both the trust and the entities it controlled during the year.

The directors of Westfield Management Limited, the Responsible Entity of the trust, are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the trust and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia and statutory requirements, a view which is consistent with our understanding of the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Responsible Entity of the trust.

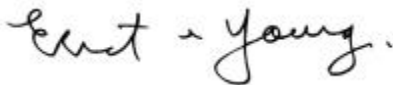
**Independence**

We are independent of the trust, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our statutory audit work, we were engaged to undertake other non-audit services during the reporting period. The provision of these services has not impaired our independence.

**Audit opinion**

In our opinion, the financial report of Westfield Trust is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of Westfield Trust and the consolidated entity at 30 June 2004 and of their performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Ernst & Young



Brian Long

Partner

Sydney

Date: 27 August 2004

# WESTFIELD AMERICA TRUST

SIX MONTHS ENDED

30 JUNE 2004

## FINANCIAL HIGHLIGHTS

	Per Explanatory Memorandum <sup>(i)</sup>	Actual	Actual	%Change	
	June 04	June 04	June 03	June 04 to June 03	
	\$'M	\$'M	\$'M		
<b>Net property income <sup>(iii)</sup></b>	<b>598.9</b>	<b>622.5</b>	<b>669.3</b>	-	<b>7.0%</b>
Other expenses	(18.6)	(17.3)	(14.6)	+	<b>18.5%</b>
<b>EBIT</b>	<b>580.3</b>	<b>605.2</b>	<b>654.7</b>	-	<b>7.6%</b>
Net interest expense <sup>(iii)</sup>	(204.3)	(230.3)	(297.0)	-	<b>22.5%</b>
<b>Profit before tax, Merger <sup>(ii)</sup> costs and asset sales</b>	<b>376.0</b>	<b>374.9</b>	<b>357.7</b>	+	<b>4.8%</b>
Tax expense	(20.9)	(18.9)	(18.5)	+	<b>2.2%</b>
<b>Profit after tax before outside equity interests, Merger costs and asset sales</b>	<b>355.1</b>	<b>356.0</b>	<b>339.2</b>	+	<b>5.0%</b>
Outside equity interest	(63.2)	(64.2)	(75.7)	-	<b>15.2%</b>
<b>Profit after tax, before Merger costs and asset sales attributable to members / Distribution</b>	<b>291.9</b>	<b>291.8</b>	<b>263.5</b>	+	<b>10.7%</b>
Net profit from asset sales	-	-	6.1	-	<b>100.0%</b>
Merger costs	(31.7)	(34.5)	-	+	<b>100.0%</b>
<b>Profit after tax, Merger costs and asset sales attributable to members</b>	<b>260.2</b>	<b>257.3</b>	<b>269.6</b>	-	<b>4.6%</b>
Basic earnings per unit before Merger costs and asset sales attributable to members	7.79 ¢	7.80 ¢	7.60 ¢	+	2.6%
Basic earnings per unit from Merger costs and asset sales	(0.85) ¢	(0.92) ¢	0.18 ¢	-	611.1%
Basic earnings per unit after Merger costs and asset sales attributable to members	6.94 ¢	6.88 ¢	7.78 ¢	-	11.6%
Distribution per unit	7.79 ¢	7.80 ¢	7.60 ¢	+	2.6%
Special capital distribution per unit <sup>(iv)</sup>	0.90 ¢	0.90 ¢	- ¢	+	100.0%

(i) As disclosed on pages 48 and 52 of the Explanatory Memorandum issued 25 May 2004 in relation to the proposal to staple the shares of Westfield Holdings Limited ("WHL") and the units of Westfield Trust ("WFT") and Westfield America Trust ("WAT") to form the Westfield Group ("WDC").

(ii) The stapling of securities of WHL, WFT and WAT is referred to as the "Merger".

(iii) Net property income and net interest expense for the six months is each approximately \$25 million in excess of the amount forecasted in the Explanatory Memorandum due principally to exchange rate variances and the application of equity method of accounting upon the sale of a 25% interest in Garden State Plaza.

(iv) As announced in the Explanatory Memorandum, a special distribution will be paid on 31 August 2004.

## Appendix 4D

### Half Year Information given to the ASX under listing Rule 4.2A

Name of entity

**WESTFIELD AMERICA TRUST ("WAT") trading as part of Westfield Group (ASX code : WDC)**

ARSN

092 058 449

Half year ended ('Current period')

**30 June 2004**

#### Results for announcement to the market

Extracts from this report for announcement to the market

					A\$ million
Revenues from trading activities	<i>(item 1.1d)</i>	<b>down</b>	-9.0%	to	<b>845.5</b>
Revenues from asset sales	<i>(item 1.2)</i>	<b>up</b>	716.5%	to	<b>262.1</b>
Revenues from ordinary activities	<i>(item 1.3)</i>	<b>up</b>	15.2%	to	<b>1,107.6</b>
Net profit from ordinary activities attributable to members of WAT	<i>(item 1.13)</i>	<b>down</b>	-4.6%	to	<b>257.3</b>
Westfield Group Merger costs	<i>(item 1.24)</i>				<b>34.5</b>
Net profit from ordinary activities before Westfield Group Merger costs attributable to members of WAT	<i>(item 1.28)</i>	<b>up</b>	10.7%	to	<b>291.8</b>
<b>Distributions</b>		Amount per ordinary security		Amount per DRP security	
Interim distribution		7.80 A cents		5.23 A cents	
Special capital distribution		0.90 A cents		0.90 A cents	
Previous corresponding period:					
Interim distribution		7.60 A cents		5.12 A cents	
Special capital distribution		Nil A cents		Nil A cents	
Record date for determining entitlements to the distribution (see item 9.2)		9 July 2004			
<p>The distribution for the six months ended 30 June 2004, will be 7.80 cents per unit. The distribution on the DRP units (ASX Code: WFANA) issued in February 2004 will be 5.23 cents per unit. As a result of the stapling of the securities of WAT, Westfield Trust and Westfield Holdings Limited (the "Merger"), a one-off special capital distribution of 0.90 cents per unit will be made. This distribution is referable to the first 12 month period following implementation of the Merger. These distributions are payable on 31 August 2004 to members who were on the register at 5 pm on 9 July 2004.</p>					
<b>COMMENTARY</b>					
<p>Net profit from ordinary activities before Merger costs attributable to members and distributions for the period are in line with the forecasts as disclosed in the Explanatory Memorandum dated 25 May 2004.</p>					

Amounts in this report shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

**This half yearly report should be read in conjunction with the most recent annual financial report.**

The previous corresponding period is 30 June 2003 unless otherwise stated.

## Consolidated statement of financial performance

	Current period A\$ million	Previous corresponding period - A\$ million
<b>1.1 Revenue from ordinary activities</b>		
1.1a Shopping centre rental and other income	838.0	920.6
1.1b Department store lease rental	5.3	6.3
1.1c Interest income	2.2	2.3
1.1d Revenues from trading activities	845.5	929.2
1.2 Revenue from asset sales (item 1.29)	262.1	32.1
<b>1.3 Revenues from ordinary activities</b>	<b>1,107.6</b>	<b>961.3</b>
<b>1.4 Expenses from ordinary activities</b>		
1.4a Rates, taxes and other property outgoings	(255.0)	(294.2)
1.4b Legal fees	(0.0)	(0.0)
1.4c Auditors' remuneration	(1.1)	(2.1)
1.4d Custodian and trustee fees	(0.0)	(0.0)
1.4e Advisor's service fee	(15.3)	(11.7)
1.4f Other expenses	(0.9)	(0.8)
1.4g Expenses from trading activities	(272.3)	(308.8)
1.5a Westfield Group Merger costs	(34.5)	-
1.5b Cost of assets sold (item 1.29)	(262.1)	(32.1)
<b>1.6 Expenses from ordinary activities excluding borrowing costs</b>	<b>(568.9)</b>	<b>(340.9)</b>
<b>1.7 Borrowing costs expense</b>		
1.7a Interest and other borrowing costs	(208.9)	(265.3)
1.7b Department store debt interest expense	(2.7)	(3.6)
1.7c Coupon on capital notes	-	(6.5)
1.7d Coupon on convertible/redeemable preference shares/units	(20.9)	(23.9)
<b>1.7e Borrowing costs expense</b>	<b>(232.5)</b>	<b>(299.3)</b>
1.8a Share of equity accounted joint ventures' net profits from trading activities	34.2	36.6
1.8b Share of equity accounted joint ventures' net profits from asset sales (item 1.29)	-	7.8
<b>1.9 Profit from ordinary activities before withholding tax</b>	<b>340.4</b>	<b>365.5</b>
1.10 United States withholding tax thereon relating to ordinary activities	(18.9)	(18.5)
<b>1.11 Profit from ordinary activities after withholding tax</b>	<b>321.5</b>	<b>347.0</b>
1.12 Net profit attributable to outside equity interests	(64.2)	(77.4)
<b>1.13 Net profit from ordinary activities after tax attributable to members of WAT (item 1.27 and item 1.18a(i))</b>	<b>257.3</b>	<b>269.6</b>
1.14 Increase in revaluation reserve	452.8	88.2
1.15 Cost of raising equity	-	(7.1)
1.16 Net exchange difference on translation of financial report of self sustaining foreign operations (item 2.28)	442.3	(901.9)
<b>1.17 Total revenues, expenses and valuation adjustments attributable to members of WAT and recognised directly in unitholders' funds</b>	<b>895.1</b>	<b>(820.8)</b>
<b>1.18 Total changes in unitholders' funds other than those resulting from transactions with members as members</b>	<b>1,152.4</b>	<b>(551.2)</b>

### Notes to the Statement of Financial Performance

1.18a (i) Net profit from ordinary activities after tax attributable to members reflects the actual exchange rate (including US\$ income hedges) of A\$1.00 = US\$0.5426, 30 June 2003: A\$1.00 = US\$0.5571. Profit from trading activities after tax attributable to members reflects the actual exchange rate (including US\$ income hedges) of A\$1.00 = US\$0.5600, 30 June 2003: A\$1.00 = US\$0.5556.

### Earnings and distribution per unit

	Current period A cents	Previous corresponding period - A cents
1.19 Basic earnings per unit from trading activities	7.80	7.60
1.19a Basic earnings per unit from Westfield Group Merger costs	(0.92)	-
1.19b Basic earnings per unit from asset sales	-	0.18
1.19c Basic earnings per unit from ordinary activities	6.88	7.78
1.20 Diluted earnings per unit from ordinary activities	6.88	7.62
1.21a Distribution per ordinary unit	7.80	7.60
1.21b Special capital distribution per ordinary unit	0.90	-



## Notes to the consolidated statement of financial performance continued

### Profit from ordinary activities attributable to members of WAT

	Current period A\$ million	Previous corresponding period - A\$ million
1.22 Profit from trading activities before tax	308.1	279.7
1.23 Profit/(loss) from asset sale before tax	-	6.1
1.24 Westfield Group Merger costs before tax	(34.5)	-
1.25 Profit from ordinary activities before tax	273.6	285.8
1.26 United States withholding tax on ordinary activities	(16.3)	(16.2)
1.27 Net profit from ordinary activities after tax attributable to members of WAT (item 1.13)	257.3	269.6

Profit from ordinary activities after tax attributable to members reflects the actual exchange rate (including US\$ income hedges) of A\$1.00 = US\$0.5426, 30 June 2003: A\$1.00 = US\$0.5571.

### Statement of distributions

	Current period A\$ million	Previous corresponding period - A\$ million
1.28 <b>Distribution payable to members of WAT</b>		
Net profit from ordinary activities after withholding tax and outside equity interests (item 1.13 and item 1.27)	257.3	269.6
Less - Net profit/(loss) from assets sold and written down / acquisition costs written off (item 1.23)	-	(6.1)
Add - Westfield Group Merger costs (item 1.24)	34.5	-
Distributions paid or payable in respect of net profit from ordinary activities	291.8	263.5
Add - Special capital distribution	34.0	-
<b>Total distribution paid / payable</b>	<b>325.8</b>	<b>263.5</b>

### Assets sold

	Current period A\$ million	Previous corresponding period - A\$ million
1.29 Revenue from asset sales (item 1.2)	262.1	32.1
Cost of asset sold/ asset written down (item 1.5b)	(262.1)	(32.1)
Share of equity accounted joint ventures' net profits from asset sales (item 1.8b)	-	7.8
	-	7.8

### Capitalised outlays

	Current period A\$ million	Previous corresponding period - A\$ million
1.30 Interest costs capitalised in asset values	6.5	4.4

### Retained profits

	Current period A\$ million	Previous corresponding period - A\$ million
1.31 Retained profits at the beginning of the financial period	137.1	112.4
1.32 Net profit from ordinary activities attributable to members of WAT (item 1.13)	257.3	269.6
1.33 Net transfers from reserves	1.4	1.2
1.34 Distributions paid or payable in respect of net profit from ordinary activities (item 1.28)	(257.3)	(263.5)
1.35 Distributions paid or payable from retained profits	(34.5)	-
<b>1.36 Retained profits at the end of the financial period (item 2.21)</b>	<b>104.0</b>	<b>119.7</b>

## Consolidated statement of financial position

	At end of current period A\$ million	As shown in last annual report A\$ million	As in last half yearly report A\$ million	
<b>Current assets</b>				
2.1	Cash and cash equivalents	215.6	173.9	185.7
2.2	Receivables	19.9	44.6	16.1
2.3	Other current assets	164.4	208.0	134.8
2.4	<b>Total current assets</b>	<b>399.9</b>	<b>426.5</b>	<b>336.6</b>
<b>Non-current assets</b>				
2.5	Property investments	13,366.9	12,631.4	13,657.3
2.6	Investment in equity accounted joint ventures	1,181.4	772.1	726.2
2.7	Other non-current assets	612.5	771.4	586.7
2.8	<b>Total non-current assets</b>	<b>15,160.8</b>	<b>14,174.9</b>	<b>14,970.2</b>
2.9	<b>Total assets</b>	<b>15,560.7</b>	<b>14,601.4</b>	<b>15,306.8</b>
<b>Current liabilities</b>				
2.10	Payables	479.3	510.3	429.2
2.11	Provisions	381.7	360.0	307.1
2.12	Interest bearing liabilities - Bank loans and notes payable	779.4	540.0	645.3
2.13	<b>Total current liabilities</b>	<b>1,640.4</b>	<b>1,410.3</b>	<b>1,381.6</b>
<b>Non-current liabilities</b>				
2.14	Payables	451.7	574.1	470.3
2.15	Interest bearing liabilities - Bank loans and notes payable - Convertible /redeemable preference shares/units	5,469.7 478.3	5,745.9 438.9	6,209.3 475.5
2.16	<b>Total non-current liabilities</b>	<b>6,399.7</b>	<b>6,758.9</b>	<b>7,155.1</b>
2.17	<b>Total liabilities</b>	<b>8,040.1</b>	<b>8,169.2</b>	<b>8,536.7</b>
2.18	<b>Net assets</b>	<b>7,520.6</b>	<b>6,432.2</b>	<b>6,770.1</b>
<b>Equity</b>				
<b>Parent entity interest</b>				
2.19	Contributed equity	5,578.8	5,425.3	5,271.3
2.20	Reserves - Asset revaluation reserve - Foreign currency translation reserve (item 2.28) - Other	1,249.7 (958.6) 9.7	796.9 (1,400.9) 9.7	611.1 (814.5) 9.7
2.21	Retained Profits	104.0	137.1	119.7
2.22	<b>Unitholders' funds attributable to members of WAT</b>	<b>5,983.6</b>	<b>4,968.1</b>	<b>5,197.3</b>
<b>Outside equity interests</b>				
2.23	Contributed equity	1,194.3	1,376.3	1,375.4
2.24	Reserves	305.7	45.9	161.1
2.25	Retained Profits	37.0	41.9	36.3
2.26	<b>Total outside equity interests</b>	<b>1,537.0</b>	<b>1,464.1</b>	<b>1,572.8</b>
2.27	<b>Total equity</b>	<b>7,520.6</b>	<b>6,432.2</b>	<b>6,770.1</b>

## Notes to the consolidated statement of financial position

2.28 The net assets are not hedged and have been translated to A\$ at the period end exchange rate A\$1 = US\$0.6890 (31/12/03: A\$1 = US\$0.7496; 30/6/03: A\$1 = US\$0.6674), with the exception of US\$225 million of balance sheet hedging in the form of cross currency swaps with an average exchange rate of A\$1 = US\$0.7001. Exchange differences arising on retranslation are taken to the foreign currency translation reserve.

## Notes to the consolidated statement of financial position (continued)

### Convertible / Redeemable Preference Shares / Units

#### a) \$254.0 million Convertible Preference Shares issued by WEA

The Convertible Preference Shares that were issued by WEA in August and December 1998 were issued at a price of US\$180.00 each and are not quoted on any stock exchange.

At 30 June 2004, there were 694,445 Series G Cumulative Convertible Redeemable Preference Shares ("Series G CPS") and 277,778 Series D Cumulative Convertible Redeemable Preference Shares ("Series D CPS") on issue. Each Series G CPS is convertible into 10 shares of Series A common stock ("Series A Common Shares") in WEA (subject to adjustment). The Series G CPS are entitled to a one-tenth vote per Series G CPS on all matters submitted to a vote of the holders of WEA common shares and Series A Common Shares in WEA. The holders of the Series A Common Shares will be entitled to 1.10 votes per share on all matters submitted to a vote of the holders of WEA common shares. Series D CPS are convertible into 10 shares of common stock in WEA which will not form a separate class of shares and will be subject to the same entitlements as ordinary WEA stock holders. Prior to the Westfield Group Merger, the holders of Series G CPS and Series D CPS held options in WAT to enable the exchange of their securities in WEA for ordinary units in WAT. Refer to 12.1(a) for the terms of the options subsequent to the Westfield Group Merger.

The holders of Series G CPS and Series D CPS are entitled to receive an annual dividend equal to the greater of (i) 9.3% of the liquidation value of the preferred shares, increasing at 3% per annum; and (ii) the U.S. dollar equivalent of the distribution on the number of ordinary units in WAT into which the Series G CPS and Series D CPS are then exchangeable.

Refer to 12.1(a) Westfield Group Merger for the new distribution provisions for the Series G CPS.

The Series A Common Shares will pay a dividend equal to the U.S. dollar equivalent of the distribution on the number of ordinary units in WAT into which such Series A Common Shares are then exchangeable.

While not a term of the Series G CPS the original holder of the Series G CPS can, subject to certain conditions, require WEA to redeem a number of the Series G CPS or Series A Common Shares, or a combination thereof, on the last business day of May 2004 and each year thereafter up to an amount of US\$25 million at any one time. The maximum aggregate amount which may be redeemed pursuant to the exercise of these rights is US\$125,000,100. No Series G CPS were redeemed during the half year ended 30 June 2004.

The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business day of May 2004 and each year thereafter up to an amount of US\$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US\$50,000,040. No Series D CPS were redeemed during the half year ended 30 June 2004.

The Series G and Series D CPS are redeemable by WEA at any time after 12 August 2008 at 100% of the liquidation preference. If WEA is wound up, each Series G CPS and Series D CPS will carry with it a liquidation preference of US\$180.00.

#### b) \$224.3 million other Redeemable Preference Units in controlled entities of WEA

In connection with the acquisition of RNA, WEA, Rouse and Simon acquired a 94.44% general partnership interest of Urban Shopping Centres, L.P. (the "Urban OP"). WEA's share of the general partnership interest is 52.7%. The 5.56% limited partnership interest in the Urban OP is held by certain third party investors (the "Limited Partners"). The Limited Partners have 1,946,080 units and the right to sell their units in the Urban OP to the Urban OP at any time during the first calendar month of each calendar quarter beginning 8 November 2005 or on or prior to the first anniversary of the date of the death of such Limited Partner for cash.

The Limited Partners have the right to receive quarterly distributions from available cash of the Urban OP in accordance with a tiered distribution schedule. If the partners do not receive a certain level of distributions, interest accrues at a rate of 8% per annum on the unpaid distributions.

The Urban OP has 800,000 Series C Convertible Redeemable Preferred Units ("Series C Units") and 3,400,000 Series D Convertible Redeemable Preferred Units ("Series D Units"). WEA currently owns 428,150 Series C Units.

The Urban OP may redeem the Series C Units and Series D Units at any time after 8 November 2005, for cash equal to the holder's capital account balance. Each Series C Unit is entitled to receive quarterly distributions at the rate per annum of 9.125% of the stated value of the Series C Unit. The stated value of a Series C Unit is US\$50.00. Each Series D Unit is entitled to receive quarterly distributions at the rate per annum of 9.45% of the stated value of a Series D Unit. The stated value of a Series D Unit is US\$25.00.

The Operating Partnership had issued 13,391,343 Series G Partnership Preferred Units ("Series G Units") to the Jacobs Group. The holder has the right that requires WEA to purchase up to 10% of the shares being redeemed for cash.

The Operating Partnership had issued 360,000 Series H Partnership Preferred Units ("Series H Units") to the former partners in the San Francisco Centre. The Series H Units are entitled to receive quarterly distributions equal to US\$1.4944 per Series H Unit.

For each year beginning 2005, at any time after 15 February and prior to 15 May, the holders of the Series H Units may elect to have the Operating Partnership make a cash distribution on all Series H Units of US\$73.1178 per Series H Unit on 30 June of such year. For each year beginning 2006, at any time after 15 May and prior to 15 August, the Partnership may elect to make a cash distribution on all Series H Units of US\$75.361 per Series H Units on 30 September of such year. Each such distribution is a "Special Distribution". On the date the Special Distribution is due and payable, each Series H Unit automatically converts into one Series H-1 Partnership Preferred Unit (a "Series H-1 Unit").

Each Series H-1 Unit will be entitled to receive quarterly distributions equal to US\$0.125 for the first four calendar quarters after the Series H-1 Units are issued (the "Base Year") and for each calendar quarter thereafter, US\$0.125 multiplied by a Growth Factor. The Growth Factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

On 16 September 2003, WEA sold its entire interest in WEA HRE-Abbey, Inc. to an affiliate of Rouse. In connection with the transaction, WEA received a consideration representing its share of an indirect preferred limited partner interest in Head Acquisition L.P. ("Head LP"). The preferred limited partner interest entitles Rouse to a rate of return equal to 3-month LIBOR plus 0.90%.

### Exchange Rates

Where relevant, assets and liabilities have been translated at the period end rates applicable for the period, 30 June 2004 A\$1.00= US\$0.6890, 31 December 2003 A\$1.00= US\$0.7496 and 30 June 2003 A\$1.00= US\$0.6674.

## Consolidated statement of cash flows

	Current period A\$ million	Previous corresponding period - A\$ million
<b>Cash flows from operating activities</b>		
3.1 Receipts in the course of operations	871.9	943.7
3.2 Payments in the course of operations	(284.0)	(263.8)
3.3 Distributions received from equity accounted joint ventures	29.2	34.6
3.4 Interest received	1.8	2.3
<b>3.5 Cash flows from operating activities</b>	<b>618.9</b>	<b>716.8</b>
<b>Cash flows from investing activities</b>		
3.6 Purchases of property investments and construction in progress	(276.3)	(383.5)
3.7 Proceeds from sale of property investments	86.8	32.1
3.8 Net cash flows from financing of investments in equity accounted joint ventures	(37.6)	11.9
<b>3.9 Cash flows from/(used in) investing activities</b>	<b>(227.1)</b>	<b>(339.5)</b>
<b>Cash flows from financing activities</b>		
3.10 Proceeds from issue of securities (units)	187.5	413.0
3.11 Reduction of borrowings	139.8	(243.5)
3.12 Interest and other borrowing costs paid	(275.9)	(337.6)
3.13 Distributions paid	(310.1)	(258.9)
3.14 Distributions paid by controlled entities to outside equity interests	(64.3)	(67.8)
3.15 United States Withholding Tax paid	(35.4)	(37.0)
<b>3.16 Cash flows from financing activities</b>	<b>(358.4)</b>	<b>(531.8)</b>
<b>3.17 Net cash in / (out) flows for the period</b>	<b>33.4</b>	<b>(154.5)</b>
<b>3.18 Cash assets at beginning of the period</b>	<b>173.9</b>	<b>334.6</b>
3.19 Exchange gains/(losses) on cash assets brought forward at the beginning of the period	8.3	5.6
<b>3.20 Cash assets at end of the period</b>	<b>215.6</b>	<b>185.7</b>

## Notes to the consolidated statement of cash flows

### Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows.

On 18 May 2004, 25% of Garden State Plaza was disposed for US\$193.8 million (A\$262.1 million), comprising a cash consideration of US\$64.2 million (A\$86.8 million) and the assumption of debt of US\$129.6 million (A\$175.3 million).

### Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period A\$ million	Previous corresponding period - A\$ million
4.1 Cash on hand and at bank	154.4	125.0
4.2 Deposits at call	61.2	60.7
<b>4.3 Total cash at the end of the period (item 3.20)</b>	<b>215.6</b>	<b>185.7</b>

## Other notes to the financial statements

### Earnings per unit (EPU)

Calculation of basic and diluted EPU are as follows:

5.1 Profit from ordinary activities after withholding tax (item 1.11)

**Adjustments :**

Net profit attributed to outside equity interest (item 1.12)

Earnings used in calculating basic EPU (item 1.13)

Earnings from potentially dilutive units

Earnings used in calculating diluted EPU

Current period A\$ million	Previous corresponding period - A\$ million
321.5	347.0
(64.2)	(77.4)
257.3	269.6
-	-
257.3	269.6

5.2 Weighted average number of ordinary units used in calculating basic EPU

Special options

Partly paid units

Adjusted weighted average number of ordinary units used in calculating diluted EPU

Current period No. million	Previous corresponding period - No. million
3,742.0	3,467.5
-	67.8
-	5.0
3,742.0	3,540.3

### NTA backing

6.1 Net tangible asset backing per ordinary security

Current period A cents	Previous corresponding period - A cents
158.5	144.8

### Control gained over entities

7.1 Name of entity and date that control was obtained

N/A
-----

If material, disclose the following:

7.2 Profit from ordinary activities after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired

N/A
-----

7.3 Profit from ordinary activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period

N/A
-----

## Other notes to the financial statements continued

### Loss of control of entities

8.1 Name of entity and date of loss of control

N/A

If material, disclose the following :

8.2 Profit from ordinary activities after tax of the controlled entity (or group of entities) for the current period to the date of loss of control

N/A

8.3 Profit from ordinary activities after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period

N/A

### Distributions

9.1 Date the distribution is payable

31 August 2004

9.2 Record date to determine entitlements to the distribution (ie, on the basis of proper instruments of transfers received by 5.00 pm if securities are not CHESSE approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESSE approved)

9 July 2004

		Amount per unit	Amount per unit of foreign source distribution
9.3	<b>Final distribution:</b>		
	Current year	N/A	N/A
9.4	Previous year	8.51 cents	8.51 cents
9.5	<b>Interim distribution:</b>		
	Current year	7.80 cents*	7.80 cents*
9.6	Previous year	7.60 cents	7.60 cents
9.7	<b>Special capital distribution:</b>		
	Current year	0.90 cents**	Nil cents
9.8	Previous year	Nil cents	Nil cents

\* For Distribution Reinvestment Plan ("DRP") units issued in February 2004 (ASX code: WFANA) the "Amount per unit" and "Amount per unit of foreign source distribution" is 5.23 cents per unit.

\*\* As part of the Westfield Group Merger, a special capital distribution of 0.90 cents per unit will be paid. This distribution is referable to the first 12 month period following the implementation of the Merger. The implementation date was 16 July 2004.

The distribution plans shown below are in operation.

As part of the Westfield Group Merger, WAT's DRP has been suspended and will not apply to the current year distributions noted in section 9 above.

The last date for receipt of election notices for the distribution plan

N/A

Any other disclosures in relation to distributions.

Cash distribution of 7.80 cents per unit, 5.23 cents per DRP unit, is net of United States withholding tax for which members of WAT are generally entitled to receive a foreign tax credit. The tax advantaged component of the distributions on ordinary units and DRP units is currently estimated to be approximately 45%.

The special capital distribution of 0.90 cents per unit is 100% tax advantaged.

## Other notes to the financial statements continued

### Details of equity accounted entities

Details of the Group's aggregate share of net profit from equity accounted property partnerships, trusts and companies;

10.1	Profit from ordinary activities before income tax
10.2	Income tax on ordinary activities
<b>10.3</b>	<b>Profit from ordinary activities after income tax</b>
10.4	Outside equity interests
<b>10.5</b>	<b>Share of net profit of associates and joint venture entities</b>

Current period A\$ million	Previous corresponding period - A\$ million
34.2	44.4
-	-
<b>34.2</b>	<b>44.4</b>
(7.0)	(9.5)
<b>27.2</b>	<b>34.9</b>

Note: **Operating profit before income tax**

Operating revenue  
Shopping centre rental and other income  
Revenue from Asset Sales

Operating expenditure  
Rates, taxes and other property outgoings  
Interest and other borrowing costs  
Cost from Asset Sales

Net profit from joint venture entities before outside equity interest and Asset Sales

Net profit from Asset Sales

**Net profit of joint venture entities before outside equity interests**

Current period A\$ million	Previous corresponding period A\$ million
71.0	69.3
-	13.2
71.0	82.5
(18.9)	(15.8)
(17.9)	(16.9)
-	(5.4)
(36.8)	(38.1)
34.2	36.6
-	7.8
<b>34.2</b>	<b>44.4</b>

10.6 Equity accounted property partnerships, trusts and companies:

Name	Type of equity	Ownership Interest at 30 June 2004
San Francisco Emporium	partnership units	50.00%
Fashion Square	partnership units	50.00%
Garden State Plaza	partnership units	50.00%
Montgomery	partnership units	50.00%
North Bridge	partnership units	33.33%
Plaza Camino Real	partnership units	40.00%
UTC	partnership units	50.00%
Valencia Town Centre	partnership units	25.00%
Valley Fair	partnership units	50.00%
Other Retail and Property Investments	Units/shares	43.29%

### Issued and quoted securities at end of current period

Category of securities	Total Number	Number quoted	Issue price per unit A\$	Amount paid up per unit A\$
11.1 <b>Ordinary units</b>	<b>3,775,550,146</b>	<b>3,775,550,146</b>	N/A	N/A
11.2 DRP during current period - 27 Feb 04	105,344,437	105,344,437	1.78	1.78
11.3 <b>Options</b>			<b>Description</b>	<b>Expiry Date</b>
Special Options (Series F)	<b>52,500</b>	n/a	Refer below	Refer below
Special Options (Series G)	<b>694,445</b>	n/a	Refer below	Refer below
Special Options (Series G1)	<b>277,778</b>	n/a	Refer below	Refer below
Special Options (Series H)	<b>14,070,072</b>	n/a	Refer below	Refer below
Special Options (Series I)	<b>13,260,859</b>	n/a	Refer below	Refer below

## **Other notes to the financial statements continued**

### **Issued securities at end of current period**

#### **Series F - Special Options**

The Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. At 30 June 2004, there were 52,500 Series F Special Options on issue which are convertible to 55,072,500 ordinary units in WAT.

#### **Series G, G1 and H - Special Options**

The Series G and G1 Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. At 30 June 2004, there were 972,223 Series G and G1 Special Options on issue which are convertible to 224,669,360 ordinary units in WAT.

The Series H Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. At 30 June 2004, there were 14,070,072 Series H Special Options on issue which are convertible to 286,003,761 ordinary units in WAT.

#### **Series I - Special Options**

The Series I Special Options are exercisable any time after May 2004 (or such earlier date if certain specified events occur) and expire on the date being 10 days prior to the date of termination of WAT. At 30 June 2004, there were 13,260,859 Series I Special Options on issue which are convertible to 279,503,103 ordinary units in WAT.

Refer to 12.1(a) for the terms of the above mentioned options subsequent to the Westfield Group Merger.

### **Reports for industry and geographical segments**

The Group operates solely as a retail property investor in the United States.



## Other notes to the financial statements continued

### Basis of financial report preparation

*This is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period. This report does not include all the notes of the type normally included in an annual financial report.*

#### 12.1 Material factors affecting the revenues and expenses

##### (a) Westfield Group Merger

On 22 April 2004, WAT announced a proposal to staple the securities of WAT with those of Westfield Holdings Limited ("Westfield Holdings") and Westfield Trust ("WFT") to form the Westfield Group ("Merger").

The Merger was implemented by way of a Court approved scheme of arrangement ("Share Scheme") of Westfield Holdings and amendments to the constitutions of each of Westfield Holdings, WAT and WFT.

On 25 June 2004, members of each of WAT, Westfield Holdings and WFT approved the Merger. The Merger became effective on 2 July 2004 being the date an order made by the Supreme Court of New South Wales approving the Share Scheme was lodged with the Australian Securities & Investments Commission. The Merger was implemented on 16 July 2004 ("Implementation Date"), being the date on which securities were issued to investors in each other entity and "stapled" such that the Westfield Group stapled securities trade as one security on the Australian Stock Exchange under the code WDC.

The stapled security comprises one share in Westfield Holdings, one WAT unit and one WFT unit. To effect the Merger, units in WAT and WFT were consolidated with the result that on the Implementation Date:

- (i) each member of WAT holding units on 12 July 2004 (Stapling Record Date) had their units converted into 0.15 restructured WAT units; and
- (ii) each member of WFT holding units on the Stapling Record Date had their units converted into 0.28 restructured WFT units.

A stapling distribution of \$1.01 was paid by WAT to members of WAT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WFT unit for \$1.00 for each restructured WAT unit held by the member.

A stapling distribution of \$1.01 was paid by WFT to members of WFT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WAT unit for \$1.00 for each restructured WFT unit held by the member.

A fully franked "stapling" dividend of \$0.002 per share in Westfield Holdings was paid by Westfield Holdings to members of Westfield Holdings holding shares on the Stapling Record Date and applied to subscribe for one restructured WAT unit for \$0.001 and one restructured WFT unit for \$0.001 for each share in Westfield Holdings held by the member.

On the Implementation Date:

- (i) members of WAT received one stapled security for each restructured WAT unit held;
- (ii) members of WFT received one stapled security for each restructured WFT unit held; and
- (iii) members of Westfield Holdings received one stapled security for each Westfield Holdings share held.

The total stapling distribution paid by WAT was \$488.1 million. WAT issued 570.2 million units to members of Westfield Holdings and 629.6 million units to members of Westfield Trust to implement the Merger.

##### **Cross Holders**

The Merger ensures a common investor base in each of Westfield Holdings, WAT and WFT other than a number of entities controlled by Westfield Holdings ("Cross Holders") holding units and options in WAT. The Cross Holders, holding units in WAT, held 553.9 million units in WAT prior to the Merger. These Cross Holders participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result of the consolidation the Cross Holders hold 83.1 million units post Merger. The WAT units held by the Cross Holders will continue to receive distributions which are paid on WAT units, and will continue to be able to vote at meetings of WAT.

The Cross Holders hold a total of 27,661,209 Special Options in WAT. As a result of the Merger the rights of the holders of such options were clarified to reflect the following:

##### *Series F Special Options*

WAT has on issue 52,500 Series F Special Options. Each Series F Special Option entitles the holder on exercise to be issued 1,049 WAT units for an exercise price of either US\$1,000 or the delivery of one Series F Preferred Share in Westfield America, Inc. ("WEA"). As a result of the Merger, on exercise of a Series F Special Option, 157.35 stapled securities will be issued.

##### *Series G1 Special Options*

WAT has on issue 277,778 Series G1 Special Options.

The exercise price of a Series G1 Special Option is:

- (i) the transfer of a Series D Cumulative Convertible Redeemable Preference Share in WEA in which case prior to the Merger 231.0883 WAT units were to be issued; or
- (ii) the transfer of the number of common shares in WEA into which a Series D Cumulative Convertible Redeemable Preference Share has been converted, in which case prior to the Merger, 23.1088 WAT units were to be issued.

As a result of the Merger:

- (i) where a Series D Cumulative Convertible Redeemable Preference Share is delivered on exercise of the option, 34.6632 stapled securities will be issued;
- (ii) where a common share is delivered on exercise of the option, 3.4663 stapled securities will be issued.

##### *Series H Special Options*

WAT has on issue 14,070,072 Series H Special Options. Prior to the Merger, each Series H Special Option entitled the holder on exercise to be issued 20.3271 WAT units in exchange for one common share in WEA. As a result of the Merger, on exercise of a Series H Special Option, 3.049 stapled securities will be issued.

##### *Series I Special Options*

WAT has on issue 13,260,859 Series I Special Options. Prior to the Merger, each Series I Special Option entitled the holder on exercise to be issued 21.0773 WAT units in exchange for one common share in WEA. As a result of the Merger, on exercise of a Series I Special Option, 3.1616 stapled securities will be issued.

## 12.1 Material factors affecting the revenues and expenses (continued)

### (a) Westfield Group Merger (continued)

#### *Other Special Options*

##### *Series G Special Options*

WAT has on issue 694,445 Series G Special Options which are held by a US investor.

The exercise price of a Series G Special Option is:

- (i) the transfer of a Series G Cumulative Convertible Redeemable Preference Share in WEA ("Series G CPS") in which case prior to the Merger 231.0883 WAT units were to be issued; or
- (ii) the transfer of the number of common shares in WEA into which a Series G CPS has been converted, in which case prior to the Merger, 23.1088 WAT units were to be issued.

As a result of the Merger:

- (i) where a Series G CPS is delivered on exercise of the option, 34.6632 stapled securities will be issued; or
- (ii) where a common share is delivered on exercise on the option, 3.4663 stapled securities will be issued.

##### *Series G CPS*

As a result of the Merger, the holders of the Series G CPS are entitled to receive an annual dividend equal to the greater of:

- (i) the base dividend remains the same (9.3% of the liquidation value, increasing by 3% per year since 31 December 2002); and
- (ii) the sum of the following:
  - (a) The WAT distribution (based on the number of WAT units the Series G CPS is convertible into) in A\$ is converted to US\$ based on the hedged/average exchange rate as published in the WAT financials.
  - (b) The WFT distribution (based on the WFT units the Series G CPS is convertible into) in A\$ is converted into US\$ based on the spot rate as of the date of the payment of the dividend to holders of Series G CPS.
  - (c) The Westfield Holdings dividend (based on the Westfield Holdings shares the Series G CPS is convertible into) in A\$ is converted into US\$ based on the spot rate as of the date of the payment of the dividend to holders of Series G CPS.

#### *Issue of Options*

As a result of the Merger and subsequent to 30 June 2004, WAT issued 0.9 million options to WFT and 9.4 million options to Westfield Holdings to enable each of WFT and Westfield Holdings to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

Additionally WAT was issued 28.4 million options by WFT and 28.4 million options by Westfield Holdings to enable WAT to satisfy the delivery of a stapled security on exercise of options currently on issue.

#### *Other Impacts from the Merger*

\* Costs of the Merger totalling A\$103.5 million have been incurred in the half year ended 30 June 2004. These costs relate to advisors fees and costs (time based and success based fees), establishment costs of bridge finance standby facility and various other costs relating to the write-off of existing option arrangements. This cost has been allocated in equal proportions to Westfield Holdings, WFT and WAT.

\* WAT's distribution reinvestment plan has been suspended.

\* Following the Merger, investors in the Westfield Group will receive distributions from each component of the stapled security comprising dividends from Westfield Holdings as well as distributions from WFT and WAT. It is intended that these combined distributions will be paid to investors half yearly no later than two months after the end of each half year.

\* Westfield Holdings, the Responsible Entities of WAT and WFT and certain subsidiaries of each of them (each an "Obligor") have recently executed guarantee and negative pledge documentation in respect of financial accommodation provided for the benefit of the Westfield Group.

Under the guarantee documentation, each Obligor unconditionally and irrevocably grants a guarantee for the benefit of Westfield Group Lenders in respect of the debts and monetary obligations of certain subsidiaries of Westfield Holdings, the Responsible Entity of WAT, or the Responsible Entity of WFT.

The Master Negative Pledge Deed Poll given by Westfield Holdings, and the Responsible Entities of WAT and WFT contains, amongst other things, certain undertakings, financial covenants, representations and warranties in respect of themselves and their controlled entities for the benefit of Lenders to the Westfield Group. This document also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligors and the acceleration rights of Westfield Group Lenders in that event.

\* The Westfield Group has entered into a US\$2.25 billion 364-day bridging facility agreement with various financial institutions. This is a floating interest rate facility.

The facility is subject to negative pledge arrangements which, amongst other things, requires the Westfield Group to comply with certain minimum financial requirements.

#### **(b) Applicable Exchange Rate**

Profit from ordinary activities after tax attributable to members reflects the actual exchange rate (including US\$ hedges) of A\$1.00 = US\$0.5426, 30/6/03: A\$1.00 = US\$0.5571.

## 12.2 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible)

Refer 12.1 above with respect to the Westfield Group Merger.

#### *Management and Advisory Fees*

From 1 July 2004, the management fee paid to the Responsible Entity is equal to the Responsible Entity's reasonable estimate of its costs in providing its services as the responsible entity.

From 1 July 2004 until 30 June 2006, advisory fees paid or payable to Westfield Advisory LP ("Advisor") shall not exceed cost plus an 8% margin thereon.

#### *Redemption of Security Capital Series G Special Options and Series G CPS*

Security Capital Preferred Growth Incorporated ("SCPG") held 694,445 shares of Series G CPS and 694,445 Series G Special Options. Each Special Option allows SCPG to exchange 1 Series G CPS for 34.6632 stapled securities. SCPG notified WAT that SCPG intended to realise US\$100 million by exercising a portion of the Series G Special Options and sell the stapled securities in the market. In lieu thereof, on 13 August 2004, WEA acquired 266,130 of Series G CPS for US\$100 million as a consequence of which 266,130 Special Options were cancelled for no consideration (as they are not exercisable once SCPG no longer owns the Series G CPS).

## Other notes to the financial statements continued

### 12.3 Changes in accounting policies since the last annual report are disclosed as follows.

Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

N/A

### Additional disclosure for trusts

13.1 Number of units held by the management company or responsible entity or their related parties.

As at 30 June 2004, the Responsible Entity and its related parties held 624,962,058 ordinary units in WAT.

13.2 A statement of the fees and commissions payable to the management company or responsible entity:

- initial service charges	Nil
- management fees	Nil
- other fees	Nil

13.3 Property Management and Advisory Fees

- (a) Property management fees amounting to US\$22.2 million (A\$30.0 million) (US\$20.6 million (A\$33.4 million) for the half year ended 30 June 2003) were payable by the Economic Entity under normal commercial terms and conditions to the Westfield Holdings Limited and its controlled entities ("WHL Group") in respect of the period to 30 June 2004.
- (b) WEA has engaged Westfield Advisory L.P. ("Advisor") to provide information, advice and assistance to WEA and to undertake certain duties and responsibilities on behalf of, and subject to, the supervision of WEA. The Advisor will be paid an annual Advisory Fee equal to the lesser of 0.55% of the net equity value of WEA or 25% of the annual Funds From Operations before Advisory Fee (of US\$240.8 million (A\$325.6 million) for the half year ended 30 June 2004) of WEA in excess of a base amount of Funds From Operations (of US\$195.5 million (A\$264.4 million) for the half year ended 30 June 2004) as adjusted from time to time to reflect new issues of common shares. The term "Funds From Operations" means net income/(loss) (computed in accordance with generally accepted accounting principles in the United States ("GAAP")) excluding gains (or losses) from debt restructuring and sales of property, less amortisation of acquired below market leases plus real estate related depreciation and amortisation and after adjustments for consolidated partnerships and joint ventures.

For the half year ended 30 June 2004, the advisory paid or due and payable to associates of the Responsible Entity was US\$11.3 million (A\$15.3 million) (US\$7.2 million (A\$11.7 million) for the half year ended 30 June 2003).

Under the Constitution of WAT, the Responsible Entity is entitled to an annual fee of 0.55% of the net asset value of WAT less an amount equivalent to the proportion of the Advisory Fee paid by WEA to the Advisor which is attributable to WAT's ownership interest in WEA ("Management Fee"). The Responsible Entity has agreed to forgo its entitlement to the Management Fee for the half year ended 30 June 2004.

Refer to item 12.2 for the changes to the property management and advisory fees from 1 July 2004.

## Taxation

14.1 Under current Australian Income Tax legislation, WAT is not liable to income tax including capital gains tax, provided that members are presently entitled to the income of the trust as calculated for trust accounting purposes.

WEA is a Real Estate Investment Trust ("REIT") for United States Income Tax purposes. To maintain its REIT status, WEA is required to distribute at least 90% of its taxable income to shareholders and meet certain asset and income tests as well as certain other requirements. As a REIT, WEA will generally not be liable for federal and state income taxes in the United States, provided it satisfies the necessary requirements and distributes 100% of its taxable income to its shareholders.

14.2 Under current Australian Income Tax legislation, unitholders in WAT are generally entitled to receive a foreign tax credit for US withholding tax deducted from dividends paid to WAT by WEA.

## US \$ Financial Information

15 Financial information denominated in US dollars is set out in Appendix 1.

## Property Portfolio

16 Details of the property portfolio denominated in US dollars are set out in Appendix 2.

## 30 June 2004 Half Year Report

17 In accordance with ASX listing rule 4.2A.1 a copy of the 30 June 2004 Half Year Report that has been lodged with the Australian Securities and Investment Commission is included in Appendix 3.

**US DOLLAR FINANCIAL INFORMATION**

**Consolidated statement of financial performance**
**IN US DOLLARS**

	Current period - US\$ million	Previous corresponding period - US\$ million
<b>1.1 Revenue from ordinary activities</b>		
1.1a Shopping centre rental and other income	567.3	552.0
1.1b Department store lease rental	3.9	3.9
1.1c Interest income	1.6	1.4
1.1d Revenues from trading activities	572.8	557.3
1.2 Revenue from asset sales (item 1.26)	193.8	19.8
<b>1.3 Revenues from ordinary activities</b>	<b>766.6</b>	<b>577.1</b>
<b>1.4 Expenses from ordinary activities</b>		
1.4a Rates, taxes and other property outgoings	(188.6)	(181.6)
1.4b Legal fees	(0.0)	(0.0)
1.4c Auditors' remuneration	(0.8)	(1.3)
1.4d Custodian and trustee fees	(0.0)	(0.0)
1.4e Advisor's service fee	(11.3)	(7.2)
1.4f Other expenses	(0.7)	(0.5)
1.4g Expenses from trading activities	(201.4)	(190.6)
1.5a Westfield Group Merger costs	(23.8)	-
1.5b Cost of assets sold (item 1.26)	(193.8)	(19.8)
<b>1.6 Expenses from ordinary activities excluding borrowing costs</b>	<b>(419.0)</b>	<b>(210.4)</b>
<b>1.7 Borrowing costs expense</b>		
1.7a Interest and other borrowing costs	(154.5)	(163.8)
1.7b Department store debt interest expense	(2.0)	(2.1)
1.7c Coupon on capital notes	-	(4.0)
1.7d Coupon on convertible/redeemable preference shares/units	(15.4)	(14.8)
<b>1.7e Borrowing costs expense</b>	<b>(171.9)</b>	<b>(184.7)</b>
1.8a Share of equity accounted joint ventures' net profits from trading activities	25.4	22.6
1.8b Share of equity accounted joint ventures' net profits from asset sales (item 1.26)	-	4.8
<b>1.9 Profit from ordinary activities before withholding tax</b>	<b>201.1</b>	<b>209.4</b>
1.10 United states withholding tax thereon relating to ordinary activities	(14.0)	(11.4)
<b>1.11 Profit from ordinary activities after withholding tax</b>	<b>187.1</b>	<b>198.0</b>
1.12 Net Profit attributable to outside equity interests	(47.5)	(47.8)
<b>1.13 Net profit from ordinary activities after tax attributable to members of WAT (item 1.24 and item 1.29)</b>	<b>139.6</b>	<b>150.2</b>
1.14 Increase in revaluation reserve	312.0	58.8
1.15 Cost of raising equity	-	(3.8)
1.16 Net exchange difference on translation of financial report of self sustaining foreign operations	(1.2)	-
<b>1.17 Total revenues, expenses and valuation adjustments attributable to members of WAT and recognised directly in unitholders' funds</b>	<b>310.8</b>	<b>55.0</b>
<b>1.18 Total changes in unitholders' funds other than those resulting from transactions with members as members</b>	<b>450.4</b>	<b>205.2</b>

Notes to the consolidated statement of financial performance

**Profit from ordinary activities attributable to members of Westfield America Trust**

	Current period US\$ million	Previous corresponding period - US\$ million
1.19 Profit from trading activities before tax	175.5	156.4
1.20 Profit/(loss) from asset sale before tax	-	3.8
1.21 Westfield Group Merger costs before tax	(23.8)	-
1.22 Profit from ordinary activities before tax	151.7	160.2
1.23 United States withholding tax on ordinary activities	(12.1)	(10.0)
1.24 Net profit from ordinary activities after tax attributable to members of WAT (item 1.13)	139.6	150.2

**Statement of distributions**

	Current period US\$ million	Previous corresponding period - US\$ million
1.25 <b>Distribution payable to members of Westfield America</b>		
Net profit from ordinary activities after withholding tax and outside equity interests (item 1.13 and item 1.24)	139.6	150.2
Less - Net profit/(loss) from assets sold and written down /	-	(3.8)
Add - Westfield Group Merger costs (item 1.21)	23.8	-
Distributions paid or payable in respect of net profit from ordinary activities	163.4	146.4
Add - Special capital distribution	23.4	-
<b>Total distribution paid / payable</b>	<b>186.8</b>	<b>146.4</b>

**Assets sold**

	Current period US\$ million	Previous corresponding period - US\$ million
1.26 Revenues from asset sale (item 1.2)	193.8	19.8
Cost of asset sold/ asset written down (item 1.5b)	(193.8)	(19.8)
Share of equity accounted joint ventures' net profits from asset sales (item 1.8b)	-	4.8
	-	4.8

**Capitalised Outlays**

	Current period - US\$ million	Previous corresponding period - US\$ million
1.27 Interest costs capitalised in asset values	4.8	2.7

**Retained profits**

	Current period - US\$ million	Previous corresponding period - US\$ million
1.28 Retained profits at beginning of the financial period	81.3	65.2
1.29 Net profit from ordinary activities after tax attributable to members of WAT (item 1.13)	139.6	150.2
1.30 Net transfers from reserves	0.9	0.7
1.31 Distributions paid or payable in respect of net profit from ordinary activities	(139.6)	(146.4)
1.32 Distributions paid or payable from retained profits	(23.8)	-
<b>1.33 Retained profits at end of the financial period (item 2.21)</b>	<b>58.4</b>	<b>69.7</b>

**Consolidated statement of financial position**
**IN US DOLLARS**

	At end of current period US\$ million	As shown in last annual report US\$ million	As in last half yearly report US\$ million
<b>Current assets</b>			
2.1 Cash and cash equivalents	114.5	96.7	99.4
2.2 Receivables	13.7	33.4	10.8
2.3 Other current assets	109.7	152.5	85.1
<b>2.4 Total current assets</b>	<b>237.9</b>	<b>282.6</b>	<b>195.3</b>
<b>Non-current assets</b>			
2.5 Property investments	9,209.8	9,468.5	9,114.7
2.6 Investment in equity accounted joint ventures	814.0	578.8	484.7
2.7 Other non-current assets	422.1	578.2	391.6
<b>2.8 Total non-current assets</b>	<b>10,445.9</b>	<b>10,625.5</b>	<b>9,991.0</b>
<b>2.9 Total assets</b>	<b>10,683.8</b>	<b>10,908.1</b>	<b>10,186.3</b>
<b>Current liabilities</b>			
2.10 Payables	330.4	382.5	286.2
2.11 Provisions	225.3	211.3	175.6
2.12 Interest bearing liabilities - Bank loans and notes payable	537.0	404.8	430.7
<b>2.13 Total current liabilities</b>	<b>1,092.7</b>	<b>998.6</b>	<b>892.5</b>
<b>Non-current liabilities</b>			
2.14 Payables	307.7	430.4	314.0
2.15 Interest bearing liabilities - Bank loans and notes payable - Convertible /redeemable preference shares/units	3,768.6 329.5	4,328.6 328.9	4,144.1 317.3
<b>2.16 Total non-current liabilities</b>	<b>4,405.8</b>	<b>5,087.9</b>	<b>4,775.4</b>
<b>2.17 Total liabilities</b>	<b>5,498.5</b>	<b>6,086.5</b>	<b>5,667.9</b>
<b>2.18 Net assets</b>	<b>5,185.3</b>	<b>4,821.6</b>	<b>4,518.4</b>
<b>Equity</b>			
<b>Parent entity interest</b>			
2.19 Contributed equity	3,253.6	3,139.3	3,042.5
2.20 Reserves - Asset revaluation reserve - Foreign currency translation reserve - Other	806.8 2.0 5.5	494.8 3.2 5.5	348.2 2.8 5.5
2.21 Retained profits	58.4	81.3	69.7
<b>2.22 Unitholders' funds attributable to members of WAT</b>	<b>4,126.3</b>	<b>3,724.1</b>	<b>3,468.7</b>
<b>Outside equity interests</b>			
2.23 Contributed equity	705.0	828.9	828.3
2.24 Reserves	331.5	242.6	198.9
2.25 Retained profits	22.5	26.0	22.5
<b>2.26 Total outside equity interests</b>	<b>1,059.0</b>	<b>1,097.5</b>	<b>1,049.7</b>
<b>2.27 Total equity</b>	<b>5,185.3</b>	<b>4,821.6</b>	<b>4,518.4</b>

**Consolidated statement of cash flows**
**IN US DOLLARS**

	Current period US\$ million	Previous corresponding period - US\$ million
<b>Cash flows from operating activities</b>		
3.1 Receipts in the course of operations	591.0	565.8
3.2 Payments in the course of operations	(210.0)	(165.5)
3.3 Distributions received from equity accounted joint ventures	21.6	21.4
3.4 Interest received	1.3	1.4
<b>3.5 Cash flows from operating activities</b>	<b>403.9</b>	<b>423.1</b>
<b>Cash flows from investing activities</b>		
3.6 Purchases of property investments and construction in progress	(204.3)	(221.9)
3.7 Proceeds from sale of investments	64.2	19.8
3.8 Net cash flows from financing of investments in equity accounted joint ventures	(27.8)	7.3
<b>3.9 Cash flows from/ (used in) investing activities</b>	<b>(167.9)</b>	<b>(194.8)</b>
<b>Cash flows from financing activities</b>		
3.10 Proceeds from issue of securities (units, options etc)	137.7	236.9
3.11 Increase / (Reduction) of borrowings	95.8	(137.3)
3.12 Interest and other borrowing costs paid	(204.1)	(208.4)
3.13 Distributions paid	(173.9)	(145.3)
3.14 Dividends and distributions paid by controlled entities to Outside Equity Interests	(47.5)	(41.8)
3.15 United States Withholding Tax paid	(26.2)	(22.8)
<b>3.16 Cash flows from financing activities</b>	<b>(218.2)</b>	<b>(318.7)</b>
<b>3.17 Net cash in / (out) flows for the period</b>	<b>17.8</b>	<b>(90.4)</b>
<b>3.19 Cash assets at beginning of the period</b>	<b>96.7</b>	<b>189.8</b>
<b>3.20 Cash assets at end of the period</b>	<b>114.5</b>	<b>99.4</b>



**PROPERTY PORTFOLIO**

**WESTFIELD AMERICA TRUST**  
**PROPERTY PORTFOLIO**  
**30 JUNE 2004**

	Consolidated or Equity Accounted Interest %	Book Value 30 June 2004 US\$ Million	Book Value 31 Dec 2003 US\$ Million	Note
<b>CONSOLIDATED PROPERTIES</b>				
Annapolis	100.0	310.1	268.1	(xiv)
Belden Village	100.0	129.7	102.5	(xiv)
Brandon	100.0	188.1	165.1	(i)
Capital	100.0	72.0	71.6	(ii)
Century City	100.0	345.6	345.2	(xiii)
Chesterfield	100.0	129.0	125.0	(xi)
Citrus Park	100.0	191.9	171.6	(i)
Connecticut Post	100.0	139.3	165.5	(xiv)
Countryside	100.0	158.3	158.4	(v)
Crestwood	100.0	149.7	149.2	(vii)
Downtown Plaza	100.0	159.9	157.4	(xiv)
Eagle Rock	100.0	41.9	39.0	(iv)
Eastland	100.0	93.0	92.9	(vi)
Eastridge	100.0	34.0	32.4	(v)
Enfield	100.0	67.5	66.7	(vii)
Fox Hills	100.0	140.3	112.0	(iv)
Fox Valley	100.0	194.7	186.9	(xiv)
Franklin Park	100.0	167.0	167.0	(xiii)
Galleria at Roseville	100.0	222.5	212.0	(xiv)
Garden State Plaza *	100.0	-	771.9	(xiv)
Gateway	100.0	69.8	69.7	(xi)
Great Northern	100.0	132.7	131.6	(v)
Hawthorn	100.0	197.4	183.0	(xiv)
Horton Plaza	100.0	272.5	224.5	(iii)
Independence	100.0	137.3	136.9	(x)
Louis Joliet	100.0	93.3	92.8	(xiii)
Mainplace	100.0	214.3	213.9	(v)
Meriden	100.0	149.2	148.3	(xiv)
Mid Rivers	100.0	146.5	146.3	(vii)
Midway	100.0	79.6	78.9	(v)
Mission Valley & Mission Valley West	100.0	204.9	190.1	(xiv)
North County	100.0	168.3	161.6	(xiv)
Northwest	100.0	101.0	101.0	(vi)
Oakridge	100.0	300.5	300.5	(vi)
Old Orchard	100.0	340.6	317.9	(xiv)
Palm Desert	100.0	140.9	142.5	(xiv)
Parkway	100.0	196.3	195.9	(xii)
Plaza Bonita	100.0	162.4	162.4	(vii)
Promenade	100.0	77.5	78.0	(iv)
Richland	100.0	41.1	40.8	(v)
San Francisco Centre	100.0	148.7	148.9	(xiii)
Santa Anita	100.0	169.7	169.8	(xii)
Sarasota	100.0	78.1	77.5	(xiii)
Solano	100.0	145.1	118.8	(iv)
Southcenter	100.0	164.2	142.1	(xiv)
South County	100.0	150.7	150.6	(vii)
Southgate	100.0	62.9	62.6	(xiii)
Southlake	100.0	178.7	178.3	(v)
Southpark	100.0	176.1	142.5	(xiv)
South Shore	100.0	201.3	187.9	(xiv)
Topanga	100.0	199.3	199.3	(vi)
Trumbull	100.0	235.7	218.0	(xiv)
Vancouver	100.0	104.1	103.8	(viii)
West County	100.0	284.9	287.7	(xiv)
West Covina	100.0	189.4	170.0	(xiv)
West Park	100.0	53.1	52.5	(vii)
West Valley	100.0	29.8	10.5	(xiv)
Westland	100.0	23.6	23.6	(vi)
Wheaton	100.0	168.3	158.8	(vii)
<b>Shopping centre investments</b>		<b>8,924.3</b>	9,280.2	
Department stores	100.0	90.6	90.6	(ix)
<b>Shopping centre and department stores investments</b>		<b>9,014.9</b>	9,370.8	

**WESTFIELD AMERICA TRUST**  
**PROPERTY PORTFOLIO**  
**30 JUNE 2004**

	Consolidated or Equity Accounted Interest %	Book Value 30 June 2004 US\$ Million	Book Value 31 Dec 2003 US\$ Million	Note
Construction in progress		194.9	97.7	
<b>Property investments (refer item 2.5 in Appendix 1)</b>		<b>9,209.8</b>	9,468.5	
<b>EQUITY ACCOUNTED PROPERTIES</b>				
Fashion Square	49.9	80.4	68.5	(xiv)
Montgomery	50.0	168.1	167.5	(vii)
North Bridge	33.3	106.2	106.1	(xiii)
Plaza Camino Real	40.0	60.6	60.4	(vii)
UTC	50.0	132.3	100.3	(iv)
Valencia Town Center	25.0	-	-	(xiv)
Valley Fair	50.0	356.6	356.1	(vi)
Garden State Plaza *	50.0	429.6	-	(xiv)
<b>Equity accounted property investments**</b>		<b>1,333.8</b>	858.9	
<b>Total consolidated controlled and equity accounted property investments</b>		<b>10,543.6</b>	10,327.4	

\* On 18 May 2004, 25% of WAT's interest in Garden State Plaza was sold. The property has been equity accounted from this date.

\*\* The value of WAT's equity accounted property investments excludes borrowings.

- (i) The independent valuations were carried out by Weiser Realty Advisors, LLC (Registered Valuers) as at 30 June 2004.
- (ii) The independent valuations were carried out by American Appraisals, Inc. (Registered Valuers) as at 30 June 2004.
- (iii) The independent valuations were carried out by PricewaterhouseCoopers LLP (Registered Valuers) as at 30 June 2004.
- (iv) The independent valuations were carried out by Cushman & Wakefield, Inc. (Registered Valuers) as at 30 June 2004.
- (v) The independent valuations were carried out by Landauer Associates, Inc. (Registered Valuers) as at 31 December 2003.
- (vi) The independent valuations were carried out by PricewaterhouseCoopers LLP (Registered Valuers) as at 31 December 2003.
- (vii) The independent valuations were carried out by PricewaterhouseCoopers LLP (Registered Valuers) as at 30 June 2003.
- (viii) The independent valuations were carried out by American Appraisals, Inc. (Registered Valuers) as at 30 June 2003.
- (ix) The independent valuations were carried out by Landauer Associates, Inc. (Registered Valuers) as at 31 May 2003.
- (x) The independent valuations were carried out by Landauer Associates, Inc. (Registered Valuers) as at 30 April 2003.
- (xi) The independent valuations were carried out by Landauer Associates, Inc. (Registered Valuers) as at 1 March 2002.
- (xii) The independent valuations were carried out by Landauer Associates, Inc. (Registered Valuers) as at 31 October 2001.
- (xiii) Properties recorded at acquisition cost and subsequent capital expenditure.
- (xiv) Properties valued at Directors' valuation as at 30 June 2004.

**WESTFIELD AMERICA TRUST  
HALF-YEAR REPORT  
30 JUNE 2004**

**WESTFIELD AMERICA TRUST  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 30 JUNE 2004**

**REVIEW OF OPERATIONS**

Westfield America Trust ("the Trust") reported a net profit after tax of \$291.8 million (excluding the Westfield Group Merger costs and asset sales) for the half year ended 30 June 2004, an increase of 10.7% over the same period last year. This result is in line with the forecast as disclosed in the Explanatory Memorandum in relation to the proposal to staple the shares of Westfield Holdings Limited and the units of Westfield Trust and Westfield America Trust dated 25 May 2004.

The Trust will pay a distribution of 7.80 cents per unit for the six months ended 30 June 2004, up 2.6% over the previous corresponding period. As a result of the stapling of the securities of the Trust, Westfield Trust and Westfield Holdings Limited, effective 2 July 2004 (the "Merger"), a one-off special capital distribution of 0.90 cents per unit will also be made.

Distribution for the six months ended 30 June 2004, excluding the special capital distribution of \$34.0 million, is \$291.8 million (compared to \$263.5 million for the six months ended 30 June 2003).

This strong result reflects the intensive management of the Trust assets and the quality of the shopping centre portfolio.

As at 30 June 2004, the Trust's total assets is \$15.6 billion, an increase of 1.7% in comparison to the position as at 30 June 2003.

Unitholders' funds attributable to members of the Trust was \$6.0 billion up 15.1% from 30 June 2003 with the Trust's net asset backing increasing from \$1.45 to \$1.59 per unit as at 30 June 2004.

**Operational results**

For the six months ended 30 June 2004, specialty sales totalled US\$2.9 billion which is a 7.9% increase for the period. On a comparable basis, specialty retail sales increased 7.6% per square foot for the six month period. As at 30 June 2004, the US portfolio was 93% leased which is consistent with last year.

**Investment projects**

The Trust currently has 11 projects totalling approximately US\$1.2 billion under construction in the US. This is the largest number of projects that the Trust has undertaken at one time.

Construction continues at the San Francisco Centre in downtown San Francisco, California; Wheaton in Wheaton, Maryland; Santa Anita in Los Angeles, California; Franklin Park in Toledo, Ohio; Gateway in Lincoln, Nebraska and Parkway in San Diego, California.

Five projects commenced construction during the past six months including major projects at Century City in Los Angeles, California; Connecticut Post in Milford, Connecticut and Chesterfield in St Louis, Missouri.

A further US\$1 billion of projects are currently planned in the United States.

**Property transactions**

On 18 May 2004, Prudential plc's US affiliate increased its ownership in Garden State Plaza by 25%, bringing its total ownership interest in the property to 50%.

The Trust recently acquired, for US\$85 million, a 13 level office block strategically located adjacent to Century City in Los Angeles.

The Trust has interests in 66 retail properties in the United States with a value of US\$12.2 billion, comprising 6.2 million square metres of retail space and 9,300 retailers.

**Revaluations and gearing**

During the period all of the Trust's shopping centres were subject to a fair value assessment, resulting in a revaluation surplus of \$627.6 million.

At 30 June 2004, the Trust had a gearing level of 40.8%.

**Outlook**

On 2 July 2004, the Merger, as referred to in the Explanatory Memorandum dated 25 May 2004, became effective. The merger of the three listed Westfield entities - Westfield Trust, Westfield America Trust and Westfield Holdings Limited has created the world's largest listed retail property group. The new entity, known as the Westfield Group, is internally managed, based in Australia and is the eighth largest entity on the Australian Stock Exchange with a market capitalisation in excess of \$25 billion.

The completion of the Merger provides the Westfield Group with a strong financial and operating platform to take advantage of global growth opportunities.

**WESTFIELD AMERICA TRUST  
DIRECTORS' REPORT  
FOR THE HALF YEAR ENDED 30 JUNE 2004**

**DIRECTORS**

The directors of the board of Westfield America Management Limited, the responsible entity of the Trust, during the half year were FP Lowy AC, JR Broadbent AO, RL Furman, H Huizinga, SP Johns, PS Lowy, SM Lowy, RC Mansfield AO, JB Studdy AM and FT Vincent. Each of the directors held office throughout the half year.

Since the end of the half year, the following directors resigned from the Board of Westfield America Management Limited with effect from 13 July 2004: JR Broadbent AO, H Huizinga and RC Mansfield AO. In addition, the following directors were appointed with effect from 13 July 2004: FG Hilmer AO, DH Lowy AM, DM Gonski AO, GH Weiss, DR Wills AO and CM Zampatti AM.

Made on 27 August 2004 in accordance with a resolution of the Directors.



F P Lowy AC  
Chairman



S P Johns  
Director

**WESTFIELD AMERICA TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 30 JUNE 2004**

	Notes	30 June 2004	30 June 2003	30 June 2004	30 June 2003
		US\$ Million	US\$ Million	A\$ Million	A\$ Million
<b>Revenue from ordinary activities</b>					
Shopping centre rental and other income		567.3	552.0	838.0	920.6
Department store lease rental		3.9	3.9	5.3	6.3
Interest income		1.6	1.4	2.2	2.3
Revenue from trading activities		572.8	557.3	845.5	929.2
Revenue from asset sales		193.8	19.8	262.1	32.1
<b>Revenue from ordinary activities</b>		<b>766.6</b>	<b>577.1</b>	<b>1,107.6</b>	<b>961.3</b>
<b>Expenses from ordinary activities</b>					
Rates, taxes and other property outgoings		188.6	181.6	255.0	294.2
Legal fees		0.0	0.0	0.0	0.0
Auditors' remuneration		0.8	1.3	1.1	2.1
Custodian and trustee fees		0.0	0.0	0.0	0.0
Advisor's service fee		11.3	7.2	15.3	11.7
Other expenses		0.7	0.5	0.9	0.8
Expenses from trading activities		201.4	190.6	272.3	308.8
Westfield Group Merger costs	2(a)	23.8	-	34.5	-
Cost of assets sold		193.8	19.8	262.1	32.1
<b>Expenses from ordinary activities excluding borrowing costs</b>		<b>419.0</b>	<b>210.4</b>	<b>568.9</b>	<b>340.9</b>
<b>Borrowing costs expense</b>					
Interest and other borrowing costs		154.5	163.8	208.9	265.3
Department store debt interest expense		2.0	2.1	2.7	3.6
Coupon on capital notes		-	4.0	-	6.5
Coupon on convertible/redeemable preference shares/units		15.4	14.8	20.9	23.9
<b>Borrowing costs expense</b>		<b>171.9</b>	<b>184.7</b>	<b>232.5</b>	<b>299.3</b>
Add - Share of equity accounted joint ventures' net profits from trading activities		25.4	22.6	34.2	36.6
Add - Share of equity accounted joint ventures' net profits from asset sale		-	4.8	-	7.8
<b>Profit from ordinary activities before withholding tax</b>		<b>201.1</b>	<b>209.4</b>	<b>340.4</b>	<b>365.5</b>
Less - United States withholding tax thereon relating to ordinary activities		14.0	11.4	18.9	18.5
<b>Profit from ordinary activities after withholding tax</b>		<b>187.1</b>	<b>198.0</b>	<b>321.5</b>	<b>347.0</b>
Less - Net profit attributable to outside equity interests		47.5	47.8	64.2	77.4
<b>Net profit from ordinary activities attributable to members of WAT</b>		<b>139.6</b>	<b>150.2</b>	<b>257.3</b>	<b>269.6</b>
Increase in asset revaluation reserve		312.0	58.8	452.8	88.2
Cost of raising equity		-	(3.8)	-	(7.1)
Net exchange difference on translation of financial report of self sustaining foreign operations		(1.2)	-	442.3	(901.9)
<b>Total revenues, expenses and valuation adjustments attributable to members of WAT and recognised directly in unitholders' funds</b>		<b>310.8</b>	<b>55.0</b>	<b>895.1</b>	<b>(820.8)</b>
<b>Total changes in unitholders' funds other than those resulting from transactions with members as members</b>		<b>450.4</b>	<b>205.2</b>	<b>1,152.4</b>	<b>(551.2)</b>

**WESTFIELD AMERICA TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE (CONTINUED)**  
**FOR THE HALF YEAR ENDED 30 JUNE 2004**

	Notes	<b>30 June 2004</b>	30 June 2003
		<b>A cents</b>	A cents
<b>EARNINGS PER UNIT ("EPU")</b>			
<b>Basic earnings per unit (cents)</b>			
Profit from trading activities before withholding tax		<b>8.24</b>	8.07
United States withholding tax thereon		<b>0.44</b>	0.47
Basic Earnings per unit from trading activities		7.80	7.60
Basic earnings per unit from asset sales/(writedowns) and Westfield Group Merger costs		(0.92)	0.18
<b>Basic earnings per unit (cents)</b>	5	<b>6.88</b>	7.78
<b>Diluted earnings per unit (cents)</b>		<b>6.88</b>	7.62

		<b>30 June 2004</b>	30 June 2003
		<b>A\$ Million</b>	A\$ Million
<b>STATEMENT OF DISTRIBUTION</b>			
<b>Distribution payable to members of WAT</b>			
Net profit from ordinary activities after withholding tax and outside equity interests		<b>257.3</b>	269.6
Add - Net (profit) / loss from asset write down		-	(6.1)
Add - Westfield Group Merger costs		<b>34.5</b>	-
Net profit (excluding Westfield Group Merger costs and asset sales)		<b>291.8</b>	263.5
Add - Special capital distribution		<b>34.0</b>	-
<b>Distribution payable</b>		<b>325.8</b>	263.5
<b>Distribution per ordinary unit (A cents)</b>	<b>- interim</b>	<b>7.80</b>	7.60
	<b>- special capital</b>	<b>0.90</b>	-



**WESTFIELD AMERICA TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2004**

	Notes 1(b)	30 June 2004 US\$ Million	31 Dec 2003 US\$ Million	30 June 2003 US\$ Million	30 June 2004 A\$ Million	31 Dec 2003 A\$ Million	30 June 2003 A\$ Million
<b>CURRENT ASSETS</b>							
Cash Assets		114.5	96.7	99.4	215.6	173.9	185.7
Receivables		13.7	33.4	10.8	19.9	44.6	16.1
Other		109.7	152.5	85.1	164.4	208.0	134.8
<b>TOTAL CURRENT ASSETS</b>		<b>237.9</b>	<b>282.6</b>	<b>195.3</b>	<b>399.9</b>	<b>426.5</b>	<b>336.6</b>
<b>NON-CURRENT ASSETS</b>							
Property Investments		9,209.8	9,468.5	9,114.7	13,366.9	12,631.4	13,657.3
Investment in equity accounted joint ventures		814.0	578.8	484.7	1,181.4	772.1	726.2
Other		422.1	578.2	391.6	612.5	771.4	586.7
<b>TOTAL NON-CURRENT ASSETS</b>		<b>10,445.9</b>	<b>10,625.5</b>	<b>9,991.0</b>	<b>15,160.8</b>	<b>14,174.9</b>	<b>14,970.2</b>
<b>TOTAL ASSETS</b>		<b>10,683.8</b>	<b>10,908.1</b>	<b>10,186.3</b>	<b>15,560.7</b>	<b>14,601.4</b>	<b>15,306.8</b>
<b>CURRENT LIABILITIES</b>							
Payables		330.4	382.5	286.2	479.3	510.3	429.2
Provisions		225.3	211.3	175.6	381.7	360.0	307.1
Borrowings - Interest-bearing		537.0	404.8	430.7	779.4	540.0	645.3
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,092.7</b>	<b>998.6</b>	<b>892.5</b>	<b>1,640.4</b>	<b>1,410.3</b>	<b>1,381.6</b>
<b>NON-CURRENT LIABILITIES</b>							
Payables		307.7	430.4	314.0	451.7	574.1	470.3
Interest-bearing liabilities:							
Borrowings		3,768.6	4,328.6	4,144.1	5,469.7	5,745.9	6,209.3
Convertible/Redeemable Preference							
Shares/Units		329.5	328.9	317.3	478.3	438.9	475.5
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>4,405.8</b>	<b>5,087.9</b>	<b>4,775.4</b>	<b>6,399.7</b>	<b>6,758.9</b>	<b>7,155.1</b>
<b>TOTAL LIABILITIES</b>		<b>5,498.5</b>	<b>6,086.5</b>	<b>5,667.9</b>	<b>8,040.1</b>	<b>8,169.2</b>	<b>8,536.7</b>
<b>NET ASSETS</b>		<b>5,185.3</b>	<b>4,821.6</b>	<b>4,518.4</b>	<b>7,520.6</b>	<b>6,432.2</b>	<b>6,770.1</b>
<b>EQUITY</b>							
<b>Parent Entity Interest</b>							
Contributed equity		3,253.6	3,139.3	3,042.5	5,578.8	5,425.3	5,271.3
Reserves		814.3	503.5	356.5	300.8	(594.3)	(193.7)
Retained Profits		58.4	81.3	69.7	104.0	137.1	119.7
<b>Unitholders' funds attributable to Members of WAT</b>		<b>4,126.3</b>	<b>3,724.1</b>	<b>3,468.7</b>	<b>5,983.6</b>	<b>4,968.1</b>	<b>5,197.3</b>
<b>Outside Equity Interests</b>							
Contributed equity		705.0	828.9	828.3	1,194.3	1,376.3	1,375.4
Reserves		331.5	242.6	198.9	305.7	45.9	161.1
Retained Profits		22.5	26.0	22.5	37.0	41.9	36.3
<b>Total Outside Equity Interests</b>		<b>1,059.0</b>	<b>1,097.5</b>	<b>1,049.7</b>	<b>1,537.0</b>	<b>1,464.1</b>	<b>1,572.8</b>
<b>TOTAL EQUITY</b>		<b>5,185.3</b>	<b>4,821.6</b>	<b>4,518.4</b>	<b>7,520.6</b>	<b>6,432.2</b>	<b>6,770.1</b>

**WESTFIELD AMERICA TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 30 JUNE 2004**

	Notes 1(b)	<b>30 June 2004</b> US\$ Million	30 June 2003 US\$ Million	<b>30 June 2004</b> A\$ Million	30 June 2003 A\$ Million
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts in the course of operations		<b>591.0</b>	565.8	<b>871.9</b>	943.7
Payments in the course of operations		<b>(210.0)</b>	(165.5)	<b>(284.0)</b>	(263.8)
ventures		<b>21.6</b>	21.4	<b>29.2</b>	34.6
Interest received		<b>1.3</b>	1.4	<b>1.8</b>	2.3
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>403.9</b>	423.1	<b>618.9</b>	716.8
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchases of property investments and construction in progress		<b>(204.3)</b>	(221.9)	<b>(276.3)</b>	(383.5)
Proceeds from sale of investments		<b>64.2</b>	19.8	<b>86.8</b>	32.1
Net cash flows from financing of investments in equity accounted joint ventures		<b>(27.8)</b>	7.3	<b>(37.6)</b>	11.9
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(167.9)</b>	(194.8)	<b>(227.1)</b>	(339.5)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Proceeds from issue of securities (units)		<b>137.7</b>	236.9	<b>187.5</b>	413.0
Increase / (Reduction) of borrowings		<b>95.8</b>	(137.3)	<b>139.8</b>	(243.5)
Interest and other borrowing costs paid		<b>(204.1)</b>	(208.4)	<b>(275.9)</b>	(337.6)
Distributions paid		<b>(173.9)</b>	(145.3)	<b>(310.1)</b>	(258.9)
Dividends and distributions paid by controlled entities to Outside Equity Interests		<b>(47.5)</b>	(41.8)	<b>(64.3)</b>	(67.8)
United States Withholding Tax paid		<b>(26.2)</b>	(22.8)	<b>(35.4)</b>	(37.0)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>(218.2)</b>	(318.7)	<b>(358.4)</b>	(531.8)
<b>NET CASH IN / (OUT) FLOWS FOR THE PERIOD</b>		<b>17.8</b>	(90.4)	<b>33.4</b>	(154.5)
<b>CASH ASSETS AT BEGINNING OF THE PERIOD</b>		<b>96.7</b>	189.8	<b>173.9</b>	334.6
Exchange gains/(losses) on cash assets brought forward at the beginning of the period		-	-	<b>8.3</b>	5.6
<b>CASH ASSETS AT END OF THE PERIOD</b>		<b>114.5</b>	99.4	<b>215.6</b>	185.7

## **WESTFIELD AMERICA TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004**

#### **NOTE 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

The half year financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements including Urgent Issues Group Consensus Views.

As such, the half year financial report has been prepared on the basis of historical cost accounting and does not purport to disclose current values except in relation to property investments carried at fair values. The accounting policies adopted are consistent with those applied in the 31 December 2003 Annual Financial Report.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

All amounts in the Notes to the financial statements are in Australian dollars unless otherwise stated.

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore provides an abbreviated view of the financial performance, financial position and financing and investing activities of the consolidated entity.

The half year financial report should be read in conjunction with the Annual Financial Report of Westfield America Trust ("WAT") as at 31 December 2003. It is also recommended that the half year financial report be considered together with any public announcements made by WAT and its controlled entities during the half year ended 30 June 2004 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

##### **(b) Rounding**

Pursuant to ASIC Class Order 98/0100, the amounts shown in the Financial Report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

#### **NOTE 2 SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS**

##### **(a) Westfield Group Merger**

On 22 April 2004, Westfield America Trust ("WAT") announced a proposal to staple the securities of WAT with those of Westfield Holdings Limited ("Westfield Holdings") and Westfield Trust ("WFT") to form the Westfield Group ("Merger").

The Merger was implemented by way of a Court approved scheme of arrangement ("Share Scheme") of Westfield Holdings and amendments to the constitutions of each of Westfield Holdings, WAT and WFT.

On 25 June 2004, members of each of WAT, Westfield Holdings and WFT approved the Merger. The Merger became effective on 2 July 2004 being the date an order made by the Supreme Court of New South Wales approving the Share Scheme was lodged with the Australian Securities & Investments Commission. The Merger was implemented on 16 July 2004 ("Implementation Date"), being the date on which securities were issued to investors in each other entity and "stapled" such that the Westfield Group stapled securities trade as one security on the Australian Stock Exchange under the code WDC.

The stapled security comprises one share in Westfield Holdings, one WAT unit and one WFT unit. To effect the Merger, units in WAT and WFT were consolidated with the result that on the Implementation Date:

- (i) each member of WAT holding units on 12 July 2004 (Stapling Record Date) had their units converted into 0.15 restructured WAT units; and
- (ii) each member of WFT holding units on the Stapling Record Date had their units converted into 0.28 restructured WFT units.

A stapling distribution of \$1.01 was paid by WAT to members of WAT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WFT unit for \$1.00 for each restructured WAT unit held by the member.

A stapling distribution of \$1.01 was paid by WFT to members of WFT holding units on the Stapling Record Date and applied to subscribe for one share in Westfield Holdings for \$0.01 and one restructured WAT unit for \$1.00 for each restructured WFT unit held by the member.

## WESTFIELD AMERICA TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004

#### NOTE 2 SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS (CONTINUED)

##### (a) Westfield Group Merger (continued)

A fully franked "stapling" dividend of \$0.002 per share in Westfield Holdings was paid by Westfield Holdings to members of Westfield Holdings holding shares on the Stapling Record Date and applied to subscribe for one restructured WAT unit for \$0.001 and one restructured WFT unit for \$0.001 for each share in Westfield Holdings held by the member.

On the Implementation Date:

- (i) members of WAT received one stapled security for each restructured WAT unit held;
- (ii) members of WFT received one stapled security for each restructured WFT unit held; and
- (iii) members of Westfield Holdings received one stapled security for each Westfield Holdings share held.

The total stapling distribution paid by WAT was \$488.1 million. WAT issued 570.2 million units to members of Westfield Holdings and 629.6 million units to members of Westfield Trust to implement the Merger.

##### *Cross Holders*

The Merger ensures a common investor base in each of Westfield Holdings, WAT and WFT other than a number of entities controlled by Westfield Holdings ("Cross Holders") holding units and options in WAT. The Cross Holders, holding units in WAT, held 553.9 million units in WAT prior to the Merger. These Cross Holders participated in the consolidation of WAT units but did not participate in the issue of stapled securities or the stapling distribution. As a result of the consolidation the Cross Holders hold 83.1 million units post Merger. The WAT units held by the Cross Holders will continue to receive distributions which are paid on WAT units, and will continue to be able to vote at meetings of WAT.

The Cross Holders hold a total of 27,661,209 Special Options in WAT. As a result of the Merger the rights of the holders of such options were clarified to reflect the following:

##### *Series F Special Options*

WAT has on issue 52,500 Series F Special Options. Each Series F Special Option entitles the holder on exercise to be issued 1,049 WAT units for an exercise price of either US\$1,000 or the delivery of one Series F Preferred Share in Westfield America, Inc. ("WEA"). As a result of the Merger, on exercise of a Series F Special Option, 157.35 stapled securities will be issued.

##### *Series G1 Special Options*

WAT has on issue 277,778 Series G1 Special Options.

The exercise price of a Series G1 Special Option is:

- (i) the transfer of a Series D Cumulative Convertible Redeemable Preference Share in WEA in which case prior to the Merger 231.0883 WAT units were to be issued; or
- (ii) the transfer of the number of common shares in WEA into which a Series D Cumulative Convertible Redeemable Preference Share has been converted, in which case prior to the Merger, 23.1088 WAT units were to be issued.

As a result of the Merger:

- (i) where a Series D Cumulative Convertible Redeemable Preference Share is delivered on exercise of the option, 34.6632 stapled securities will be issued;
- (ii) where a common share is delivered on exercise of the option, 3.4663 stapled securities will be issued.

##### *Series H Special Options*

WAT has on issue 14,070,072 Series H Special Options. Prior to the Merger, each Series H Special Option entitled the holder on exercise to be issued 20.3271 WAT units in exchange for one common share in WEA. As a result of the Merger, on exercise of a Series H Special Option, 3.049 stapled securities will be issued.

##### *Series I Special Options*

WAT has on issue 13,260,859 Series I Special Options. Prior to the Merger, each Series I Special Option entitled the holder on exercise to be issued 21.0773 WAT units in exchange for one common share in WEA. As a result of the Merger, on exercise of a Series I Special Option, 3.1616 stapled securities will be issued.

## WESTFIELD AMERICA TRUST

### NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004

#### NOTE 2 SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS (CONTINUED)

##### (a) Westfield Group Merger (continued)

###### *Other Special Options*

###### *Series G Special Options*

WAT has on issue 694,445 Series G Special Options which are held by a US investor.

The exercise price of a Series G Special Option is:

- (i) the transfer of a Series G Cumulative Convertible Redeemable Preference Share in WEA ("Series G CPS") in which case prior to the Merger 231.0883 WAT units were to be issued; or
- (ii) the transfer of the number of common shares in WEA into which a Series G CPS has been converted, in which case prior to the Merger, 23.1088 WAT units were to be issued.

As a result of the Merger:

- (i) where a Series G CPS is delivered on exercise of the option, 34.6632 stapled securities will be issued; or
- (ii) where a common share is delivered on exercise on the option, 3.4663 stapled securities will be issued.

###### *Series G CPS*

As a result of the Merger, the holders of the Series G CPS are entitled to receive an annual dividend equal to the greater of:

- (i) the base dividend remains the same (9.3% of the liquidation value, increasing by 3% per year since 31 December 2002); and
- (ii) the sum of the following:
  - (a) The WAT distribution (based on the number of WAT units the Series G CPS is convertible into) in A\$ is converted to US\$ based on the hedged/average exchange rate as published in the WAT financials.
  - (b) The WFT distribution (based on the WFT units the Series G CPS is convertible into) in A\$ is converted into US\$ based on the spot rate as of the date of the payment of the dividend to holders of Series G CPS.
  - (c) The Westfield Holdings dividend (based on the Westfield Holdings shares the Series G CPS is convertible into) in A\$ is converted into US\$ based on the spot rate as of the date of the payment of the dividend to holders of Series G CPS.

###### *Issue of Options*

As a result of the Merger and subsequent to 30 June 2004, WAT issued 0.9 million options to WFT and 9.4 million options to Westfield Holdings to enable each of WFT and Westfield Holdings to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

Additionally WAT was issued 28.4 million options by WFT and 28.4 million options by Westfield Holdings to enable WAT to satisfy the delivery of a stapled security on exercise of options currently on issue.

###### *Other Impacts from the Merger*

\* Costs of the Merger totalling A\$103.5 million have been incurred in the half year ended 30 June 2004. These costs relate to advisors fees and costs (time based and success based fees), establishment costs of bridge finance standby facility and various other costs relating to the write-off of existing option arrangements. This cost has been allocated in equal proportions to Westfield Holdings, WFT and WAT.

\* WAT's distribution reinvestment plan has been suspended.

\* Following the Merger, investors in the Westfield Group will receive distributions from each component of the stapled security comprising dividends from Westfield Holdings as well as distributions from WFT and WAT. It is intended that these combined distributions will be paid to investors half yearly no later than two months after the end of each half year.

\* Westfield Holdings, the Responsible Entities of WAT and WFT and certain subsidiaries of each of them (each an "Obligor") have recently executed guarantee and negative pledge documentation in respect of financial accommodation provided for the benefit of the Westfield Group.

Under the guarantee documentation, each Obligor unconditionally and irrevocably grants a guarantee for the benefit of Westfield Group Lenders in respect of the debts and monetary obligations of certain subsidiaries of Westfield Holdings, the Responsible Entity of WAT, or the Responsible Entity of WFT.

The Master Negative Pledge Deed Poll given by Westfield Holdings, and the Responsible Entities of WAT and WFT contains, amongst other things, certain undertakings, financial covenants, representations and warranties in respect of themselves and their controlled entities for the benefit of Lenders to the Westfield Group. This document also sets out the basis upon which defaults or events of defaults may occur under the financing arrangements of Obligors and the acceleration rights of Westfield Group Lenders in that event.

## **WESTFIELD AMERICA TRUST**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004**

#### **NOTE 2 SIGNIFICANT TRANSACTIONS AND SUBSEQUENT EVENTS (CONTINUED)**

##### **(a) Westfield Group Merger (continued)**

\* The Westfield Group has entered into a US\$2.25 billion 364-day bridging facility agreement with various financial institutions. This is a floating interest rate facility.

The facility is subject to negative pledge arrangements which, amongst other things, requires the Westfield Group to comply with certain minimum financial requirements.

##### **(b) Applicable Exchange Rate**

Profit from ordinary activities after tax attributable to members reflects the actual exchange rate (including US\$ hedges) of A\$1.00 = US\$0.5427, 30/6/03: A\$1.00 = US\$0.5571.

The net assets are not hedged and have been translated to A\$ at the period end exchange rate of A\$1 = US\$0.6890 (31/12/03: A\$1 = US\$0.7496; 30/6/03: A\$1 = US\$0.6674), with the exception of US\$225 million of balance sheet hedging in the form of cross currency swaps with an average exchange rate of A\$1 = US\$0.7001. Exchange differences arising on retranslation are taken to the foreign currency translation reserve.

##### **(c) Management and Advisory Fees**

From 1 July 2004, the management fee paid to the Responsible Entity is equal to the Responsible Entity's reasonable estimate of its costs in providing its services as the responsible entity.

From 1 July 2004 until 30 June 2006, advisory fees paid or payable to Westfield Advisory LP ("Advisor") shall not exceed cost plus an 8% margin thereon.

##### **(d) Capital Raisings**

On 27 February 2004, 105,344,437 ordinary units were issued for A\$187.5 million at a price of A\$1.78 per unit fully paid pursuant to WAT's Distribution Reinvestment Plan ("DRP"). DRP units issued during the period rank for distribution from 1 March 2004.

##### **(e) Redemption of Security Capital Series G Special Options and Series G CPS**

Security Capital Preferred Growth Incorporated ("SCPG") held 694,445 shares of Series G CPS and 694,445 Series G Special Options. Each Special Option allows SCPG to exchange 1 Series G CPS for 34.6632 stapled securities. SCPG notified WAT that SCGP intended to realise US\$100 million by exercising a portion of the Series G Special Options and sell the stapled securities in the market. In lieu thereof, on 13 August 2004 WEA acquired 266,130 of Series G CPS for US\$100 million as a consequence of which 266,130 Special Options were cancelled for no consideration (as they are not exercisable once SCPG no longer owns the Series G CPS).

#### **NOTE 3 FINANCIAL REPORTING BY SEGMENTS**

The Economic Entity operates solely as a retail property investor in the United States.

#### **NOTE 4 CONTINGENT LIABILITIES**

The Redevelopment Agency of the City of West Covina ("Agency") issued US\$51.2 million (A\$74.3 million) (December 2003: US\$51.2 million (\$68.3 million)) of special tax assessment municipal bonds ("Bonds") to finance land acquisition for expansion of the shopping centre and additional site improvements. Special taxes levied against the property, together with incremental property tax, incremental sales tax, and park and ride revenues will be used to pay the principal and interest on the Bonds and the administrative expense of the Agency. Principal and interest payments will continue to 2022 in graduating amounts ranging from US\$3.5 million (A\$5.1 million) (December 2003: US\$3.5 million (A\$4.6 million)) to US\$5.3 million (A\$7.7 million) (December 2003: US\$5.3 million (A\$7.0 million)). The Economic Entity has the contingent obligation to satisfy any shortfall in annual debt service after tenant recoveries.

The Economic Entity also has contingent liabilities, estimated at US\$72.0 million (A\$104.5 million) (December 2003: US\$114.3 million (A\$152.5 million)), in the normal course of business including obligations in respect of the performance of works pursuant to lease, construction and development commitments.

The Economic Entity is involved in several lawsuits in the normal course of business. However, management believes that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Economic Entity.

In addition the Economic Entity is involved in claims and legal proceedings relating to personal and property liability arising from the destruction of the World Trade Center. However, management believes that the ultimate outcome of such legal proceedings will not materially affect the operations or the financial position of the economic entity.

**WESTFIELD AMERICA TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004**

**NOTE 5 EARNINGS AND DISTRIBUTION PER UNIT**

Basic earnings per unit for the half year ended 30 June 2004 is A6.88 cents (US3.73 cents) (30 June 2003: A7.78 cents, US4.32 cents). The distribution per unit for the half year ended 30 June 2004 is A7.80 cents (US4.37 cents) (30 June 2003: A7.60 cents, US4.22 cents).

**NOTE 6 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")**

*(a) Management of the Transition to IFRS*

WAT has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The Trust has allocated internal resources and engaged expert consultants to conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. As a result of these procedures, and IFRS implementation plan has been put in place. As WAT has a 31 December year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 January 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when WAT prepares its first fully IFRS compliant financial report for the year ended 31 December 2005. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of WAT.

*(b) Key Differences between Australian Generally Accepted Accounting Practices ("AGAAP") and Expected IFRS*

The key differences between AGAAP and Expected IFRS identified by management to date as potentially having significant effect on the financial position and financial performance of WAT are summarised below. The summary should not be taken as an exhaustive list of all the differences between AGAAP and Expected IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Regulatory bodies that promulgate AGAAP and Expected IFRS have significant ongoing projects that could affect the differences between AGAAP and Expected IFRS described below. WAT's financial statements in the future could therefore be impacted by these changes, perhaps materially.

*(i) Investment Property Revaluation*

Under AGAAP, changes in the fair value of investment property are reflected through the asset revaluation reserve. Decreases are also reflected through the asset revaluation reserve to the extent they reduce previously recognised increments and otherwise are charged to the operating result in the statement of financial performance.

Under Expected IFRS, changes in the fair value of investment property are reflected through the operating result in the statement of financial performance.

*(ii) Foreign Currency Translation*

Under AGAAP, the statement of financial position and the statement of financial performance of WAT's integrated foreign operations are translated to A\$ at historic exchange rates. On consolidation, exchange differences arising on translation of foreign monetary items of integrated foreign operations are taken directly to the statement of financial performance.

Under Expected IFRS, those foreign operations must determine their functional currency (being the currency in which the entity operates and determines pricing decisions). Exchange differences arising on translation from functional currency to Australian dollars are taken directly to the foreign currency translation reserve.

Where operations classified as self-sustaining under AGAAP have a functional currency that differs from the Australian parent, translation movements continue to be recognised in the foreign currency translation reserve under Expected IFRS.

**WESTFIELD AMERICA TRUST**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2004**

**NOTE 6 INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") (CONTINUED)**

*(iii) Financial Instruments and Derivatives*

Foreign Currency Derivatives

Under AGAAP, gains and losses on foreign currency derivatives are deferred and brought to account with the underlying transactions being hedged:

- (a) for hedges of foreign earnings, gains and losses are reflected in the statement of financial performance as the underlying earnings are recognised; and
- (b) for hedges of net investments in foreign operations, gains and losses are reflected in the foreign currency translation reserve.

Under Expected IFRS, hedge accounting cannot be applied to derivatives entered into to hedge the foreign exchange exposure relating to foreign earnings. Accordingly, such derivatives are measured at fair value and gains and losses are reflected in the statement of financial performance as they arise. The foreign exchange exposure on net investments in foreign operations can be hedged under Expected IFRS provided that certain strict tests are met relating to hedge designation, documentation and effectiveness. If these tests are satisfied then the hedging derivative is measured at fair value and gains and losses reflected in the foreign currency translation reserve. However, to the extent that the hedge does not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

Interest Rate Derivatives

Under AGAAP, derivatives that are used to hedge exposure to fluctuations in floating interest rates are not measured at fair value. Instead payments and receipts on swaps are recognised in the statement of financial performance as they arise and premiums paid on options are amortised over the period of the hedge.

Under Expected IFRS, derivatives taken out to reduce exposures to fluctuations in floating interest rates may be accounted for as cash flow hedges provided that the hedge designation, documentation and effectiveness tests can be met. If these tests are satisfied then the hedging derivative is measured at fair value and gains or losses are reflected directly in equity until the hedged transaction occurs, when they are released to the statement of financial performance. For fully effective hedges, this results in a profit and loss outcome similar to AGAAP. However, to the extent that the hedges do not satisfy the above tests then a corresponding portion of the gain or loss is reflected in the statement of financial performance immediately.

*(iv) Taxation*

Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties does not have an impact on the tax expense in the statement of financial performance. A liability is only recognised once there is an intention to sell the investment property and the sale would give rise to a tax obligation.

The introduction of IFRS will require a change to the deferred tax or balance sheet liability method of accounting for taxation. Deferred tax is the tax expected to be payable or recoverable, by the entity, on differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. A deferred tax liability is recognised for depreciation allowances for tax purposes and revaluations of investment properties in WAT.

On implementation of Expected IFRS, an opening adjustment to shareholders equity will be required, with annual deferred tax charges through the statement of financial performance thereafter to reflect the increase in the difference between tax values and fair values of the investment properties held by WAT. WAT's liability for deferred tax is calculated using tax rates that are expected to apply when the liability is settled or the asset realised.



**WESTFIELD AMERICA TRUST  
DIRECTORS' DECLARATION  
FOR THE HALF YEAR ENDED 30 JUNE 2004**

The Directors of Westfield America Management Limited, the Responsible Entity of Westfield America Trust ("**Trust**"), declare that:

- (a) the financial statements for the half year ended 30 June 2004 ("**Financial Statements**") and notes thereto comply with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements in Australia;
- (b) the Financial Statements and notes thereto give a true and fair view of the financial position of the Trust and the consolidated entity and of their performance for the half year ended on that date;
- (c) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Made on 27 August 2004 in accordance with a resolution of the Board of Directors.



F P Lowy AC  
Chairman



S P Johns  
Director

## Independent audit report to unitholders of Westfield America Trust

### Scope

#### *The financial report and directors' responsibility*

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the consolidated financial statements, and the Directors' Declaration for the Westfield America Trust (the Trust) and the consolidated entity, for the half-year ended 30 June 2004. The consolidated entity comprises both the Trust and the entities it controlled during the year.

The directors of Westfield America Management Limited, the Responsible Entity of the Trust, are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Trust and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### *Audit approach*

We conducted an independent audit of the financial report in order to express an opinion on it to the unitholders of the Trust. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporation Act 2001, including compliance with Accounting Standards in Australia and other mandatory financial reporting requirements in Australia and statutory requirements, a view which is consistent with our understanding of the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgment of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Responsible Entity of the Trust.

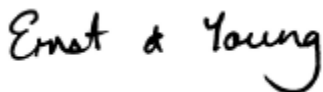
**Independence**

We are independent of the Trust, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our statutory audit work, we were engaged to undertake other non-audit services during the reporting period. The provision of these services has not impaired our independence.

**Audit opinion**

In our opinion, the financial report of Westfield America Trust is in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of Westfield America Trust and the consolidated entity at 30 June 2004 and of their performance for the half-year ended on that date; and
  - (ii) complying with Australian Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



Ernst & Young



Meredith Scott  
Partner  
Sydney  
27 August 2004