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28 March 2008

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

Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
ANNUAL FINANCIAL REPORTS FOR WESTFIELD TRUST AND WESTFIELD AMERICA TRUST

The following documents are attached:

1. Annual Financial Report for Westfield Trust for the financial year ended 31 December 2007; and

2. Annual Financial Report for Westfield America Trust for the financial year ended 31 December 2007.

Copies of the reports may be accessed on the Westfield website – www.westfield.com.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

Westfield Trust
Financial Report
31 December 2007

Westfield Management Limited ABN 41 001 670 579
AFSL No. 230329 as responsible entity of **Westfield Trust** ARSN 090 849 746

Directory

Westfield Group
Westfield Holdings Limited
ABN 66 001 671 496

Westfield Trust
ARSN 090 849 746
(responsible entity Westfield Management Limited ABN 41 001 670 579, AFS Licence No 230329)

Westfield America Trust
ARSN 092 058 449
(responsible entity Westfield America Management Limited ABN 66 072 780 619, AFS Licence No 230324)

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Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

EMAS

As part of the Westfield Group's focus on environmental factors affecting its business, this Annual Report is printed on papers produced by UPM Kymmene, the No1 forest products company on the Dow Jones sustainability index 2006.

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Financial Report

WESTFIELD TRUST

For the financial year ended 31 December 2007

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Revenue and other income					
Property revenue	3	**1,549.6**	1,490.5	**598.8**	543.8
Property revaluations	11	**1,398.5**	3,386.4	**503.6**	1,400.7
Distributions from subsidiaries and other investments		**–**	–	**635.6**	603.9
		2,948.1	4,876.9	**1,738.0**	2,548.4
Share of after tax profits of equity accounted entities					
Property revenue		**113.2**	102.4	**–**	–
Property revaluations		**157.5**	300.8	**–**	–
Property expenses and outgoings		**(32.9)**	(30.3)	**–**	–
Interest and tax expense		**0.4**	(1.5)	**–**	–
	12(b)	**238.2**	371.4	**–**	–
Foreign currency exchange gain		**98.8**	–	**117.7**	–
Net profit on realisation of assets	4	**30.2**	10.8	**3.8**	9.5
Interest income		**65.1**	48.0	**56.7**	37.2
Total revenue and other income		**3,380.4**	5,307.1	**1,916.2**	2,595.1
Expenses					
Property expenses and outgoings		**(418.0)**	(397.9)	**(163.8)**	(140.1)
Property and funds management costs		**(17.0)**	(11.8)	**(10.1)**	(9.4)
Corporate costs		**(4.9)**	(7.6)	**(2.0)**	(19.0)
Foreign currency exchange loss		**–**	(111.0)	**–**	(96.4)
Currency derivatives		**10.3**	14.1	**(1.6)**	14.1
		(429.6)	(514.2)	**(177.5)**	(250.8)
Financing costs	5	**(349.0)**	(331.8)	**(278.0)**	(277.7)
Total expenses		**(778.6)**	(846.0)	**(455.5)**	(528.5)
Profit before tax expense and minority interests		**2,601.8**	4,461.1	**1,460.7**	2,066.6
Tax expense	6(a)	**(71.9)**	(137.9)	**–**	–
Profit after tax expense for the period		**2,529.9**	4,323.2	**1,460.7**	2,066.6
Less: net profit attributable to minority interests		**(22.8)**	(53.1)	**–**	–
Net profit attributable to members of Westfield Trust (“WT”)		**2,507.1**	4,270.1	**1,460.7**	2,066.6
		cents	cents		
Basic earnings per unit	7	**134.47**	241.08		
Diluted earnings per unit	7	**127.09**	227.54		
		$million	$million		
Final Distribution proposed	23	**446.7**	335.4		
Interim Distribution paid	23	**517.1**	513.0		
Total Distribution		**963.8**	848.4		
Weighted average number of units entitled to distribution at 31 December (millions)		**1,863.3**	1,763.8		
6 months ended 31 December					
Distribution proposed per ordinary unit (cents)		**23.00**	18.96		
Distribution proposed per Distribution Reinvestment Plan (“DRP”) unit (cents)		**–**	12.57		
6 months ended 30 June					
Distribution paid per ordinary unit (cents)		**29.00**	29.17		
Distribution paid per DRP unit (cents)		**19.55**	19.66		

Balance Sheet

AS AT 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Current assets					
Cash and cash equivalents	22(a)	**90.5**	65.1	**35.9**	30.2
Trade receivables		**16.3**	8.6	**4.7**	2.5
Derivative assets	8	**36.5**	1.5	**28.3**	3.6
Receivables	9	**2,515.0**	476.6	**2,607.4**	644.7
Prepayments and deferred costs	10	**49.1**	46.6	**32.9**	28.2
Total current assets		**2,707.4**	598.4	**2,709.2**	709.2
Non current assets					
Investment properties	11	**21,674.1**	20,473.3	**8,394.7**	7,681.4
Equity accounted investments	12(a)	**1,625.7**	1,460.9	**–**	–
Other investments	13	**1,168.8**	1,313.5	**13,814.4**	13,366.2
Derivative assets	8	**283.9**	83.2	**269.3**	81.1
Prepayments and deferred costs	10	**128.7**	129.1	**71.3**	65.8
Total non current assets		**24,881.2**	23,460.0	**22,549.7**	21,194.5
Total assets		**27,588.6**	24,058.4	**25,258.9**	21,903.7
Current liabilities					
Payables	14	**1,658.5**	498.8	**1,463.7**	343.7
Interest bearing liabilities	15	**1,068.3**	1,836.4	**1,018.3**	1,836.4
Derivative liabilities	17	**43.9**	17.0	**36.0**	11.6
Total current liabilities		**2,770.7**	2,352.2	**2,518.0**	2,191.7
Non current liabilities					
Interest bearing liabilities	15	**4,785.4**	6,698.1	**3,243.0**	5,187.0
Other financial liabilities	16	**1,690.7**	398.8	**1,690.7**	398.8
Deferred tax liabilities	6(b)	**417.1**	354.7	**–**	–
Derivative liabilities	17	**291.8**	149.5	**364.7**	197.6
Total non current liabilities		**7,185.0**	7,601.1	**5,298.4**	5,783.4
Total liabilities		**9,955.7**	9,953.3	**7,816.4**	7,975.1
Net assets		**17,632.9**	14,105.1	**17,442.5**	13,928.6
Equity attributable to members of WT					
Contributed equity	18(b)	**8,033.8**	6,088.0	**8,033.8**	6,088.0
Reserves	20	**193.4**	279.9	**5,559.3**	4,599.4
Retained profits	21	**9,215.3**	7,560.7	**3,849.4**	3,241.2
Total equity attributable to members of WT		**17,442.5**	13,928.6	**17,442.5**	13,928.6
Equity attributable to minority interests					
Contributed equity		**94.0**	94.0	**–**	–
Retained profits		**96.4**	82.5	**–**	–
Total equity attributable to minority interests		**190.4**	176.5	**–**	–
Total Equity		**17,632.9**	14,105.1	**17,442.5**	13,928.6

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Changes in equity attributable to members of WT					
Opening balance of equity		**13,928.6**	10,235.4	**13,928.6**	10,235.4
Movements in contributed equity					
Pro–rata entitlement offer	18(b)	**1,769.7**	–	**1,769.7**	–
Distribution reinvestment plan	18(b)	**153.7**	171.4	**153.7**	171.4
Conversion of options	18(b)	**48.3**	48.2	**48.3**	48.2
Costs associated with the pro–rata entitlement offer	18(b)	**(25.9)**	–	**(25.9)**	–
Movement in foreign currency translation reserve					
Net exchange difference on translation of foreign operations [(i)]	20(a)	**(2.1)**	3.1	**–**	–
Movement in asset revaluation reserve					
Revaluation increment (decrement) [(i)(ii)]	20(b)	**(84.4)**	97.8	**959.9**	2,304.4
Movement in retained profits					
Distributions paid	23(b)	**(852.5)**	(897.4)	**(852.5)**	(897.4)
Net adjustments recognised directly in equity		**1,006.8**	(576.9)	**2,053.2**	1,626.6
Net profit attributable to members of WT [(i) (ii)]		**2,507.1**	4,270.1	**1,460.7**	2,066.6
Closing balance of equity attributable to members of WT		**17,442.5**	13,928.6	**17,442.5**	13,928.6
Changes in equity attributable to minority interests					
Opening balance of equity		**176.5**	131.8	**–**	–
Net profit attributable to external minority interests		**22.8**	53.1	**–**	–
Distributions paid or provided for		**(8.9)**	(8.4)	**–**	–
Closing balance of equity attributable to minority interests		**190.4**	176.5	**–**	–
Total Equity		**17,632.9**	14,105.1	17,442.5	13,928.6

(i) Total consolidated income and expenses for the period attributable to members of WT, including amounts recognised directly in equity, is $2,420.6 million (31 December 2006: $4,371.0 million), being profit after tax expense for the period of $2,507.1 million (31 December 2006: $4,270.1 million), revaluation decrement recognised in reserves of $84.4 million (31 December 2006 increment: $97.8 million) and the net exchange loss on translation of foreign operations of $2.1 million (31 December 2006 gain: $3.1 million).

(ii) For the Parent Entity total income and expenses for the period, including amounts recognised directly in equity, is $2,420.6 million (31 December 2006: $4,371.0 million), being profit after tax expense for the period of $1,460.7 (31 December 2006: $2,066.6 million) and revaluation increment recognised in reserves of $959.9 million (31 December 2006: $2,304.4 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Cash flows from operating activities					
Receipts in the course of operations (including GST)		**1,706.4**	1,636.8	**683.2**	607.6
Payments in the course of operations (including GST)		**(461.7)**	(451.6)	**(213.9)**	(183.6)
Distributions received from subsidiaries and equity accounted entities		**69.7**	63.0	**693.8**	541.3
Goods and services taxes paid		**(137.8)**	(111.4)	**(47.1)**	(43.0)
Net cash flows from operating activities	22(b)	**1,176.6**	1,136.8	**1,116.0**	922.3
Cash flows from investing activities					
Payments for the acquisition of property investments		**(110.6)**	(132.0)	**(89.1)**	(55.4)
Payments of capital expenditure for property investments		**(620.9)**	(491.2)	**(392.1)**	(433.3)
Payments for the purchases of other investments		**(46.4)**	(454.8)	**(46.4)**	(677.4)
Proceeds from the sale of property investments		**938.6**	37.7	**717.5**	28.1
Proceeds from the sale of other investments		**136.4**	–	**136.4**	–
Net payments for investments in equity accounted entities		**(8.3)**	(192.0)	**–**	–
Net cash flows from (used in) investing activities		**288.8**	(1,232.3)	**326.3**	(1,138.0)
Cash flows from financing activities					
Proceeds from the issuance of securities		**1,942.8**	198.3	**1,942.8**	198.3
Payment for costs associated with pro-rata entitlement offer		**(20.2)**	–	**(20.2)**	–
Net proceeds from (repayments of) interest bearing liabilities		**(1,862.8)**	641.1	**(241.4)**	652.0
Proceeds from the issuance of property–linked notes		**1,262.9**	–	**1,262.9**	–
Financing costs		**(502.4)**	(507.1)	**(275.2)**	(407.2)
Interest received		**69.3**	29.1	**61.6**	25.0
Distributions paid	23(b)	**(852.5)**	(897.4)	**(852.5)**	(897.4)
Distributions paid by controlled entities to minority interests		**(8.7)**	(8.1)	**–**	–
Loans repaid by (paid to) related entities		**(1,468.3)**	654.1	**(3,314.6)**	654.1
Net cash flows (used in) from financing activities		**(1,439.9)**	110.0	**(1,436.6)**	224.8
Net increase in cash and cash equivalents held		**25.5**	14.5	**5.7**	9.1
Add opening cash and cash equivalents brought forward		**65.1**	50.4	**30.2**	21.1
Effects of exchange rate changes on cash and cash equivalents		**(0.1)**	0.2	**–**	–
Cash and cash equivalents at the end of the year	22(a)	**90.5**	65.1	**35.9**	30.2

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of Westfield Trust ("WT") for the year ended 31 December 2007 was approved in accordance with a resolution of the Board of Directors of Westfield Management Limited as responsible entity of WT ("Responsible Entity") on 14 March 2008.

The nature of the operations and principal activities of WT are described in the Directors' Report.

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by WT and its controlled entities (collectively referred to as "the Group") for the year ended 31 December 2007. The directors have assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations are as follow:

– AASB 8 Operating Segments, AASB 101 Presentation of Financial Statements and AASB 123 Borrowing Costs which are applicable for annual reporting periods beginning on or after 1 January 2009; and
– AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments which is applicable for annual reporting period beginning on or after 1 July 2007.

These standards will not impact the amounts recognised in the financial statements.

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 ("Act") and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, other investments and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Adoption of new accounting standards

The Group has adopted AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements and all consequential amendments which became applicable on 1 January 2007. The adoption of these standards has only affected the disclosure in these financial statements. These standards have not affected the amounts recognised in the income statement or the balance sheet of the entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

The Westfield Group was established in July 2004 by the stapling of securities of each of Westfield Holdings Limited ("WHL"), Westfield America Trust ("WAT") and WT. The securities trade as one security on the Australian Stock Exchange ("ASX") under the code WDC. The stapling transaction is referred to as the "Merger".

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of WT (the "Parent Entity"), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Minority interest for the period 1 January to 31 December 2007 represents interests in Carindale Property Trust ("CPT") not held by the Group.

i) Synchronisation of Financial Year

By an order dated 5 November 2001, made by Australian Securities and Investment Commission ("ASIC") pursuant to subsection 340(1) of the Act, the Directors of the Responsible Entity have been relieved from compliance with subsection 323D(3) of the Act insofar as that subsection requires them to ensure the financial year of the controlled entity CPT, coincides with the financial year of the Parent Entity.

Notwithstanding that the financial year of CPT ends on 30 June, the consolidated financial statements have been made out so as to include the accounts for a period coinciding with the financial year of the Parent Entity being 31 December.

ii) Joint Ventures

Joint venture operations

The Group has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Group's proportionate share in the income, expenditure, assets and liabilities of property interests held as tenants in common have been included in their respective classifications in the financial report.

Joint venture entities

The Group has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint venture entities are accounted for using the equity method of accounting.

The Group and its joint venture entities use consistent accounting policies. Investments in joint venture entities are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture entities. The consolidated income statement reflects the Group's share of the results of operations of the joint venture entity.

iii) Associates

Where the Group exerts significant influence but not control, equity accounting is applied. The Group and its associates use consistent accounting policies. Investment in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated financial statements.

iv) Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased. Minority interests are shown as a separate item in the consolidated financial statements.

(c) Investment properties

The Group's investment properties include shopping centre investments and development projects.

i) Shopping centre investments

The Group's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

i) Shopping centre investments (continued)

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

At each reporting date, the carrying value of the portfolio of shopping centre investment properties are assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Directors' assessment of fair value of each shopping centre investment property is confirmed by annual independent valuations conducted on a rolling basis. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties.

ii) Development projects

The Group's development projects include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments. Development projects include capitalised construction and development costs and where applicable, borrowing costs incurred on qualifying developments.

Development projects are carried at fair value based on Directors' assessment of fair value at each reporting date. Any increment or decrement in the fair value of development projects resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. On completion, development projects are reclassified to shopping centre investments and an independent valuation is obtained.

The assessment of fair value and possible impairment in the fair value of shopping centre investment and development projects are significant estimates that can change based on the Group's continuous process of assessing the factors affecting each property.

(d) Other investments

Other investments are designated investments available for sale. Other investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value.

Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currencies of the Parent Entity and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand entities is New Zealand dollars. The presentation currency of the overseas entities is Australian dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

ii) Translation of accounts of foreign operations

The balance sheet of foreign subsidiaries and equity accounted associates are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve.

On consolidation, exchange differences and the related tax effect on foreign currency denominated loans, which hedge net investments in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve.

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as receivable and carried at fair value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Certain tenant allowances that are classified as lease incentives are recorded as a separate asset and amortised over the term of the lease. The amortisation is recorded against property income.

Where revenue is obtained from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment or completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when these conditions are satisfied.

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses including rates, taxes and other outgoings, are brought to account on an accruals basis and any related payables are carried at cost. All other expenses are brought to account on an accruals basis.

(h) Taxation

i) Under current Australian income tax legislation WT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with WT's constitution. WT's New Zealand controlled entities are subject to New Zealand tax on their earnings. Dividends paid by those entities to WT are subject to New Zealand dividend withholding tax.

   Under current Australian income tax legislation, holders of the stapled securities of the Westfield Group may be entitled to receive a foreign tax credit for New Zealand withholding tax deducted from dividends paid by WT's New Zealand controlled entities to WT.

ii) Deferred tax is provided on all temporary differences at balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

   Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised through continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

(i) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable. Receivables and payables are stated with the amounts of GST included.

The net amount of GST payable or receivable to government authorities is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the associated financing costs are capitalised.

Refer to Note 2(m) for other items included in financing costs.

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Ground rent obligations for leasehold property that meets the definition of an investment property are accounted for as a finance lease.

(ii) Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments under lease and are disclosed as an asset or investment property.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability.

(l) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the proceeds received.

(m) Derivative and other financial instruments

The Group utilises derivative financial instruments, including forward exchange contracts, currency options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program and are not transacted for speculative purposes. Accounting standards however require compliance with onerous documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements are not met in all circumstances. As a result, all derivatives instruments, other than cross currency swaps that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of forward exchange contracts, currency options and cross currency swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to market rates for similar instruments.

Gains or losses arising on the movements in the fair value of cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve.
Where a cross currency swap, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

i) Financial assets

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Receivables

Trade and sundry debtors are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade and sundry receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectible are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that the Group will not be able to collect the receivable.

ii) Financial liabilities

Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities

Interest bearing liabilities are recognised initially at the fair value of the consideration received less any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recorded at amortised cost using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

Other financial liabilities

Other financial liabilities include property linked notes and convertible notes. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is fair valued through the income statement.

The fair value of property linked notes are determined by reference to the fair value of the underlying linked property investments. The fair value of convertible notes are determined in accordance with generally accepted pricing models using current market prices in accordance with the terms of each instrument as set out in Note 16.

(n) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(o) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(p) Rounding

In accordance with 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.

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 3 PROPERTY REVENUE				
Shopping centre base rent and other property income	**1,567.3**	1,508.7	**606.7**	549.8
Amortisation of tenant allowances	**(17.7)**	(18.2)	**(7.9)**	(6.0)
	1,549.6	**1,490.5**	**598.8**	**543.8**
NOTE 4 NET PROFIT ON REALISATION OF ASSETS				
Revenues from asset sales	**938.6**	37.7	**717.5**	28.1
Carrying value of assets sold and capital costs written off	**(908.4)**	(26.9)	**(713.7)**	(18.6)
	30.2	10.8	**3.8**	9.5
NOTE 5 FINANCING COSTS				
Gross financing costs (excluding net fair value gain or loss of interest rate hedges that do not qualify for hedge accounting)				
– Interest bearing liabilities	**(345.8)**	(405.2)	**(65.9)**	(304.4)
– Other financial liabilities	**(14.9)**	(18.9)	**(14.9)**	(18.9)
Related party borrowing costs	**(18.7)**	(87.3)	**(196.7)**	(87.3)
Financing costs capitalised	**17.1**	15.1	**5.8**	11.4
Financing costs	**(362.3)**	(496.3)	**(271.7)**	(399.2)
Finance lease interest expense	**(2.4)**	(2.4)	**–**	–
Net fair value gain on interest rate hedges that do not qualify for hedge accounting	**185.7**	203.8	**163.7**	158.4
Interest expense on other financial liabilities	**(64.0)**	–	**(64.0)**	–
Net fair value loss on other financial liabilities	**(106.0)**	(36.9)	**(106.0)**	(36.9)
	(349.0)	(331.8)	**(278.0)**	(277.7)
NOTE 6 TAXATION				
(a) Tax expense				
Current - underlying tax	**–**	–	**–**	–
Deferred tax - benefit from the reduction of tax rates	**34.6**	–	**–**	–
Deferred tax	**(106.5)**	(137.9)	**–**	–
	(71.9)	(137.9)	**–**	–

The prima facie tax on profit before income tax expense is reconciled to the income tax expense provided in the income statement as follows:

Accounting profit before income tax expense	**2,601.8**	4,461.1	**1,460.7**	2,066.6
Prima facie tax expense on profit at 30% (31 December 2006: 30%)	**(780.5)**	(1,338.3)	**(438.2)**	(620.0)
Australian trust income not assessable	**674.0**	1,200.4	**438.2**	620.0
Effect of change in New Zealand income tax rate 30% (31 December 2006: 33%)	**34.6**	–	**–**	–
Tax expense	**(71.9)**	(137.9)	**–**	–
(b) Deferred tax liabilities				
Tax effect of book value in excess of the tax cost base of investment properties	**417.1**	354.7	**–**	–
	417.1	354.7	**–**	–

	Consolidated	
	31 Dec 07 $million	31 Dec 06 $million

NOTE 7 EARNINGS PER UNIT

(a) Attributable to members of WT

Basic earnings per unit	**134.47**	241.08
Diluted earnings per unit	**127.09**	227.54

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	Number of units	Number of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(i)]	**1,864,402,754**	1,771,258,308
Bonus element of unit options which are dilutive	**108,305,230**	105,363,520
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**1,972,707,984**	1,876,621,828

	$million	$million
Earnings used in calculating basic earnings per unit	**2,507.1**	4,270.1
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**2,507.1**	4,270.1

The weighted average number of converted, lapsed or cancelled potential ordinary units used in calculating diluted earnings per unit was 477,716 (31 December 2006: 519,397).

(i) 1,864.4 million (31 December 2006: 1,771.3 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per units. This includes an adjustment for the bonus element of the pro–rata entitlement offer, which was completed in July 2007, being 4.376 million units for the period to July 2007 and 8.641 million units for the full year ended 31 December 2006.

(b) Conversions, calls, subscription or issues after 31 December 2007

Since the end of the financial year:

- 7,223 stapled units have been issued as a consequence of the exercise of options; and
- 6,460,687 stapled units have been issued pursuant to the Westfield Group Distribution Reinvestment Plan.

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

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 8 DERIVATIVE ASSETS				
Current				
Receivables under forward exchange contracts	**22.0**	1.2	**–**	0.6
Receivables under forward exchange contracts with related entities	**–**	–	**8.0**	–
Receivables under cross currency contracts	**7.6**	–	**–**	–
Receivables under cross currency contracts with related entities	**–**	–	**11.2**	–
Receivables on interest rate swaps	**5.4**	0.3	**5.8**	3.0
Receivables on interest rate swaps with related entities	**1.5**	–	**3.3**	–
	36.5	1.5	**28.3**	3.6
Non Current				
Receivables under cross currency contracts	**31.8**	22.3	**–**	22.3
Receivables under cross currency contracts with related entities	**–**	–	**31.8**	–
Receivables under forward exchange contracts	**2.7**	3.7	**–**	–
Receivables on interest rate swaps	**137.0**	49.1	**102.7**	50.7
Receivables on interest rate swaps with related entities	**112.4**	8.1	**134.8**	8.1
	283.9	83.2	**269.3**	81.1
NOTE 9 RECEIVABLES				
Current				
Sundry debtors	**98.4**	71.5	**63.4**	54.0
Amounts receivable from subsidiaries	**–**	–	**127.4**	185.6
Loans receivable from related entities - interest bearing	**667.2**	405.1	**667.2**	405.1
Loans receivable from related entities - non interest bearing	**1,749.4**	–	**1,749.4**	–
	2,515.0	476.6	**2,607.4**	644.7

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 10 PREPAYMENTS AND DEFERRED COSTS				
Current				
Prepayments and deposits	**12.3**	13.2	**8.8**	7.5
Deferred costs - tenant allowances, leasing and others	**36.8**	33.4	**24.1**	20.7
	49.1	46.6	**32.9**	28.2
Non Current				
Deferred costs - tenant allowances, leasing and others	**128.7**	129.1	**71.3**	65.8
	128.7	129.1	**71.3**	65.8
NOTE 11 INVESTMENT PROPERTIES				
Shopping centre investments	**21,082.6**	20,295.0	**8,199.8**	7,572.5
Development projects	**591.5**	178.3	**194.9**	108.9
	21,674.1	20,473.3	**8,394.7**	7,681.4
Movement in investment properties				
Balance at the beginning of the year	**20,473.3**	16,606.8	**7,681.4**	5,980.2
Acquisition of properties	**110.6**	126.6	**89.1**	68.5
Disposal of properties	**(908.4)**	(26.6)	**–**	(18.6)
Redevelopment costs	**628.3**	464.5	**120.6**	250.6
Net revaluation increment	**1,398.5**	3,386.4	**503.6**	1,400.7
Retranslation of foreign operations	**(28.2)**	(84.4)	**–**	–
Balance at the end of the year	**21,674.1**	20,473.3	**8,394.7**	7,681.4

A reconciliation of investment properties at market value to the carrying value is shown below:

	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Investment properties at market value	**21,780.6**	20,573.0	**8,432.7**	7,725.2
Add ground leases included as finance leases	**37.1**	35.7	**–**	–
Less amounts included in prepayments and deferred costs	**(143.6)**	(135.4)	**(38.0)**	(43.8)
Carrying value of investment properties	**21,674.1**	20,473.3	**8,394.7**	7,681.4

Investment properties are carried at the Directors' determination of fair value based on annual independent valuations where appropriate. This is determined by the investment's original acquisition cost together with capital expenditure since acquisition or latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition. Differences between the carrying value and the independent valuation are due to tenant allowances, deferred costs, ground leases and straight line rent recorded separately on the balance sheet.

A full independent valuation of a shopping centre is conducted at least once every three years and confirmed annually. Independent valuations are conducted in accordance with the International Valuation Standards Committee for Australia and New Zealand properties.

Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees, etc.) and capital expenditure in respect of completed projects which has taken place since or has not been included in the latest valuation of the shopping centres. During the period between full independent valuations, the shopping centre valuations are generally independently updated on the most recent independent valuation of the shopping centre in conjunction with current financial information to prepare an updated valuation using both the capitalisation of net income method and the discounting of future net cash flows to their present value method. A formal inspection of the property is performed where a material physical change has occurred.

NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

Name of entity	Type of equity	Balance Date	Economic Interest 31 Dec 07	Economic Interest 31 Dec 06	Consolidated Carrying Value 31 Dec 07 $million	Consolidated Carrying Value 31 Dec 06 $million
(a) Equity accounted entities carrying value						
Australian investments [(i)]						
AMP Wholesale Shopping Centre Trust No. 2 [(ii)]	Trust units	30 Jun	10.0%	10.0%	69.9	65.3
Karrinyup [(ii)]	Trust units	30 Jun	25.0%	25.0%	152.1	120.1
Mt Druitt [(ii)]	Trust units	30 Jun	50.0%	50.0%	221.2	195.9
SA Shopping Centre Trust	Trust units	31 Dec	50.0%	50.0%	30.0	30.0
Southland [(ii)]	Trust units	30 Jun	50.0%	50.0%	633.5	589.4
Tea Tree Plaza [(ii)]	Trust units	30 Jun	50.0%	50.0%	307.0	290.2
Cairns [(ii)]	Trust units	30 Jun	50.0%	50.0%	212.0	170.0
Total equity accounted investments					**1,625.7**	**1,460.9**

(i) All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

(ii) Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been made out so as to include the accounts for a period coinciding with the financial year of Westfield Trust being 31 December.

	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million
(b) Details of WT's aggregate share of equity accounted entities net profit		
Property revenue	**113.2**	102.4
Property revaluations	**157.5**	300.8
Total revenue and other income	**270.7**	403.2
Property expenses and outgoings	**(32.9)**	(30.3)
Interest and tax expense	**0.4**	(1.5)
Share of net profit of equity accounted entities	**238.2**	371.4
(c) Details of WT's aggregate share of equity accounted entities assets and liabilities		
Cash	**20.4**	13.1
Receivables	**5.5**	4.5
Shopping centre investments	**1,629.6**	1,449.8
Development projects	**18.3**	32.2
Total assets	**1,673.8**	1,499.6
Payables	**(30.1)**	(20.7)
Interest bearing liabilities	**(18.0)**	(18.0)
Total liabilities	**(48.1)**	(38.7)
Net assets	**1,625.7**	1,460.9
(d) Details of WT's aggregate share of equity accounted entities lease commitments		
Operating lease receivables		
Future minimum rental revenues under non–cancellable operating retail property leases		
Due within one year	**71.8**	64.8
Due between one and five years	**150.6**	161.0
Due after five years	**130.2**	113.1
	352.6	338.9
(e) Details of WT's aggregate share of equity accounted entities capital expenditure commitments		
Estimated capital expenditure commitments in relation to development projects		
Due within one year	**0.1**	0.1
	0.1	0.1

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
NOTE 13 OTHER INVESTMENTS					
Unlisted investments		**1,168.8**	1,313.5	**1,168.8**	1,313.5
Investments in subsidiaries		**–**	–	**12,645.6**	12,052.7
		1,168.8	1,313.5	**13,814.4**	13,366.2
Movement in other investments					
Balance at the beginning of the year		**1,313.5**	760.9	**13,366.2**	10,327.0
Additions		**85.2**	454.8	**347.5**	734.8
Disposals		**(145.5)**	–	**(859.2)**	–
Net (write down)/revaluation increment to asset revaluation reserve	20(b)	**(84.4)**	97.8	**959.9**	2,304.4
Balance at the end of the year		**1,168.8**	1,313.5	**13,814.4**	13,366.2
NOTE 14 PAYABLES					
Current					
Trade, sundry creditors and accruals		**564.4**	498.8	**369.6**	343.7
Loans payable to related entities - non interest bearing		**1,094.1**	–	**1,094.1**	–
		1,658.5	498.8	**1,463.7**	343.7
NOTE 15 INTEREST BEARING LIABILITIES					
Current					
Unsecured					
Notes payable – A$ (v)		**390.0**	275.0	**340.0**	275.0
Notes payable – US$ (ii)		**–**	316.6	**–**	–
Loans from associates of the Responsible Entity		**678.3**	1,244.8	**678.3**	1,244.8
Loans from controlled entities		**–**	–	**–**	316.6
		1,068.3	1,836.4	**1,018.3**	1,836.4
Non Current					
Unsecured					
Bank loans (i)		**1,841.6**	3,110.0	**–**	–
Commercial paper (i)		**–**	19.8	**–**	19.8
Notes payable					
– US$ (ii)		**1,309.0**	1,456.4	**–**	–
– £ (iii)		**1,003.9**	1,093.2	**–**	–
– € (iv)		**335.2**	333.6	**–**	–
– A$ (v)		**160.0**	550.0	**160.0**	500.0
Finance leases		**37.1**	35.7	**–**	–
Loans from controlled entities		**–**	–	**3,083.0**	4,667.2
Secured					
Bank loans (vi)		**98.6**	99.4	**–**	–
		4,785.4	6,698.1	**3,243.0**	5,187.0
The maturity profile in respect of current and non current interest bearing liabilities are set out below:					
Due within one year		**1,068.3**	1,836.4	**1,018.3**	1,836.4
Due between one and five years		**2,727.7**	4,539.1	**1,214.7**	3,063.7
Due after five years		**2,057.7**	2,159.0	**2,028.3**	2,123.3
		5,853.7	8,534.5	**4,261.3**	7,023.4

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt.

Refer Note 30 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

(i) These instruments are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(ii) Notes payable – US$

Guaranteed Senior Notes of US$2,100.0 million were issued in the US 144A bond market by the Westfield Group. The issue comprised US$1,400.0 million and US$700.0 million of fixed rate notes maturing 2014 and 2010 respectively. WT was assigned US$1,150.0 million comprising US$550.0 million and US$600.0 million of fixed rate notes maturing 2014 and 2010 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iii) Notes payable – £

Guaranteed Notes of £600.0 million were issued in the European bond market by the Westfield Group. The issue comprised £600.0 million of fixed rate notes maturing 2017 of which WT was assigned £440.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iv) Notes payable – €

Guaranteed Notes of €600.0 million were issued in the European bond market by the Westfield Group. The issue comprised €600.0 million of fixed rate notes maturing 2012 of which WT was assigned €200.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(v) Notes payable – A$

Medium term notes of A$550.0 million were issued in the Australian bond market by WT. The issue comprised A$360.0 million of fixed rate notes maturing 2008 to 2010 and A$190.0 million of floating rate notes maturing in 2008. These notes are subject to negative pledge arrangements which require WT to comply with certain minimum financial requirements.

(vi) Secured liabilities

Non current secured liabilities is $98.6 million (31 December 2006: $99.4 million). Secured liabilities are borrowings secured by mortgages over properties that have at fair value of $510.3 million (31 December 2006: $470.8 million). These properties are Carindale and Chatswood.

The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Consolidated	
	31 Dec 07 $million	31 Dec 06 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**12,962.1**	14,141.8
Amounts utilised	**(5,868.8)**	(8,552.8)
Available financing facilities	**7,093.3**	5,589.0
Cash	**90.5**	65.1
Financing resources available at the end of the year	**7,183.8**	5,654.1
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,068.3**	2,362.4
Due between one year and five years	**7,018.7**	9,620.4
Due after five years	**4,875.1**	2,159.0
	12,962.1	14,141.8

These facilities comprise floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude convertible notes and property linked notes set out in Note 16.

Amounts utilised include overdraft, borrowings and bank guarantees. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

WT as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $7,093.3 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million

NOTE 16 OTHER FINANCIAL LIABILITIES

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Non Current				
Property Linked Notes (i)	**1,345.1**	–	**1,345.1**	–
Convertible notes – unsecured (ii)	**345.6**	398.8	**345.6**	398.8
	1,690.7	398.8	**1,690.7**	398.8

NOTE 16 OTHER FINANCIAL LIABILITIES (CONTINUED)

(i) Property linked notes

The Property Linked Notes ("Notes") are designed to provide returns based on the economic performance of the following Westfield Australian super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT (collectively the "Westfield centres").

The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note ("Reference Property Interest").

The coupon is payable semi annually on 15 March and 15 September each year for as long as the Note remains outstanding.

The review date for each Note is 31 December 2016 and each fifth anniversary of that date.

Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed by agreement at a Review Date.

The redemption value of a Note is effectively calculated as the market value of the Note holder's Reference Property Interest at the date of redemption and the final coupon (if applicable). On redemption, the obligation to pay the amount due on the Notes, can, in certain circumstances, be satisfied by the transfer of the underlying Reference Property Interest to the Note holder.

The Notes are subordinated to all other secured and unsecured debt of the Westfield Group. The Notes are guaranteed (on a subordinated basis) by the WHL and Westfield America Management Limited as responsible entity of WAT.

The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period with gains or losses recorded through the income statement. The gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre.

(ii) Convertible notes – unsecured

During the year 48,000 call options issued to Deutsche Bank AG ("WT 2009 Options") were exercised. As a consequence, the face value of a corresponding number of unsecured notes issued to Deutsche Bank AG ("WT Notes") were repaid and stapled securities were issued in accordance with the terms of the WT 2009 Options. As at 31 December 2007, there are 223,400 WT Notes outstanding (31 December 2006: 271,400).

The WT Notes are for a five year term with a maturity date of 5 January 2009 and a face value of $1,000 per note. Interest is payable semi-annually in arrears on 5 January and 5 July each year, that commenced from 5 July 2004 at a rate set by the bank bill swap rate plus a margin of 0.10% per annum. The terms of the notes allows redemption in certain circumstances including a change in applicable tax laws and a change in control of the responsible entity of WT ("Responsible Entity").

In conjunction with the issue of the WT Notes, the Responsible Entity issued to Deutsche Bank AG the WT 2009 Options. Refer to Note 19(ii) for the principal terms of this instrument.

	Consolidated		Parent Entity	
	31 Dec 07 Units	31 Dec 06 Units	**31 Dec 07 Units**	31 Dec 06 Units

NOTE 17 DERIVATIVE LIABILITIES

	Consolidated 31 Dec 07	Consolidated 31 Dec 06	Parent Entity 31 Dec 07	Parent Entity 31 Dec 06
Current				
Payables under forward exchange contracts	**14.6**	3.3	**0.6**	2.7
Payables on interest rate swaps	**3.7**	–	**4.0**	–
Payables on interest rate swaps with related entities	**0.3**	7.6	**2.5**	0.1
Payables on cross currency contracts	**–**	–	**–**	2.7
Payables on cross currency contracts with related entities	**25.3**	6.1	**28.9**	6.1
	43.9	17.0	**36.0**	11.6
Non Current				
Payables on interest rate swaps	**11.8**	3.7	**5.9**	36.9
Payables under forward exchange contracts	**9.6**	6.5	**–**	2.8
Payables under forward exchange contracts with related entities	**–**	–	**6.9**	–
Payables on interest rate swaps with related entities	**–**	35.9	**58.3**	25.3
Payables on cross currency contracts	**–**	–	**–**	29.2
Payables on cross currency contracts with related entities	**270.4**	103.4	**293.6**	103.4
	291.8	149.5	**364.7**	197.6

NOTE 18 CONTRIBUTED EQUITY

	Units	Units	**Units**	Units
(a) Number of units on issue				
Balance at the beginning of the year	**1,771,753,946**	1,748,184,050	**1,771,753,946**	1,748,184,050
Distribution reinvestment plan	**11,532,131**	18,311,724	**11,532,131**	18,311,724
Units issued on exercise of options	**3,593,579**	5,258,172	**3,593,579**	5,258,172
Pro – rata entitlement offer	**155,315,958**	–	**155,315,958**	–
Balance at the end of the year	**1,942,195,614**	1,771,753,946	**1,942,195,614**	1,771,753,946

Stapled securities have the right to receive dividends from WHL and distributions from WAT and WT and, in the event of winding up WHL, WAT and WT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.

Holders of stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WHL, WAT and WT (as the case may be).

NOTE 18 CONTRIBUTED EQUITY (CONTINUED)

	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
(b) Movement in contributed equity attributable to members of WT				
Balance at the beginning of the year	**6,088.0**	5,868.4	**6,088.0**	5,868.4
Pro–rata entitlement offer	**1,769.7**	–	**1,769.7**	–
Distribution reinvestment plan	**153.7**	171.4	**153.7**	171.4
Conversion of options	**48.3**	48.2	**48.3**	48.2
Costs associated with the pro–rata entitlement offer	**(25.9)**	–	**(25.9)**	–
Balance at the end of the year	**8,033.8**	6,088.0	**8,033.8**	6,088.0

Since the end of the year:

– 7,223 (31 December 2006: 2,971,107) stapled securities have been issued by the Westfield Group for a cash consideration of $0.1 million (31 December 2006: $40.0 million) as a consequence of the exercise of options, WT's share is $0.04 million (31 December 2006: $15.0 million); and

– 6,460,687 (31 December 2006: 11,532,131) stapled securities have been issued by the Westfield Group for a cash consideration of $112.7 million (31 December 2006: $262.9 million) pursuant to the Westfield Group Distribution Reinvestment Plan, WT's share is $70.4 million (31 December 2006: $153.7 million).

NOTE 19 SHARE BASED PAYMENTS

	Note	31 Dec 07 No. of options	31 Dec 07 Weighted average exercise price $	31 Dec 06 No. of options	31 Dec 06 Weighted average exercise price $
Options on issue					
– Executive options	19(i)	**239,965**	**5.70**	356,200	5.57
– WT 2009 options	19(ii)	**223,400**	**5.00**	271,400	5.02
– Series F Special options	19(iii)	**52,500**	**4.02**	52,500	6.32
– Series G Special options	19(iv)	**307,729**	**3.55**	428,315	5.57
– Series G1 Special options	19(v)	**277,778**	**3.55**	277,778	5.57
– Series H Special options	19(vi)	**11,805,862**	**4.03**	14,070,072	6.33
– Series I Special options	19(vii)	**13,260,859**	**3.89**	13,260,859	6.11
	19(viii)	**26,168,093**	**4.10**	28,717,124	5.96
Movement in options on issue					
Balance at the beginning of the year		**28,717,124**	**5.96**	29,383,124	5.47
Movement in Executive options					
Options exercised during the year					
– extinguished by issuance of new units		**–**	**–**	(140,000)	5.64
– extinguished by payment of cash equal to the difference between market value and the exercise price		**(7,500)**	**5.81**	(232,500)	5.61
– extinguished by issuance of new shares for $nil consideration equal to the difference between market value and the exercise price		**(108,750)**	**7.96**	(176,500)	6.11
Options lapsed during the year		**–**	**–**	(47,500)	–
Additional options granted due to pro–rata entitlement offer		**15**	**–**		
Movement in WT 2009 options					
Options exercised during the year					
– extinguished by issuance of new units		**(48,000)**	**5.03**	(69,500)	5.02
Movement in Series G Special options					
Options exercised during the year					
– extinguished by payment of cash equal to the difference between market value and the exercise price		**(120,586)**	**7.18**	–	–
Movement in Series H Special options					
Options cancelled during the year					
– cancelled for $nil consideration		**(2,264,210)**	**–**	–	–
Balance at the end of the year [(i)]		**26,168,093**	**4.10**	28,717,124	5.96

(i) At 31 December 2007, the 26,168,093 (31 December 2006: 28,717,124) options on issue were convertible to 127,597,068 (31 December 2006: 131,279,464) Westfield Group stapled securities.

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(i) Executive Option

The options issued to WHL were in relation to options WHL had issued to its executives (ie. 1,479,900 as at 16 July 2004).

Executive Option Plans

Issue date	Expiry date	Exercise price [i]	Note	**Number exercisable at 31 Dec 07**	**Number On issue at 31 Dec 07**	Number exercisable at 31 Dec 06	Number On issue at 31 Dec 06
25 Oct 2002	25 Oct 2007	–	(a)	**–**	**–**	12,500	47,500
20 Dec 2002	20 Dec 2007	–	(a)	**–**	**–**	13,750	31,250
19 Aug 2003	19 Aug 2008	$5.802	(a)	**–**	**15,000**	–	22,500
1 Sep 2003	1 Sep 2008	$5.787	(a)	**80,650**	**197,550**	27,200	202,550
1 Sep 2003	1 Sep 2008	$0.000	(b)	**1,200**	**2,415**	600	2,400
13 Nov 2003	13 Nov 2008	$5.505	(a)	**–**	**25,000**	12,500	50,000
				81,850	**239,965**	66,550	356,200

[i] There is a decrease in exercise price of $0.05 due to the pro-rata entitlement offer.

(a) Under the terms of the Westfield Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the third anniversary of their respective grant dates, 25% of these options may be exercised at any time after the fourth anniversary of their grant dates and the remaining 50% of these options may be exercised on the fifth anniversary of their grant dates.

(b) Under the terms of the Westfield Executive Performance Share Plan under which these awards were granted, 25% of these awards may be exercised at any time after the third anniversary of their respective grant dates, 25% of these awards may be exercised at any time after the fourth anniversary of their grant dates and the remaining 50% of these awards may be exercised on the fifth anniversary of their grant dates.

Under the rules of the Westfield Executive Option Plan and the Executive Performance Share Plan the exercise of an executive option can be satisfied in one of the following ways:

(i) issuing or transferring a Westfield Group stapled security to the executive option or award holder;

(ii) paying the executive option holder an amount equal to the difference between the market value of a Westfield Group stapled security 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

(iii) issuing or transferring Westfield Group stapled securities to the Executive Option holder equal to the value of the Profit Element.

These options and awards have no entitlement to dividends/distributions of the Westfield Group. The fair value of the Executive Option granted is measured at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The Parent Entity and the Responsible Entity of WAT have each granted options to WHL to enable WHL to satisfy its obligations to deliver the stapled securities to the holders of the executive options on exercise of that executive option. The price reimbursable by WHL to the Parent Entity is as shown in the above table (being 37.5% of the exercise price of this WHL option).

(ii) WT 2009 Options

On 1 December 2003, the Responsible Entity issued 850,000 call options ("WT 2009 Options") over ordinary units in WT to Deutsche Bank AG Sydney Branch.

Each WT 2009 Option is exercisable at any time between 1 January 2004 and 5 January 2009. The strike price under each option is $13.3094. In accordance with the terms of the deed for the WT 2009 Options the previous strike price of $13.3928 was adjusted by negative $0.0834 as a result of the pro-rata entitlement offer which was completed in July 2007. The Responsible Entity of WT has the discretion to elect to satisfy the exercise of a WT 2009 Option through the issue of Westfield Group stapled securities or cash. The number of Westfield Group securities to be issued on exercise of a WT 2009 Option will be calculated by dividing $1,000 being the exercise price per WT 2009 Option by the strike price (as may be amended from time to time).

The cash amount is calculated by reference to the volume weighted average price per stapled security over a 10 day period (adjusted for distributions) to which the relevant holder of a WT 2009 Option would have been entitled.

During the year, Deutsche Bank exercised 48,000 (31 December 2006: 69,500) WT 2009 Options. The options were extinguished by the issuance of 3,554,918 (31 December 2006: 5,096,518) stapled securities at a weighted average issued price of $21.67 (31 December 2006: $17.50). WT's share of this issue price was $8.13.

As these options are able to be settled in cash they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iii) Series F Special Options

The WAT Series F Special Option entitles the holder the right to be issued for 157.35 fully paid stapled securities in exchange for either US$1,000.0 ($1,138.3) or 1 Series F Cumulative Preferred Stock ('Series F Preferred Share') in Westfield America, Inc. ("WEA"). The Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. As at 31 December 2007 and 31 December 2006 there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 stapled securities.

The Parent Entity and Westfield Holdings have each granted 52,500 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series F Option on exercise of that option. Where the exercise of a Series F Special Option is satisfied by delivery of US$1,000, WAT must pay the Parent Entity US$375.00 (37.5% of the exercise price). Where the exercise price of the Series F Option is satisfied by the delivery of a Series F Preferred Share, WAT must pay the Parent Entity US$375.00 being 37.5% of US$1,000 (being the value of the Series F Preferred Share under the Option).

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(iv) Series G Special Options

The WAT Series G Special Options are exercisable at any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G Special Option entitles the holder to deliver a Series G Cumulative Redeemable Preferred Share ("Series G CPS") in WEA (or the number of WEA Series A common shares into which Series G CPS has been converted). On exercise the holder of a series G Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series G CPS, the holder delivers the number of WEA Series A common shares into which a Series G CPS has converted. As at 31 December 2007 there were 307,729 (31 December 2006: 428,315) WAT Series G Special Options on issue which are exchangeable for 10,666,872 stapled securities. (31 December 2006:14,846,769).

The Parent Entity and Westfield Holdings have each granted 428,315 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series Special G Options on exercise of that Series G Special Option. 307,729 options were outstanding as at 31 December 2007. Where the exercise of a Series G Special Option is satisfied by delivery of a Series G CPS (or WEA Series A common shares into which the Series G CPS has converted) WAT must pay the Parent Entity 37.5% of the value of a Series G CPS (or common shares into which the Series G CPS has converted) at the time of exercise.

(v) Series G1 Special Options

The WAT Series 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. Each Series G1 Special Option entitles the holder to deliver a Series D Cumulative Redeemable Preference Share ("Series D CPS") in WEA (or the number of WEA common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2007 and 31 December 2006, there were 277,778, Series G Special Options on issue which are exchangable for 9,628,674 stapled securities.

The Parent Entity and Westfield Holdings have each granted 277,778 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series G1 Special Options on exercise of that Series G1 Special Option. Where the exercise of a Series G Special Option is satisfied by delivery of a Series D CPS (or common WEA shares into which the Series D CPS has converted) WAT must pay the Parent Entity 37.5% of the value of a Series D CPS (or WEA common shares into which the Preferred Share has converted) at the time of exercise.

(vi) Series H Special Options

The WAT 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. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049065 stapled securities. As at 31 December 2007 there were 11,805,862 (31 December 2006: 14,070,072) Series H Special Options on issue which are exchangable for 35,996,841 stapled securities (31 December 2006: 35,996,841).

The Parent Entity and Westfield Holdings have each granted 11,805,862 (31 December 2006: 14,070,072) options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series H Special Options on exercise of that Series H Option. Where the exercise of a Series H Special Option is satisfied by delivery of a WEA common share WAT must pay the Parent Entity 37.5% of the value of a WEA common share at the time of exercise.

(vii) Series I Special Options

The WAT Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of WAT. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.161595 stapled securities. As at 31 December 2007 and 31 December 2006, there were 13,260,859 Series I Special Options on issue which are convertible to 41,925,466 stapled securities (31 December 2005: 41,925,466).

The Parent Entity and WHL have each granted 13,260,859 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series I Special Options on exercise of the Series I Options. Where the exercise of a Series I Special Option is satisfied by delivery of a WEA common share WAT must pay the Parent Entity 37.5% of the value of a WEA common share at the time of exercise.

(viii) Details of movements in options since 31 December 2007 and the date of this report

	Number of Options
Options on issue at 31 December 2007	26,168,093
WT 2009 Options	
– extinguished by issuance of new securities	(100)
Balance of options on issue at the date of this report	26,167,993

	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
NOTE 20 RESERVES				
Foreign currency translation reserve	**134.2**	136.3	**–**	–
Asset revaluation reserve	**59.2**	143.6	**5,559.3**	4,599.4
Balance at the end of the year	**193.4**	279.9	**5,559.3**	4,599.4
(a) Movement in foreign currency translation reserve				
The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.				
Balance at the beginning of the year	**136.3**	133.2	**–**	–
Foreign exchange movement				
– translation of foreign entities and currency loans hedge which qualify for hedge accounting	**(2.1)**	3.1	**–**	–
Balance at the end of the year	**134.2**	136.3	**–**	–
(b) Movement in asset revaluation reserve				
The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.				
Balance at the beginning of the year	**143.6**	45.8	**4,599.4**	2,295.0
Net (write down)/revaluation increment	**(84.4)**	97.8	**959.9**	2,304.4
Balance at the end of the year	**59.2**	143.6	**5,559.3**	4,599.4
NOTE 21 RETAINED PROFITS				
Balance at the beginning of the year	**7,560.7**	4,188.0	**3,241.2**	2,072.0
Profit after tax expense attributable to members	**2,507.1**	4,270.1	**1,460.7**	2,066.6
Distributions paid	**(852.5)**	(897.4)	**(852.5)**	(897.4)
Balance at the end of the year	**9,215.3**	7,560.7	**3,849.4**	3,241.2
NOTE 22 CASH AND CASH EQUIVALENTS				
(a) Components of cash and cash equivalents				
Cash	**90.5**	65.1	**35.9**	30.2
Total cash and cash equivalents	**90.5**	65.1	**35.9**	30.2
(b) Reconciliation of profit after income tax expense to net cash flows from operating activities				
Profit after tax expense	**2,507.1**	4,270.1	**1,460.7**	2,066.6
Property revaluations	**(1,398.5)**	(3,386.4)	**(503.6)**	(1,400.7)
Deferred tax expense	**71.9**	137.9	**–**	–
Financing costs	**349.0**	331.8	**278.0**	277.7
Interest income	**(65.1)**	(48.0)	**(56.7)**	(37.2)
Share of associates' profit in excess of distribution	**(168.5)**	(308.4)	**–**	–
Profit on disposal of non current assets	**(30.2)**	(10.8)	**(3.8)**	(9.5)
Amortisation of tenant allowances	**17.7**	18.2	**7.9**	6.0
Increase/(Decrease) in other assets attributable to operating activities	**(20.5)**	(17.7)	**49.6**	13.4
Net profit attributable to minority interests	**22.8**	53.1	**–**	–
Foreign currency exchange loss/(gain)	**(109.1)**	97.0	**(116.1)**	6.0
Net cash flows from operating activities	**1,176.6**	1,136.8	**1,116.0**	922.3
NOTE 23 DISTRIBUTIONS				
(a) Final distribution proposed				
38% estimated tax advantaged (31 December 2006: 53% tax advantaged)	**446.7**	335.4	**446.7**	335.4
	446.7	335.4	**446.7**	335.4

The final proposed distribution was paid on 29 February 2008. The record date for these distributions was 5pm, 15 February 2008.

The Westfield Group Distribution Reinvestment Plan (DRP) was in operation for the distribution payable on 29 February 2008. DRP securities issued during the period rank for distribution from the first day following the date on which they are issued. The record date for participation in the DRP for the distribution paid on 29 February 2008 was 5pm, 15 February 2008.

NOTE 23 DISTRIBUTIONS (CONTINUED)

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
(b) Distributions paid during the year				
Distribution in respect of the 6 months to 30 June 2007 [i]	**517.1**	–	**517.1**	–
Distribution in respect of the 6 months to 31 December 2006	**335.4**	–	**335.4**	–
Distribution in respect of the 6 months to 30 June 2006	**–**	513.0	**–**	513.0
Distribution in respect of the 6 months to 31 December 2005	**–**	384.4	**–**	384.4
Total distribution paid	**852.5**	897.4	**852.5**	897.4

[i] Total distribution proposed/paid for the year was $963.8 million (31 December 2006: $848.4 million).

NOTE 24 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the property owned and leased by WT is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues under non–cancellable operating retail property leases				
Due within one year	**1,227.5**	1,110.5	**479.7**	423.6
Due between one and five years	**2,707.3**	2,817.9	**1,077.3**	1,158.9
Due after five years	**2,502.5**	2,006.2	**992.0**	731.3
	6,437.3	5,934.6	**2,549.0**	2,313.8

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include recovery of outgoings.

NOTE 25 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure committed at balance date but not provided for				
Due within one year	**332.7**	246.5	**94.1**	7.4
Due between one and five years	**–**	15.8	**–**	–
Due after five years	**–**	–	**–**	–
	332.7	262.3	**94.1**	7.4

NOTE 26 CONTINGENT LIABILITIES

Performance guarantees	**14.5**	17.5	**0.5**	1.6
Borrowings of controlled entities	**–**	–	**4,489.7**	6,310.7
Borrowings of associates of the Responsible Entity	**4,808.8**	5,967.4	**4,808.8**	5,967.4
	4,823.3	5,984.9	**9,299.0**	12,279.7

From time to time, in the normal course of business, WT is involved in lawsuits. The Directors believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of WT.

NOTE 27 SEGMENT INFORMATION

Primary Geographic Segment

	Australia		New Zealand		Consolidated	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Revenue and other income						
Revenue	**1,325.0**	1,284.8	**224.6**	205.7	**1,549.6**	1,490.5
Property revaluations	**1,188.1**	2,996.4	**210.4**	390.0	**1,398.5**	3,386.4
	2,513.1	4,281.2	**435.0**	595.7	**2,948.1**	4,876.9
Share of after tax profits of equity accounted entities						
Property revenue	**113.2**	102.4	**–**	–	**113.2**	102.4
Property revaluations	**157.5**	300.8	**–**	–	**157.5**	300.8
Property expenses and outgoings	**(32.9)**	(30.3)	**–**	–	**(32.9)**	(30.3)
Interest and tax expense	**0.4**	(1.5)	**–**	–	**0.4**	(1.5)
	238.2	371.4	**–**	–	**238.2**	371.4
Total segment revenue and other income	**2,751.3**	4,652.6	**435.0**	595.7	**3,186.3**	5,248.3
Foreign currency exchange (loss)/gain	**98.3**	–	**0.5**	–	**98.8**	–
Interest income	**63.4**	46.8	**1.7**	1.2	**65.1**	48.0
Net profit on realisation of assets	**29.8**	9.4	**0.4**	1.4	**30.2**	10.8
Total segment revenue and other income	**2,942.8**	4,708.8	**437.6**	598.3	**3,380.4**	5,307.1
Expenses						
Property expenses and outgoings	**(354.2)**	(342.0)	**(63.8)**	(55.9)	**(418.0)**	(397.9)
Property and funds management costs	**(17.0)**	(11.8)	**–**	–	**(17.0)**	(11.8)
Corporate costs	**(4.0)**	(6.4)	**(0.9)**	(1.2)	**(4.9)**	(7.6)
Foreign currency exchange loss	**–**	(111.0)	**–**	–	**–**	(111.0)
	(375.2)	(471.2)	**(64.7)**	(57.1)	**(439.9)**	(528.3)
Currency derivatives	**10.3**	14.1	**–**	–	**10.3**	14.1
Total segment expenses	**(364.9)**	(457.1)	**(64.7)**	(57.1)	**(429.6)**	(514.2)
Segment result	**2,577.9**	4,251.7	**372.9**	541.2	**2,950.8**	4,792.9
Financing costs					**(349.0)**	(331.8)
Tax expense					**(71.9)**	(137.9)
Consolidated profit after tax					**2,529.9**	4,323.2
Segment assets						
Segment assets	**21,622.5**	20,846.8	**2,952.9**	2,474.6	**24,575.4**	23,321.4
Corporate assets					**3,013.2**	737.0
Total segment assets	**21,622.5**	20,846.8	**2,952.9**	2,474.6	**27,588.6**	24,058.4
Segment liabilities						
Segment liabilities	**1,571.7**	422.0	**1,928.4**	1,775.3	**3,500.1**	2,197.3
Corporate liabilities					**6,455.6**	7,756.0
Total segment liabilities	**1,571.7**	422.0	**1,928.4**	1,775.3	**9,955.7**	9,953.3
Other segment information						
Investment in equity accounted entities included in segment assets	**1,625.7**	1,460.9	**–**	–	**1,625.7**	1,460.9
Additions to segment non current assets	**642.2**	934.7	**181.9**	111.2	**824.1**	1,045.9

Secondary Business Segment

WT operates in one business segment being an internally managed, vertically integrated, retail property group.

NOTE 28 CAPITAL RISK MANAGEMENT

The Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Group entities :

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (ie debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- sufficient funds and financing facilities, on a cost effective basis are available to implement the Group's property development and business acquisition strategies;
- adequate financing facilities for unforeseen contingencies are maintained; and
- distributions to members are made within the stated distribution policy.

The Group is able to alter its capital mix by issuing new stapled securities and hybrid securities, activating its distribution reinvestment plan, electing to have the dividend reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets to repay borrowings or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Group also protects its equity in assets by taking out insurance.

NOTE 29 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, other investments and derivative financial instruments.

The Group manages its exposure to key financial risks in accordance with the Group's treasury risk management policy. The policy has been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objective.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Risk Management Committee comprising three directors. The Risk Management Committee reviews and oversees management's compliance with these policies, procedures and limits. The Risk Management Committee is assisted in the oversight role by the Group's internal audit function.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group enters into derivative financial instruments, principally interest rate swaps, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations, its cashflows, interest bearing liabilities and its net investments in foreign operations. The Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 30 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments. These activities are evaluated regularly to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings and the exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable

		Consolidated	
	Note	**31 Dec 07 $million**	31 Dec 06 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	15	**1,068.3**	1,836.4
Non current interest bearing liabilities	15	**4,785.4**	6,698.1
Unsecured convertible notes	16	**345.6**	398.8
Share of equity accounted entities interest bearing liabilities	12(c)	**18.0**	18.0
Cross currency swaps			
– A$	31(i)	**2,103.1**	2,354.1
– £133.0 million (31 December 2006: £133.0 million)	31(i)	**303.4**	330.3
Principal amounts subject to interest rate exposure		**8,623.8**	11,635.7
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– A$	30(iii)	**360.0**	535.0
– €200.0 million (31 December 2006: €200.0 million)	30(iii)	**335.2**	333.6
– £440.0 million (31 December 2006: £280.7 million)	30(iii)	**1,003.9**	697.4
– US$1,150.0 million (31 December 2006: US$1,150.0 million)	30(iii)	**1,309.0**	1,456.4
Fixed rate derivatives			
– A$ [(i)]	30(iii)	**1,748.4**	3,896.6
– £nil million (31 December 2006: £425.5 million)	30(iii)	**0.0**	1,057.1
Principal amounts on which interest rate exposure has been hedged		**4,756.5**	7,976.1

At balance date the Group has fixed 55% of its interest payable exposure. The remaining 45% is exposed to floating rates on a principal payable of $3,867.3 million, at an average interest rate of 7.4%, including margin. (31 December 2006: 69% hedged on $3,659.6 million at an average rate of 6.7%). An increment of 0.5% in the market rate would result in an increase in interest expense of $19.3 million (31 December 2006: $18.3 million). A decrement of 0.5% in the market rate would result in a decrease in interest expense of $19.3 million (31 December 2006: $18.3 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of the fixed rate borrowings and derivatives due to interest rate movements are set out at Note 30(iii).

(ii) Interest receivable

Principal amounts of all interest bearing assets:			
Cross currency swaps			
– US$1,500.0 million (31 December 2006: US$1,580.0 million)	31(i)	**1,707.5**	2,001.0
– €200.0 million (31 December 2006: €200.0 million)	31(i)	**335.2**	333.6
– NZ$122.0 million (31 December 2006: NZ$294.5 million)	31(i)	**107.6**	262.7
– Loans receivable from related entities	9	**667.2**	405.1
Principal amounts subject to interest rate exposure		**2,817.5**	3,002.4
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$1,150.0 million (31 December 2006: US$1,150.0 million)	30(iii)	**1,309.0**	1,456.4
– €200.0 million (31 December 2006: €200.0 million)	30(iii)	**335.2**	333.6
Principal amounts on which interest rate exposure has been hedged		**1,644.2**	1,790.0

At balance date the Group has fixed 58% of its interest receivable exposure. The remaining 42% is exposed to floating rates on a principal receivable of $1,173.3 million, at an average interest rate of 7.0%, including margin. (31 December 2006: 60 % hedged on $1,212.4 million at an average rate of 6.4%). An increment of 0.5% in the market rate would result in a decrease in interest expense of $5.9 million (31 December 2006: $6.1 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of $5.9 million (31 December 2006: $6.1 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of the fixed rate borrowings and derivatives due to interest rate movements is set out at Note 30(iii).

NOTE 30 INTEREST RATE RISK MANAGEMENT (CONTINUED)

(iii) Fixed rate debt and interest rate derivatives

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments. These activities are evaluated regularly to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

Notional principal or contract amounts of the Group's consolidated and share of equity accounted fixed rate debt and interest rate derivatives:

	Interest rate derivatives		**Fixed rate borrowings**		Interest rate derivatives		Fixed rate borrowings	
Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	**31 Dec 07 Principal amount million**	**31 Dec 07 Average rate including margin**	**31 Dec 07 Principal amount million**	**31 Dec 07 Average rate including margin**	31 Dec 06 Principal amount million	31 Dec 06 Average rate including margin	31 Dec 06 Principal amount million	31 Dec 06 Average rate including margin
A$ receivable/(payable)								
31 December 2006	–	–	–	–	A$(3,896.6)	6.51%	A$(535.0)	5.61%
31 December 2007	**A$(1,748.4)**	**5.96%**	**A$(360.0)**	**5.33%**	A$(4,863.7)	6.41%	A$(360.0)	5.33%
31 December 2008	**A$(2,768.4)**	**6.21%**	**A$(160.0)**	**5.46%**	A$(5,232.4)	6.44%	A$(160.0)	5.46%
31 December 2009	**A$(3,833.4)**	**6.62%**	**A$(160.0)**	**5.46%**	A$(4,725.5)	6.46%	A$(160.0)	5.46%
31 December 2010	**A$(3,695.0)**	**6.43%**	–	–	A$(3,695.0)	6.43%	–	–
31 December 2011	**A$(3,006.3)**	**6.41%**	–	–	A$(3,006.3)	6.41%	–	–
31 December 2012	**A$(2,581.2)**	**6.37%**	–	–	A$(2,581.2)	6.37%	–	–
31 December 2013	**A$(1,631.2)**	**6.83%**	–	–	A$(1,281.2)	6.43%	–	–
31 December 2014	**A$(769.0)**	**6.65%**	–	–	A$(419.0)	6.17%	–	–
31 December 2015	**A$(10.0)**	**6.66%**	–	–	A$(10.0)	6.66%	–	–
€ receivable / (payable)								
31 December 2006	–	–	–	–	€200.0	3.58%	€(200.0)	3.58%
31 December 2007	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	€200.0	3.58%	€(200.0)	3.58%
31 December 2008	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	€200.0	3.58%	€(200.0)	3.58%
31 December 2009	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	€200.0	3.58%	€(200.0)	3.58%
31 December 2010	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	€200.0	3.58%	€(200.0)	3.58%
31 December 2011	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	€200.0	3.58%	€(200.0)	3.58%
£ receivable / (payable)								
31 December 2006	–	–	–	–	UK£(425.5)	5.45%	UK£(280.7)	5.33%
31 December 2007	–	–	**UK£(440.0)**	**5.39%**	UK£(425.5)	5.45%	UK£(440.0)	5.39%
31 December 2008	**UK£(300.5)**	**5.11%**	**UK£(440.0)**	**5.39%**	UK£(425.5)	5.45%	UK£(440.0)	5.39%
31 December 2009	**UK£(350.5)**	**5.35%**	**UK£(440.0)**	**5.39%**	UK£(425.5)	5.45%	UK£(440.0)	5.39%
31 December 2010	**UK£(425.5)**	**5.45%**	**UK£(440.0)**	**5.39%**	UK£(425.5)	5.45%	UK£(440.0)	5.39%
31 December 2011	**UK£(425.5)**	**5.45%**	**UK£(440.0)**	**5.39%**	UK£(425.5)	5.45%	UK£(440.0)	5.39%
31 December 2012	**UK£(292.5)**	**5.49%**	**UK£(440.0)**	**5.39%**	UK£(292.5)	5.49%	UK£(440.0)	5.39%
31 December 2013	**UK£(292.5)**	**5.49%**	**UK£(440.0)**	**5.39%**	UK£(292.5)	5.49%	UK£(440.0)	5.39%
31 December 2014	–	–	**UK£(440.0)**	**5.39%**	–	–	UK£(440.0)	5.39%
31 December 2015	–	–	**UK£(440.0)**	**5.39%**	–	–	UK£(440.0)	5.39%
31 December 2016	–	–	**UK£(440.0)**	**5.39%**	–	–	UK£(440.0)	5.39%
US$ receivable / (payable)								
31 December 2006	–	–	–	–	US$1,150.0	4.71%	US$(1,150.0)	4.71%
31 December 2007	**US$1,150.0**	**4.71%**	**US$(1,150.0)**	**4.71%**	US$1,150.0	4.71%	US$(1,150.0)	4.71%
31 December 2008	**US$1,150.0**	**4.71%**	**US$(1,150.0)**	**4.71%**	US$1,150.0	4.71%	US$(1,150.0)	4.71%
31 December 2009	**US$1,150.0**	**4.71%**	**US$(1,150.0)**	**4.71%**	US$1,150.0	4.71%	US$(1,150.0)	4.71%
31 December 2010	**US$550.0**	**5.09%**	**US$(550.0)**	**5.09%**	US$550.0	5.09%	US$(550.0)	5.09%
31 December 2011	**US$550.0**	**5.09%**	**US$(550.0)**	**5.09%**	US$550.0	5.09%	US$(550.0)	5.09%
31 December 2012	**US$550.0**	**5.09%**	**US$(550.0)**	**5.09%**	US$550.0	5.09%	US$(550.0)	5.09%
31 December 2013	**US$550.0**	**5.09%**	**US$(550.0)**	**5.09%**	US$550.0	5.09%	US$(550.0)	5.09%

The Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment. Gains or losses arising from changes in fair value have been reflected in the income statement. The gain for the year ended 31 December 2007 was $230.2 million (31 December 2006: $226.7 million). At balance date the aggregate fair value is a receivable of $240.5 million (31 December 2006: $10.3 million). An increment of 0.5% in the market rate would result in a decrease in interest expense of $49.0 million (31 December 2006: $95.5 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of $50.4 million (31 December 2006: $98.6 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates.

All fixed rate debt is expected to be held to maturity, therefore gains or losses arising from changes in fair value have not been recorded in these financial statements. The gain for the year ended 31 December 2007 was $83.7 million (31 December 2006: $77.2 million). The difference between the carrying value and fair value of fixed rate debt at balance date is a receivable of $170.6 million (31 December 2006: $86.9). An increment of 0.5% in the market rate would result in a decrease in fair value of $67.6 million (31 December 2006: $86.9 million). A decrement of 0.5% in the market rate would result in an increase in fair value of $68.5 million (31 December 2006: $90.5 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates.

NOTE 31 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets.The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The table below sumarises the Groups foreign exchange exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures:

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million
Foreign Currency Net Investments			
The Group had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
NZ$ net assets		**NZ$3,231.9**	NZ$2,682.5
NZ$ borrowings		**NZ$(71.1)**	NZ$(143.3)
NZ$ cross currency swaps	31(i)	**NZ$122.0**	NZ$294.5
NZ$ net assets		**NZ$3,282.8**	NZ$2,833.7

An increment of 5 cents in the market rate for NZ$ (1.1341 to 1.1841) would result in a charge to the foreign currency translation reserve of $117.7 million (31 December 2006 - 1.1212 to 1.1712: $96.7 million) and an expense to the income statement of $4.5 million (31 December 2006: $11.2 million). A decrement of 5 cents in the market rate for NZ$ would result in an increase to the foreign currency translation reserve of $128.5 million (31 December 2006: $105.7 million) and a gain to the income statement of $5.0 million (31 December 2006: $12.3 million). The increment or decrement to the foreign currency translation reserve and the income statement is proportional to the increase or decrease in exchange rates and are on a pre-tax basis.

(i) Cross currency swaps hedging the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 07	Weighted average exchange rate 31 Dec 06	Amount (payable)/receivable 31 Dec 07 million	Amount (payable)/receivable 31 Dec 07 million	Amount (payable)/receivable 31 Dec 06 million	Amount (payable)/receivable 31 Dec 06 million
£						
Contracts to receive € and pay £						
31 December 2006	–	0.6648	–	–	€200.0	UK£(133.0)
31 December 2007	**0.6648**	0.6648	**€200.0**	**UK£(133.0)**	€200.0	UK£(133.0)
31 December 2008	**0.6648**	0.6648	**€200.0**	**UK£(133.0)**	€200.0	UK£(133.0)
31 December 2009	**0.6648**	0.6648	**€200.0**	**UK£(133.0)**	€200.0	UK£(133.0)
31 December 2010	**0.6648**	0.6648	**€200.0**	**UK£(133.0)**	€200.0	UK£(133.0)
31 December 2011	**0.6648**	0.6648	**€200.0**	**UK£(133.0)**	€200.0	UK£(133.0)
NZ$						
Contracts to receive NZ$ and pay A$						
31 December 2006	**–**	1.2088	**–**	**–**	A$(243.6)	NZ$294.5
31 December 2007	**1.2200**	1.2088	**A$(100.0)**	**NZ$122.0**	A$(243.6)	NZ$294.5
US$						
Contracts to receive US$ and pay A$						
31 December 2006	–	0.7486	**–**	**–**	A$(2,110.5)	US$1,580.0
31 December 2007	**0.7488**	0.7488	**A$(2,003.1)**	**US$1,500.0**	A$(2,003.1)	US$1,500.0
31 December 2008	**0.7479**	0.7479	**A$(1,818.4)**	**US$1,360.0**	A$(1,818.4)	US$1,360.0
31 December 2009	**0.7479**	0.7479	**A$(1,818.4)**	**US$1,360.0**	A$(1,818.4)	US$1,360.0
31 December 2010	**0.7461**	0.7461	**A$(737.2)**	**US$550.0**	A$(737.2)	US$550.0
31 December 2011	**0.7461**	0.7461	**A$(737.2)**	**US$550.0**	A$(737.2)	US$550.0
31 December 2012	**0.7461**	0.7461	**A$(737.2)**	**US$550.0**	A$(737.2)	US$550.0
31 December 2013	**0.6648**	0.7461	**A$(737.2)**	**US$550.0**	A$(737.2)	US$550.0

At balance date none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair values have been reflected in the income statement. The loss for the year ended 31 December 2007 was $169.0 million (31 December 2006: $154.1 million). The aggregate fair value of cross currency swaps at balance date is a payable of $256.2 million (31 December 2006: $87.2 million). An increment of 5 cents in the market rate for US$ (0.8785 to 0.9285) would result in loss to the income statement of $91.9 million (31 December 2006: $113.1 million). A decrement of 5 cents in the market rate for US$ would result in a gain to the income statement of $103.0 million (31 December 2006: $128.4 million). An increment of 5 cents in the market rate for NZ$ (1.1341 to 1.1841) would result in a loss to the income statement of $4.5 million (31 December 2006: $11.2 million). A decrement of 5 cents in the market rate for NZ$ would result in a gain to the income statement of $5.0 million (31 December 2006: $12.3 million). An increment of 3 pence in the market rate for UK£ (0.4383 to 0.4683) would result in a gain to the income statement of $19.4 million (31 December 2006: $20.7 million). A decrement of 3 pence in the market rate for UK£ would result in a loss to the income statement of $22.3 million (31 December 2006: $23.9 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

NOTE 31 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Other foreign currency derivatives in respect of the Group's foreign currency assets and liabilities

The following table details the other financial derivatives in respect of the Group's foreign currency assets and liabilities outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Foreign currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 07	31 Dec 06	Amount (payable)/receivable 31 Dec 07 million	31 Dec 07 million	31 Dec 06 million	31 Dec 06 million
US$						
Contracts to sell US$ and buy A$						
31 December 2008	**0.8910**	–	**A$(659.6)**	**US$(587.7)**	–	–
£						
Contracts to sell £ and buy A$						
31 December 2008	**0.4115**	–	**A$267.3**	**£(110.0)**	–	–

At balance date none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The gain for the year ended 31 December 2007 was $5.8 million (31 December 2006: $nil). The aggregate fair value of other foreign currency derivatives at balance date is a receivable of $5.8 million (31 December 2006: $nil). An increment of 5 cents in the market rate for US$ (0.8785 to 0.9285) would result in gain to the income statement of $36.0 million (31 December 2006: $nil). A decrement of 5 cents in the market rate for US$ would result in a loss to the income statement of $40.3 million (31 December 2006: $nil). An increment of 3 pence in the market rate for UK£ (0.4383 to 0.4683) would result in a gain to the income statement of $16.0 million (31 December 2006: $nil). A decrement of 3 pence in the market rate for UK£ would result in a loss to the income statement of $18.3 million (31 December 2006: $nil). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

(iii) Forward exchange contracts to hedge the Group's foreign currency earnings

These derivatives manage the impact of exchange rate movements on the Groups foreign currency denominated earnings and the Groups distribution.

The following table details the forward exchange contracts outstanding at reporting date. These have been taken out to mitigate the effect of profit or loss movements on the distribution statement and are ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate 31 Dec 07	31 Dec 06	Amount (payable)/receivable 31 Dec 07 million	31 Dec 07 million	31 Dec 06 million	31 Dec 06 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2007	**–**	1.1459	**–**	**–**	A$153.9	NZ$(176.4)
31 December 2008	**1.1350**	1.1338	**A$175.3**	**NZ$(199.0)**	A$157.9	NZ$(179.0)
31 December 2009	**1.1509**	1.1498	**A$173.1**	**NZ$(199.2)**	A$152.4	NZ$(175.2)
31 December 2010	**1.1872**	1.1801	**A$129.7**	**NZ$(154.0)**	A$110.2	NZ$(130.0)
31 December 2011	**1.2191**	1.2110	**A$90.2**	**NZ$(110.0)**	A$57.0	NZ$(69.0)
31 December 2012	**1.2409**	–	**A$40.3**	**NZ$(50.0)**	–	–

At balance date none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The loss for the year ended 31 December 2007 was $0.4 million (31 December 2006: gain of $14.1 million). The aggregate fair value of forward exchange contracts at balance date is a payable of $5.3 million (31 December 2006: $4.9 million). An increment of 5 cents in the market rate for NZ$ (1.1341 to 1.1841) would result in a gain to the income statement of $22.0 million (31 December 2006: $23.2 million). A decrement of 5 cents in the market rate for NZ$ would result in a loss to the income statement of $24.0 million (31 December 2006: $25.3 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

NOTE 32 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit limits have been established to ensure that the Group deals only with creditworthy counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on outstanding face value.

In accordance with Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. At 31 December 2007, the Group had 37% of its aggregate credit risk spread over two counterparties each with an S&P long term rating of AA- or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher. The aggregate credit risk in respect of derivative financial instruments is $294.8 million (31 December 2006: $127.5 million).

The Group undertakes active liquidity and funding risk management which ensures that is has sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Total funding facilities and their maturity profile refer Note 15.

Interest bearing liabilities and their maturity profile refer Note 15.

NOTE 33 FINANCIAL RISK-PARENT ENTITY

The Parent Entity's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, and investments in subsidiaries.

As a member of the Group, the Parent Entity is covered under the same policies and procedures outlined above for the management of the Group's key financial risks. Refer Note 29.

The parent is exposed to interest and foreign exchange risk on intercompany loans, other investments and interest and currency derivative financial instruments.

(i) InterGroup Loans payable and receivable
Where the parent undertakes a borrowing or investment in a foreign currency the exchange risk is mitigated by the parent entering into an equal and opposite deal with a controlled entity, hence substantially mitigating any exchange or interest exposure which may be present in the original transaction.

(ii) Other investments
Other investments are designated investments available for sale. Other investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value.

Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The parent is exposed to foreign exchange translation risk on its other investments which are denominated in foreign currencies, when assessing recoverable amount. The parent hedges these items in its own financial statements, these activities are carried out on a Group basis.

NOTE 34 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASHFLOW MATURITY PROFILE

	Consolidated		Parent Entity	
	31 Dec 07 $000	31 Dec 06 $000	**31 Dec 07 $000**	31 Dec 06 $000
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer Note 15) together with the estimated interest thereon, and the estimated impact of contracted interest and currency derivative cashflows is set out below:				
Due within one year	**1,101.8**	1,900.7	**1,048.6**	1,891.0
Due between one and five years	**3,225.5**	5,453.9	**1,442.5**	3,684.3
Due after five years	**3,120.8**	3,243.4	**2,889.9**	3,025.3
	7,448.1	10,598.0	**5,381.0**	8,600.6

NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of all WT's financial instruments.

	Fair value		Carrying amount	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Consolidated assets				
Cash and cash equivalents	**90.5**	65.1	**90.5**	65.1
Trade receivables [i]	**16.3**	8.6	**16.3**	8.6
Receivables	**2,515.0**	476.6	**2,515.0**	476.6
Derivative assets	**320.4**	84.7	**320.4**	84.7
Consolidated liabilities				
Payables [i]	**1,658.5**	498.8	**1,658.5**	498.8
Interest bearing liabilities				
– Fixed rate debt	**2,837.5**	2,935.5	**3,008.1**	3,022.4
– Floating rate debt	**2,845.6**	5,512.1	**2,845.6**	5,512.1
Other financial liabilities	**1,690.7**	398.8	**1,690.7**	398.8
Derivative liabilities	**335.7**	166.5	**335.7**	166.5
Parent Entity assets				
Cash and cash equivalents	**35.9**	30.2	**35.9**	30.2
Trade receivables	**4.7**	2.5	**4.7**	2.5
Receivables	**2,607.4**	644.7	**2,607.4**	644.7
Derivative assets	**297.6**	84.7	**297.6**	84.7
Parent Entity liabilities				
Payables [i]	**1,463.7**	343.7	**1,463.7**	343.7
Interest bearing liabilities				
– Fixed rate debt	**2,837.5**	2,935.5	**3,008.1**	3,022.4
– Floating rate debt	**1,253.2**	4,001.0	**1,253.2**	4,001.0
Other financial liabilities	**1,690.7**	398.8	**1,690.7**	398.8
Derivative liabilities	**400.7**	209.2	**400.7**	209.2

[i] These financial assets and liabilities are not subject to interest rate risk.

	Consolidated		Parent Entity	
	31 Dec 07 $000	31 Dec 06 $000	**31 Dec 07 $000**	31 Dec 06 $000
NOTE 36 AUDITOR'S REMUNERATION				
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the economic entity for:				
– Audit or review of the financial reports	**1,866**	1,410	**1,708**	1,307
– Assurance and compliance services	**553**	436	**528**	208
	2,419	1,846	**2,236**	1,515
Amounts received or due and receivable by Affiliates of the auditors of the Parent Entity for:				
– Audit or review of the financial reports	**130**	111	**–**	–
	130	111	**–**	–
	2,549	1,957	**2,236**	1,515

NOTE 37 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Group is set out in this Note unless disclosed elsewhere in this financial report.

The Group forms part of the Westfield Group and the related party disclosures for the Westfield Group have the same applicability to it. As such while the related party disclosures below make reference to the Westfield Group, they also relate to the Group.

(a) Nature of relationship with related parties

(i) Consolidated

Key Management Personnel of the entity

Details of key management personnel are disclosed in Note 38.

Other Related Parties

LFG Holdings Pty Limited, its related entities and other entities controlled by members of the Lowy family ('LFG') are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr David Lowy, Mr Steven Lowy and Mr Peter Lowy.

The Lowy Institute for International Policy is considered to be a related party of the Group. This is due to this entity being under the control or significant influence of certain Directors of the Group, being either Mr Frank Lowy, Mr Steven Lowy or Mr Peter Lowy.

(ii) Parent

Subsidiaries

Details of parent entity interests in subsidiaries are disclosed in Note 39.

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 38.

Other Related Parties

The related parties noted under the consolidated description above are also related parties of the Parent Entity.

(b) Transactions and their terms and conditions with related parties

(i) Consolidated

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 38.

The Westfield Group owns aircraft for business use by its executives. From time to time, LFG, Mr Peter Lowy, Mr David Lowy and Mr Steven Lowy hire the aircraft (when the aircraft is not required for business use) and are charged for such usage by the Westfield Group. The rate used for determining the amounts charged was reviewed by an independent expert and determined to be on arm's length rate. Amounts charged to LFG and these Directors totalled $829,906 (31 December 2006: $539,566) during the period, and were payable on seven day terms.

Other Related Parties

The Westfield Group and LFG have entered into arrangements regarding the Westfield Group's business use of LFG aircraft and related expenditure. These arrangements are on arm's length terms and they were reviewed by an independent expert. Details of these arrangements are as follows;

– The Westfield Group entered into arrangements regarding the use of aircraft owned by LFG. The charges for these aircraft were on normal arm's length rates. During the period the Westfield Group incurred costs amounting to $1,125,811 (31 December 2006: $1,654,569) in relation to the use of these aircraft. Amounts charged are payable on 30 day terms.

– The Westfield Group has aircraft operation, maintenance, crew sharing, and hangar facilities agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the period the Westfield Group charged LFG $540,117 (31 December 2006: $441,961) in relation to the provision of aircrew, maintenance, and hangar facility to LFG, which were payable on seven day terms. Also during the period, the Westfield Group was charged $389,104 (31 December 2006: $169,425) for use of aircraft crew employed by LFG, which are payable on 30 day terms.

LFG currently subleases premises from the Westfield Group. During the period $299,356 (31 December 2006: $273,520) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and payable on seven day terms.

During the previous corresponding period, the Westfield Group provided design and construction administrative services to the Lowy Institute for International Policy for which it charged $11,423 (no services were provided during 2007), which was based on arm's length rates. Amounts charged are payable on seven day terms.

During the period the Westfield Group paid amounts totalling $29,885 (31 December 2006: $46,834) for rental accommodation owned by LFG.

During the period the Westfield Group charged LFG $99,936 (31 December 2006: $231,079) for service costs in relation to the provision of communication services.

During the period the Westfield Group provided telecommunication and security services to certain Executive Directors necessary for them to fulfill their responsibilities.

At year end the following amounts were recorded in the Westfield Group balance sheet as receivable with the following related parties:

Nature	Type	2007	2006
Owing from LFG	Current receivable	**$1,509**	$26,798

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the period.

(ii) Parent

Subsidiaries

Investments held in subsidiaries are disclosed in Note 39.

The Responsible Entity, a subsidiary of WHL, is considered to be a related party of the Westfield Group.

During the year, WT, WAT and WHL, transacted on normal commercial terms as stapled entities with respect to the following:

(a) Property management fee

(b) Manager's service charge

(c) Reimbursement of expenses

(d) Construction contracts

(e) Loans and financial derivatives

(c) Property management fee

The Property management fee for the year ended 31 December 2007 was $75.9 million (31 December 2006: $72.0 million) of which $8.0 million (31 December 2006: $6.9 million) was payable to associates of the Responsible Entity at 31 December 2007.

(d) Manager's service charge

The Managers service charge expensed and payable for the year ended 31 December 2007 was $17.0 million (31 December 2006: $11.8 million) of which $8 million (31 December 2006: nil) was payable to associates of the Responsible Entity at 31 December 2007.

(e) Reimbursement of expenses

Reimbursement of expenses to associates of the Responsible Entity were $66.1 million (31 December 2006: $60.7 million) for the year ended 31 December 2007.

(f) Construction contracts

During the year, amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $543.7 million (31 December 2006: $473.7 million).

NOTE 37 RELATED PARTY DISCLOSURES (CONTINUED)

(g) Loans and financial derivatives

Cross currency swaps with WAT

WT and WAT entered into cross currency swaps on 3 November 2004. The terms, interest and principal amounts are as follows:

i) WT receives from WAT, on a semi–annual basis, a commercial fixed rate on a principal of US$600.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$804.2 million. The maturity date of this instrument is 15 November 2010; and

ii) WT receives from WAT, on a semi–annual basis, a commercial fixed rate on a principal of US$550.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$737.2 million. The maturity date of this instrument is 15 November 2014.

On 18 January 2005, WT and WAT entered into two additional cross currency swaps. The terms, interest and principal amounts are as follows:

(i) WT receives from WAT, on a quarterly basis, floating rate on a principal of US$140.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$184.7 million. The maturity date of this instrument is 5 February 2008; and

(ii) WT receives from WAT, on a quarterly basis, floating rate on a principal of US$210.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$277.0 million. The maturity date of this instrument is 5 February 2010.

The interest expense for the year in respect of cross currency swaps with WAT is $44.7 million (31 December 2006: $33.2 million)

Interest rate swaps with WAT

WT and WAT entered into an A$ interest rate swap on 13 December 2004 for the value of $200.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of July 2006 and continues until February 2015.

WT and WAT entered into an A$ interest rate swap on 21 December 2006 for the value of $56.0 million. WT pays, on a quarterly basis, a commercial floating rate to WAT and receives from WAT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of December 2006 and continues until August 2008.

WT and WAT entered into an A$ interest rate swap on 13 July 2007 for the value of $500.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of August 2016 and continues until September 2016.

WT and WAT entered into an A$ interest rate swap on 13 July 2007 for the value of $350.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of November 2013 and continues until August 2015.

WT and WAT entered into an A$ interest rate swap on 10 October 2007 for the value of $24.0 million. WT pays, on a quarterly basis, a commercial floating rate to WAT and receives from WAT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of October 2007 and continues until August 2008.

Interest rate swaps with Westfield Capital Corporation Limited ("WCC")

WT and WCC entered into GBP interest rate swaps on 6 July 2007 for the value of £425.0 million. WT pays, on a quarterly basis, a commercial floating rate to WCC and receives from WCC, on a quarterly basis, a commercial fixed rate. The interest rate swaps have a start date of July 2007 and maturities from September 2008 to December 2010. The interest revenue for the year in respect of the interest rate swaps with WCC is $7.1 million (31 December 2006: $nil).

Loans to/from WHL

During the year WT had advances to/from WHL. The net balance of the loan at year end is $371.3 million receivable (31 December 2006: $332.7 million payable), with accrued interest payable of $0.9 million (31 December 2006: $0.3 million interest payable). The net interest income for the year in respect of the loan to WHL is $12.1 million (31 December 2006: $13.9 million net interest income).

Loans to/from WAT

During the year, WAT advanced loans to WT. The balance of these loans at year end is $394.3 million payable (31 December 2006: $507.1 million payable) with accrued interest of $3.7 million payable (31 December 2006: $6.3 million payable). Interest accrues on this loan on a quarterly basis based on a floating rate. The interest expense for the year in respect of the loan from WAT is $30.8 million (31 December 2006: $37.4 million interest expense).

Loans to Westfield America Limited Partnership ("WALP")

During the year, WT issued a promissory note to WALP. The balance of this note at year end is US$586.0 million receivable (31 December 2006: nil). The interest income for the year in respect of the loan to WALP is $8.5 million (31 December 2006: $nil).

Key Management Personnel of the entity

Details of transactions with Key Management Personnel are disclosed in part b(i) above.

Other Related Parties

Details of transactions with Other Related Parties are disclosed in part b(i) above.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Trust forms part of the Westfield Group. The Responsible Entity does not have any employees. Key Management Personnel of the Trust are paid by related entities within the Westfield Group.

As the Trust forms of the Westfield Group the discussion under other remuneration disclosures (Note 38(e)) relates to the Westfield Group's remuneration policies and practices.

(a) Remuneration of Key Management Personnel

	Short Term Benefits				Post Employment	Share Based	Total
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits [(2)] $	Other post employment benefits $	Amortisation of cash settled share based payment transactions [(1)] $	$
F P Lowy, AC – Executive Chairman [(3)]							
31 December 2007	**8,000,000**	**7,000,000**	**817,421**	**1,351**	**66,506**	**–**	**15,885,278**
31 December 2006	8,000,000	5,500,000	756,737	42,554	88,906	–	14,388,197
D H Lowy, AM – Deputy Chairman							
31 December 2007	**204,000**	**–**	**–**	**–**	**–**	**–**	**204,000**
31 December 2006	204,000	–	–	–	–	–	204,000
R L Furman – Non Executive Director							
31 December 2007	**162,000**	**–**	**–**	**–**	**–**	**–**	**162,000**
31 December 2006	162,000	–	–	–	–	–	162,000
D M Gonski, AC – Non Executive Director							
31 December 2007	**188,000**	**–**	**–**	**–**	**–**	**–**	**188,000**
31 December 2006	188,000	–	–	–	–	–	188,000
F G Hilmer, AO – Non Executive Director							
31 December 2007	**207,144**	**–**	**–**	**–**	**–**	**–**	**207,144**
31 December 2006	228,000	–	–	–	–	–	228,000
S P Johns – Non Executive Director							
31 December 2007	**608,000**	**–**	**–**	**–**	**–**	**–**	**608,000**
31 December 2006	608,000	–	–	–	–	–	608,000
P Lowy – Group Managing Director							
31 December 2007	**2,980,448**	**4,000,000**	**–**	**(147,589)**	**–**	**3,161,090**	**9,993,949**
31 December 2006	3,317,850	3,052,422	–	293,347	–	2,465,383	9,129,002
S Lowy – Group Managing Director							
31 December 2007	**2,500,000**	**4,000,000**	**–**	**70,513**	**–**	**3,161,090**	**9,731,603**
31 December 2006	2,500,000	3,000,000	–	446,346	–	2,465,383	8,411,729
J B Studdy, AM – Non Executive Director							
31 December 2007	**57,445**	**–**	**–**	**–**	**–**	**–**	**57,445**
31 December 2006	170,000	–	–	–	–	–	170,000
F T Vincent – Non Executive Director							
31 December 2007	**50,687**	**–**	**–**	**–**	**–**	**–**	**50,687**
31 December 2006	150,000	–	–	–	–	–	150,000
G H Weiss – Non Executive Director							
31 December 2007	**168,000**	**–**	**–**	**–**	**–**	**–**	**168,000**
31 December 2006	168,000	–	–	–	–	–	168,000
D R Wills, AO – Non Executive Director							
31 December 2007	**156,000**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2006	156,000	–	–	–	–	–	156,000
C M Zampatti, AM – Non Executive Director							
31 December 2007	**156,000**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2006	156,000	–	–	–	–	–	156,000
Subtotal Directors							
31 December 2007	**15,437,724**	**15,000,000**	**817,421**	**(75,725)**	**66,506**	**6,322,180**	**37,568,106**
31 December 2006	16,007,850	11,552,422	756,737	782,247	88,906	4,930,766	34,118,928

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

	Short Term Benefits				Post Employment	Share Based	Total
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits (2) $	Other post employment benefits $	Amortisation of cash settled share based payment transactions (1) $	$
P Allen – Group Chief Financial Officer (4)							
31 December 2007	**1,000,000**	**1,500,000**	**–**	**88,871**	**–**	**3,276,389**	**5,865,260**
31 December 2006	900,000	1,000,000	–	53,729	–	3,005,620	4,959,349
R Jordan – Managing Director, Australia and New Zealand (5)							
31 December 2007	**1,000,000**	**1,500,000**	**–**	**97,075**	**–**	**3,184,914**	**5,781,989**
31 December 2006	900,000	1,000,000	–	79,177	–	2,869,256	4,848,433
Subtotal Non Director Key Management Personnel							
31 December 2007	**2,000,000**	**3,000,000**	**–**	**185,946**	**–**	**6,461,303**	**11,647,249**
31 December 2006	1,800,000	2,000,000	–	132,906	–	5,874,876	9,807,782
Total Key Management Personnel							
31 December 2007	**17,437,724**	**18,000,000**	**817,421**	**110,221**	**66,506**	**12,783,483**	**49,215,355**
31 December 2006	17,807,850	13,552,422	756,737	915,153	88,906	10,805,642	43,926,710

(1) Cash settled share based transactions represent amounts amortised relating to the EDA Plan and PIP Plan. Refer to Note 38(e) for further details regarding the operation of these plans.

(2) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(3) Non monetary benefits of $814,511 (31 December 2006: $753,827) relate to Mr F Lowy's contractual entitlements to private usage of the Group's aircraft. The entitlement to private usage of the Group's aircraft by Mr F Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods. Post employment benefits of $66,506 (31 December 2006: $88,906) relate to Mr F Lowy's service contract which provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2004/2005 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. Mr F Lowy's service contract does not contain provision for any payment on termination other than the retirement benefit outlined above.

(4) During the financial year, 27,313 awards vested and Mr P Allen was paid $534,789 in satisfaction of these awards. This payment has been reflected in the amortisation of cash settled share based payment transactions.

(5) During the financial year, 13,269 awards vested and Mr R Jordan was paid $259,807 in satisfaction of these awards. This payment has been reflected in the amortisation of cash settled share based payment transactions.

(b) Option holdings of Key Management Personnel

During the financial year and comparative financial year, no options or awards ("Options") were issued to the Key Management Personnel under the Executive Option Plan or the Executive Performance Share Plan (together the "Option Plans"). None of the Key Management Personnel hold any options or awards under the Option Plans.

(c) Shareholdings of Key Management Personnel

Stapled securities held in Westfield Group (number)	Balance at 1 Jan 2007	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2007
F P Lowy, AC / D H Lowy, AM / P S Lowy / S M Lowy (1)	166,370,941			13,227,427	179,598,368
R L Furman	–			–	
D M Gonski, AC	299,527			20,912	320,439
F G Hilmer, AO	219,433			19,079	238,512
S P Johns	1,577,503			(41,068)	1,536,435
J B Studdy, AM (2)	38,573				38,573
F T Vincent (2)	10,000				10,000
G H Weiss	20,000			1,739	21,739
D R Wills, AO	20,000				20,000
C M Zampatti, AM	310,949			27,973	338,922
P Allen	166,042			5,253	171,295
R Jordan	724,869			48,250	773,119
Total	**169,757,837**	**–**	**–**	**13,309,565**	**183,067,402**

(1) The aggregate interest of the Lowy Directors includes family holdings and interests held by Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust and Westfield Officers Superannuation Fund (formerly known as Westfield Superannuation C Fund). The net change includes the acquisitions, transfers and disposals of those entities. The Lowy Directors did not dispose of any shares.

(2) Mr J B Studdy AM and Mr F T Vincent retired from the Board on 2 May 2007. This represents their holdings on the date of their retirement.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with key management personnel are included in Note 37.

(ii) During the financial year, transactions occurred between the Westfield Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends / distributions by Westfield Group in respect of stapled securities held in the Group.

(e) Other remuneration disclosures

1 Remuneration Committee

1.1 Role of the Committee

The Westfield Group's remuneration arrangements are overseen by the Remuneration Committee. The Committee's activities are governed by its Charter, a copy of which is available on the Group's website, www.westfield.com.

The responsibilities of the Remuneration Committee include:

– determining and reviewing remuneration policies to apply to members of the Board and to executives within the Group;
– determining the specific remuneration packages for Executive Directors and key members of the senior executive team (including base pay, incentive payments, equity–linked plan participation and other contractual benefits);
– reviewing contractual rights of termination for members of the senior executive team;
– reviewing the appropriateness of the Group's succession planning policies;
– reviewing policy for participation by senior executives in equity–linked plans;
– reviewing the management's recommendations of the total proposed awards to be issued under each equity–linked plan; and
– administering the equity–linked plans as required in accordance with the rules of the plans.

1.2 Membership and meetings

The current members of the Committee are:

Name	Position held	Status
Frederick G Hilmer, AO	Chairman	Independent Director
Roy L Furman	Member	Independent Director
David M Gonski, AC	Member	Independent Director

The Committee met three times in the Financial Year. All members of the Committee attended the meetings.

2 Remuneration of Non–Executive Directors

2.1 Policy

The remuneration of the Non–Executive Directors is determined by the Board (within the limits set by members), acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate Non–Executive Directors who will, through their contribution to the Board and the Westfield Group, work towards creating sustainable value for members and other stakeholders.

In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in non–executive director remuneration. In arriving at recommendations, the advisers will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by Non–Executive Directors.

The Group's remuneration of the Non–Executive Directors is straightforward. Non–Executive Directors are paid fees for service on the Board and its Committees as detailed in this Report and are reimbursed for out of pocket expenses. No other bonuses or benefits are paid either during the tenure of a Non–Executive Director or on retirement. Non–Executive Directors do not participate in any of the Group's equity–linked incentive plans. None of the Non–Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

Non–Executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions), a committee attendance fee and, where relevant, an additional fee for deputy chair of the Board and for committee chair.

The aggregate pool available for payment of fees to Non–Executive Directors of the Westfield Group is currently a maximum of $1.8 million. That figure was approved by members at the Annual General Meeting of the Company held in November 2004.

During the Financial Year, the Board resolved to increase the Non–Executive Directors' remuneration from $150,000 to $175,000 per annum, effective from 1 January 2008. The Deputy Chairman's loading and the fees payable to Directors serving on Committees remain unchanged.

The Board also recommended that a resolution be put to members at the Annual General Meeting of the Company to he held on 23 May 2008 seeking approval for an increase in the pool of funds available for payment of Non–Executive Directors' fees from $1.8 million to $2.5 million.

In making the decision to increase the Non–Executive Directors' remuneration and to seek Member approval to an increase in the pool of funds available for the payment of Non–Executive Directors' fees, the Board took into consideration a comparative analysis of fees paid to non–executive directors in other listed entities as well as noting that there had not been an increase in fees paid to the Group's Non–Executive Directors since 2004.

Further details of the proposal will be contained in the Notice of Meeting and Explanatory Memorandum for the Annual General Meeting.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2.2 Remuneration

The table below sets out the remuneration for the Non–Executive Directors for the Financial Year.

Name	Base Fee $	Deputy Chair Fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Consultancy Fees $	Total $
D H Lowy, AM	150,000	30,000	–	24,000	–	–	–	204,000
R L Furman	150,000	–	–	–	–	12,000	–	162,000
D M Gonski, AC	150,000	–	20,000	–	6,000	12,000	–	188,000
F G Hilmer, AO	150,000	9,144 (1)	30,000	–	–	18,000	–	207,144
S P Johns	150,000	–	20,000	18,000	–	–	420,000 (2)	608,000
J B Studdy, AM	50,687	–	6,758	–	–	–	–	57,445 (3)
F T Vincent	50,687	–	–	–	–	–	–	50,687 (3)
G H Weiss	150,000	–	–	18,000	–	–	–	168,000
D R Wills, AO	150,000	–	–	–	6,000	–	–	156,000
C M Zampatti, AM	150,000	–	–	–	6,000	–	–	156,000

(1) Professor Hilmer stepped down as Deputy Chairman in April 2007. The amount paid is for the period 1 January 2007 to April 2007.

(2) Following his retirement as an Executive Director in October 2003, Mr. Johns has continued to provide consultancy services in relation to special projects (including major acquisitions) and other corporate finance, treasury and investor relations issues.

(3) Mr Studdy and Mr Vincent each retired as Directors of the Board on 2 May 2007. The amounts paid are for the period 1 January 2007 to 2 May 2007.

2.3 Other Entitlements

Short term employee benefits

Cash salary and fees paid to the Non–Executive Directors are disclosed in the table at 2.2.

Non–Executive Directors are not entitled:

- to short–term compensated absences;
- to short–term cash profit sharing or other cash or performance related bonus; or
- to non–monetary or other short–term employee benefits.

Post-employment benefits

Non–Executive Directors are not entitled:

- to superannuation entitlements other than entitlements arising from contributions deducted from the base fees paid to Non–Executive Directors as required by law; or
- to any other post–employment benefit.

Other long-term employee benefits

Non–Executive Directors are not paid and have no entitlement to any long term employee benefits.

Termination benefits

Non–Executive Directors are not entitled to any payment on termination other than the balance of outstanding fees.

Share based payments

Non–Executive Directors do not participate in the Westfield Group's equity–linked incentive plans and are not entitled to share based compensation.

2.4 Board changes

In February 2008, Mr Dean Wills informed the Board that he will not seek re–election at the next Annual General Meeting of the Company to be held on 23 May 2008. Mr Wills will retire as a Director effective at the close of that meeting.

Professor Judith Sloan and Mr John McFarlane joined the Board on 26 February 2008. Biographies of each of Professor Sloan and Mr McFarlane are included in the section on the Board of Directors in this Annual Report.

In accordance with the constitution of the Company, Professor Sloan and Mr McFarlane will seek election as Directors at the Annual General Meeting to be held on 23 May 2008.

3 Group Managing Directors and Other Key Management Personnel

3.1 Policy and Environment

The Charter for the Remuneration Committee, as adopted by the Board, requires that the Group adopt policies and procedures which:

- enable the Group to attract and retain key executives who will create sustainable value for members;
- properly motivate and reward executives having regard to the overall performance of the Group, the performance of the executive measured against pre–determined objectives and the external compensation environment;
- appropriately align the interests of executives with members; and
- comply with applicable legal requirements and appropriate standards of governance.

The detail of the Group's policies and procedures is set out in section 3.4 of this Report. This section summarises the Group's position on remuneration issues taking into account the prevailing market conditions which influence the Group's current policies.

The Group is always seeking to add to the resources and skills of its existing management team by recruiting the best available candidates in the various jurisdictions in which it operates. The size and scope of the Group's business and the philosophy of intensive management of the Group's business mean that the management team faces challenges which demand highly skilled and committed executives. These executives must also be capable of supporting, and transferring skills to, the Group's business in various locations around the world.

3.2 Base salary

Base salary is set by reference to the executive's position, performance and experience. In order to attract and retain executives of the highest quality and in the expectation that executives will meet the high standards set by the Westfield Group, the Group aims to set competitive rates of base salary. Base salary levels are benchmarked regularly against local and (where appropriate) international competitors and are reviewed on an annual basis having regard to performance, external market forces and, where relevant, promotion.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3.3 Short term variable bonus

Variable rewards are closely linked to the performance of the executive measured against objectives which are established each year pursuant to a performance review and development system. Under that system, senior management and the executive work together to establish agreed business and personal development objectives. These objectives are designed to recognise and reward both financial and non–financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets.

A target figure (as a percentage of base pay) for the short term variable cash component of the compensation package is advised to the executive at the commencement of each year. The actual bonus awarded is determined by reference to the performance of the executive against the agreed performance objectives, the corporate performance of the Group and any other aspect of the executive's performance which is considered relevant in the context of the review.

In special circumstances, executives may earn an additional bonus in excess of the agreed target percentage of base pay in recognition of the contribution made by that executive to a major transaction or corporate project. As with the annual performance bonus, payment of a special or project bonus is at the discretion of the Remuneration Committee.

Cash based incentives in respect of the Executive Chairman, the Group Managing Directors and the Group's most senior executives are determined by the Remuneration Committee having regard to personal objectives which are set as part of the performance review and development system and to more general operational and financial objectives of the Westfield Group. The measures are chosen based on key contributions expected of that executive in order to enhance the overall performance of the Group. The Remuneration Committee will also consider any special contribution made by the executive in any major acquisition or capital transaction during the year.

3.4 The equity-linked incentive plans

The Westfield Group has two equity–linked incentive plans: the EDA Plan and the PIP Plan.

Following the Merger, the EDA Plan and PIP Plan replaced the Westfield Executive Option Plan and the Westfield Executive Share Performance Plan as the ongoing equity–linked incentive plans of the Group. At the time of the Merger, the outstanding awards under the Executive Option Plan became eligible for exercise as a consequence of the restructuring. The vast majority of those outstanding options and awards were exercised at the time of the Merger. No further options or awards will be granted under those Plans.

Mechanics of the Plans

Under the EDA Plan and the PIP Plan, awards granted to executives are more in the nature of "restricted stock" whereby on maturity, the executive is entitled to receive one Westfield Group security for each award. However, as explained below, the current equity–linked Plans are synthetic and executives receive cash payments rather than actual securities.

The relevant common features of both the EDA Plan and the PIP Plan are as follows:

- based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of $200,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $20,000;
- immediately prior to the commencement of participation in the Plan, that dollar amount is converted into an award which is based on the then current market price of Westfield Group stapled securities. In the above example, assuming a market price of $20.00 per stapled security, the participant would receive an award equal to the economic benefit of 1,000 Westfield Group stapled securities;
- during the vesting period of three to four years, distributions paid on stapled securities are nominally reinvested under the Plans such that the number of stapled securities in an award (and on which the payout is calculated) will increase during the life of the award;
- assuming the executive remains employed by the Group through the vesting period and, any applicable performance hurdles are satisfied, the executive will receive a payout equal to the capital value of the stapled securities in the award. That is, the executive receives a cash payment (rather than actual securities) which reflects the capital value of the number of "synthetic securities" comprised in that award as at the vesting date.

As noted above, the right to receive a cash payout under either the EDA Plan or the PIP Plan is dependent on the executive remaining employed by the Westfield Group throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board retains a discretion under the Plans to allow vesting of all or part of the awards granted under the Plans.

The EDA Plan

The EDA Plan is a plan in which senior and high performing executives participate. The EDA Plan uses the deferral of vesting of a portion of the short term incentive as part of a broader strategy for retaining the services of those executives participating in the Plan.

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non–financial objectives. Executives qualify to receive a payout of that deferred compensation by satisfying the requirement that they remain in the employment of the Westfield Group through the vesting period. That vesting period is currently three years. There are no additional performance hurdles applicable during the vesting period.

The Board and Remuneration Committee have acknowledged that in the Financial Year there was continued strong upward pressure on remuneration in the markets in which the Group operates. In recent years, in each of these markets, we have experienced a combination of strong local economies, historically low unemployment rates and skill shortages in certain areas of the workforce. Towards the end of the Financial Year however, there were signs that a number of these factors were easing in some of our markets.

Since financial year 2005, the Board has utilised the EDA Plan to make non–recurring awards to the Group's most senior operational and finance executives with the specific aim of retaining the services of those executives over a period of two to five years. Neither the Executive Chairman nor the Group Managing Directors will receive these awards.

As noted above, these awards are intended to provide a further incentive to a small number of the Group's most senior executives in order to better secure their services over the vesting period. In granting these awards, the sole objective of the Group is retention of key executives for an extended period. Where the retention awards are issued to executives who also participate in the PIP Plan, the vesting of the awards is subject to a performance hurdle which requires that, over the vesting period, each executive must achieve at least 50% of his or her short term variable bonus in each of those years. Failure to achieve that hurdle in any year will result in the full amount of the awards being forfeited.

The PIP Plan

As noted above, the structure of the PIP Plan reflects the decision by the Group to move away from market priced options as the preferred form of long term incentive.

Only the senior leadership team of the Westfield Group will participate in the PIP Plan. There are currently 16 executives world-wide, including the Group Managing Directors, participating in the PIP Plan. The Executive Chairman does not participate in the PIP Plan.

The PIP Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIP Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of security holders in two principal respects:

(a) qualification for awards under the PIP Plan each year will be subject to the Group achieving performance hurdles which relate to the financial and operating targets of the Group in the financial year together with any other matters which the Board or Remuneration Committee consider appropriate; and

(b) the payout received by executives participating in the PIP Plan will be affected by distributions paid during the vesting period and movements in the price of Westfield Group securities between the qualification date and vesting.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

The operation of the PIP Plan and the manner of calculation of the payout to which the executive is entitled is as described above.

The performance hurdle(s) applicable under the PIP Plan are determined annually by the Remuneration Committee when determining which executives will be invited to participate in the PIP Plan. Executives are informed of such hurdles at the same time as they are advised of the potential number of "synthetic securities" for which they will qualify if the performance hurdles are achieved. More than one hurdle may be set in any year.

The year in which the performance hurdles apply is known as the Qualifying Year. Actual performance against the hurdles which apply during the Qualifying Year will determine the final number of awards which the executive will receive at the end of that year. No payments are made to the executive at the end of that Qualifying Year. Rather, the awards in the PIP Plan are granted at that time and vest on two dates – 50% at the end of year three and 50% at the end of year four. No other performance hurdles are imposed during the vesting period.

The hurdles for the 2007 Qualifying Year were based on the Group:

(a) achieving growth in Operational segment earnings (on a constant currency basis) as reported by the Group (this hurdle had a 75% weighting); and

(b) achieving a targeted level of development project starts (this hurdle had a 25% weighting).

Both hurdles were achieved in the Financial Year. As a consequence, 100% of the potential awards which were eligible for issue under the PIP Plan in respect of the 2007 Qualifying Year, have been issued to participants.

The hurdles chosen by the Remuneration Committee for the 2008 Qualifying Year also reflect the focus on achieving fundamental operating targets consistent with the Group's Budget as approved by the Board in respect of Financial Year 2008.

Specifically the PIP hurdles for the 2008 Qualifying Year are focussed on:

- achieving growth in earnings (on a constant currency basis) from the Operational segment as reported by the Group (this hurdle has been given a 75% weighting); and
- achieving a targeted level of development starts (this hurdle has been given a 25% weighting).

By adopting this combination of the application of performance hurdles in the Qualifying Year and the employee being required to stay for the subsequent three to four year vesting period, the Westfield Group aims, through the issue of awards under the PIP Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Given that the vesting period does not include the Qualifying Year, executives participating in the PIP Plan will be required to remain with the Group for a period of five years in order to get the full benefit of each award.

Accounting for awards

The accounts of the Westfield Group and the remuneration disclosures in this Annual Report disclose the full liability to members of the grant of awards under the Group's equity linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the grant is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and share price increases are made for the purposes of estimating the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award.

At the end of each accounting period the awards are marked to market on the basis of the then current share price and the assumptions made in previous years are reconsidered having regard to any change in circumstances. This process may result in a variation of the estimate of the future liability of the Group with respect to that award and an increase or decrease in the amortisation. For example, in any year, where the share price increases at a rate which is greater than the estimate made in the original model, the implied increase in value of the awards at the date of maturity will result in an increase in the amount of amortisation. The full amount of that amortisation is then included in the accounts and disclosed as part of the remuneration of executive directors and specified executives.

3.5 Hedging policy

In addition to the restrictions placed on entering into hedging arrangements by operation of the Group's Security Trading Policy, participants in the EDA Plan and the PIP Plan are prohibited from entering into hedging arrangements in respect of unvested awards in EDAP, PIP or any other equity–linked incentive plan operated by the Group.

The primary purpose of this prohibition is to ensure that, at all times until awards granted to executives under the Plans have vested, there is complete alignment between the interests of the executive and the interests of the Group and its security holders. In the Board's view, that alignment potentially ceases if an executive's economic interest in the benefit of an award is hedged – with the effect that the executive is not affected (or is affected to a lesser extent), by positive or negative movements in the market value of Westfield Group securities.

Executives are prohibited from entering into or renewing hedging or financial instruments in connection with their unvested entitlements under the EDA Plan or the PIP Plan. This includes instruments such as equity swaps, caps and collars and other types of hedges, which are entered into for the purpose of mitigating the financial impact of movements in the price of Westfield Group securities to the extent such movements impact the value of awards made under the Plans.

3.6 Review of equity-linked incentive plans

Prior to the Merger in 2004, the Group had altered the nature of its long term incentive plans from market priced options to zero priced options in the Company. That position has been maintained post Merger with the EDA and PIP Plans both of which are synthetic plans which simulate the grant, for zero consideration, of securities in the Westfield Group. As explained above, on vesting of an EDA or PIP award, the executive receives a cash payment equal to the aggregate of distributions and capital growth of a Westfield Group security over the life of the award. The cash proceeds are taxed in the hands of the executive as ordinary income in the year of receipt.

The fundamental reason why the EDA and PIP awards are cash settled rather than equity settled is that tax laws previously in force did not provide the same exemptions for options over trust units as existed over shares in listed companies. However, in 2007 the Federal Government introduced legislation to correct this position with regard to stapled securities where a share in a company is stapled to units in a trust.

As a result of this change, the Group conducted a further review of its existing incentive plans and, as a result of that review, the Group is proposing to seek member approval at the Annual General Meeting of the Company in May 2008 to replace the EDA and PIP Plans with zero priced performance rights plans ("Performance Rights Plans"). Essentially the Performance Rights Plans will function in the same manner as the EDA and PIP Plans except that entitlements will be satisfied by the issue or transfer of a Westfield Group security to the plan participant on maturity or vesting of the right (as opposed to the payment of a cash amount).

The structure and philosophy of the EDA and PIP Plans will be retained with the Performance Rights Plans.

As with the EDA and PIP Plans, the grant of entitlements under the new plans will be closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. The vesting schedules under the EDA and PIP Plans will be retained under the Performance Rights Plans.

The Performance Right Plan to replace the PIP Plan will also replicate the PIP Plan with its emphasis on meeting operational hurdles during a Qualifying Year. As with the PIP Plan, the new plan is intended to reward strong performance by the senior executive team and to provide an incentive for executives to remain with the Group over the subsequent vesting period of four years.

The performance hurdle in respect of the Financial Year related to the Westfield Group achieving the 2007 Qualifying Year hurdles for the PIP Plan (as detailed above in section 3.4). These hurdles were met. Accordingly, the participants in the PIP Plan including the Group Managing Directors and the Specified Executives (see section 5.1) became eligible to participate in the PIP Plan on 1 January 2008 in respect of the 2007 Qualifying Year following satisfaction of those hurdles.

It is proposed that, subject to members approving the introduction the Performance Rights Plans, the PIP awards in respect of the 2007 Qualifying Year will be granted pursuant to the PIP Performance Right Plan.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

If members do not approve the introduction of the Performance Rights Plans, the EDA Plan and PIP Plan will continue in their current form.

Further details of the Performance Rights Plans will be contained in the Notice of Meeting and Explanatory Memorandum for the Annual General Meeting.

4 Remuneration of Executive Directors

At the date of this report, there were three Executive Directors in office, Mr Frank Lowy, Executive Chairman and the Group Managing Directors, Mr Peter Lowy and Mr Steven Lowy.

The remuneration of the Executive Directors is determined by the Board, acting on recommendations made by the Remuneration Committee.

The Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in remuneration for Executive Directors. In arriving at recommendations, the advisers will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by the Executive Directors.

4.1 Executive Chairman

The term of Mr Frank Lowy's service contract expired 31 December 2007 and was extended on the same terms until 31 December 2008. These arrangements are renewable by agreement between the parties at the end of that period. Mr Lowy's remuneration for the Financial Year is as follows:

(a) a base salary of $8 million;

(b) an annual performance bonus of $7 million. The performance hurdles for the payment of Mr Lowy's bonus were the same performance hurdles as the 2007 Qualifying Year hurdles for the PIP Plan (as detailed above in section 3.4). These hurdles were met; and

(c) other benefits as detailed in the table below.

In respect of the 12 month period to 31 December 2008, Mr Lowy's base salary remains at $8 million. His target performance bonus is $8 million. Mr Lowy will only qualify for that bonus if the Group meets the performance hurdles established in respect of the PIP Plan as detailed above in section 3.4.

In setting Mr Lowy's remuneration, the Board had regard to a number of factors including Mr Lowy's status as one of Australia's most respected and influential chief executive officers and his knowledge, not only of the Westfield Group and its history, but of the broader industry in which the Group operates, both locally and internationally. With over 47 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's experience and reputation is unrivalled in the industry.

The Board also had regard to the salaries paid to other chief executive officers of global corporations and the fact that Mr Lowy does not participate in the Group's equity–linked incentive plans.

Mr Lowy's service contract provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. The amount accrued for the Financial Year was $66,506.

Mr Lowy's service contract does not contain provision for any payment on termination by the Company (with or without cause) other than the retirement benefit outlined above.

The summary below outlines Mr Lowy's fixed and at risk remuneration for the Financial Year ended 31 December 2007.

Component of Remuneration	**Amount $**
Short Term Employee Benefits	
– Base salary	8,000,000
Fixed	
– Cash bonus (accrued) [(1)]	7,000,000
At risk	
– Other short term employee benefits [(2)]	1,351
Fixed	
– Non monetary benefits [(3)]	817,421
Fixed	
Post Employment Employee Benefits	
– Pension and superannuation benefits [(4)]	
Fixed	66,506
Other Long Term Benefits	–
Termination Benefits	–
Share Based Payments [(5)]	–
Total Remuneration	**15,885,278**

(1) The bonus was payable if the Westfield Group met the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met.

(2) Comprising annual leave and long service leave entitlements.

(3) Other benefits comprise usage of the Group's aircraft which is classified as private usage ($814,511). The entitlement to private usage of the Group's aircraft by Mr Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods.

(4) Mr Lowy's service arrangements provide for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements.

(5) The Executive Chairman does not participate in the Group's equity–linked incentive plans. He was not paid or entitled to any share based compensation in the Financial Year.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4.2 Group Managing Directors

The employment arrangements of the Group Managing Directors are detailed as follows.

Mr Peter Lowy

- Has been with the Group since 1983.
- Has resided in the United States since 1990.
- Salary and bonus is reviewed annually by the Remuneration Committee.
- Base salary of US$2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Peter Lowy's fixed and at risk remuneration for the Financial Year.

Component Of Remuneration	**Amount $**
Short Term Employee Benefits	
– Base salary [1] Fixed	2,980,448
– Cash bonus (accrued) [2] At risk	4,000,000
– Other short term employee benefits [3] Fixed	(147,589)
– Non monetary benefits Fixed	–
Post Employment Employee Benefits	
– Pension and superannuation benefits	–
Share Based Payments [4] [5]	
– EDA Plan At risk	1,134,138
– PIP Plan At risk	2,026,952
Other Long Term Benefits	–
Total Remuneration	**9,993,949**

(1) Mr Peter Lowy is based in the United States and the salary disclosed is the A$ equivalent to US$2.5 million.

(2) Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

(3) Comprising annual leave and long service leave entitlements.

(4) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to the tables at 4.3 and 4.4 for details of awards held by Mr Lowy under the EDA Plan and PIP Plan.

(5) The increase in remuneration in the Financial Year when compared with financial year 2006 is partly attributable to the Group's accounting policy of amortising the value of each award over the life of that award. Accordingly the stated remuneration of the Group Managing Directors includes the amortisation of awards granted in previous years and disclosed previously in respect of that year. The amortised value of awards also includes the impact of share price movements since the date of grant and the anticipated impact of future distributions and share price movements.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

Mr Steven Lowy

- Has been with the Group since 1987.
- Salary and bonus is reviewed annually by the Remuneration Committee.
- Base salary of $2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment and period would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Steven Lowy's fixed and at risk remuneration for the Financial Year.

Component Of Remuneration	Amount $
Short Term Employee Benefits	
– Base salary Fixed	2,500,000
– Cash bonus (accrued) [(1)] At risk	4,000,000
– Other short term employee benefits [(2)] Fixed	70,513
– Non monetary benefits Fixed	
Post Employment Employee Benefits Pension and superannuation benefits	–
Share Based Payments [(3)(4)]	
– EDA Plan At risk	1,134,138
– PIP Plan At risk	2,026,952
Other Long Term Benefits	–
Total Remuneration	**9,731,603**

(1) Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

(2) Comprising annual leave and long service leave entitlements.

(3) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to the tables at 4.3 and 4.4 for details of awards held by of Mr Lowy under the EDA Plan and PIP Plan.

(4) The increase in remuneration in the Financial Year when compared with financial year 2006 is partly attributable to the Group's accounting policy of amortising the value of each award over the life of that award. Accordingly the stated remuneration of the Group Managing Directors includes the amortisation of awards granted in previous years and disclosed previously in respect of that year. The amortised value of awards also includes the impact of share price movements since the date of grant and the anticipated impact of future distributions and share price movements.

4.3 Group Managing Directors: participation in the EDA Plan

The following chart details awards under the EDA Plan held by the Group Managing Directors. There has been no alteration to the terms of the grants to any of the Group Managing Directors under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards[(1)]	Total Awards Held	Fair Value at Grant [(2)] $	Performance Hurdles
Peter Lowy							
Group Managing Director	1 January 2005	47,775	1 January 2008 [(3)]	8,810	56,585	886,485	N/A
	1 January 2006	43,255	1 January 2009	4,998	48,253	980,713	N/A
	1 January 2007	43,928	1 January 2010	2,204	46,132	984,562	N/A
Steven Lowy							
Group Managing Director	1 January 2005	47,775	1 January 2008 [(3)]	8,810	56,585	886,485	N/A
	1 January 2006	43,255	1 January 2009	4,998	48,253	980,713	N/A
	1 January 2007	43,928	1 January 2010	2,204	46,132	984,562	N/A

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2005, 2006 and 2007.

(2) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EDA Plan.

(3) These awards vested (and were paid) in January 2008. The payout amount was $1,178,100 for each Group Managing Director.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4.4 Group Managing Directors: participation in the PIP Plan

The following chart details awards under the PIP Plan held by the Group Managing Directors. There has been no alteration to the terms of the grants to any of the Group Managing Directors under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards [(1)]	Total Awards Held	Fair Value at Grant [(2)] $	Performance Hurdles
Peter Lowy							
Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 55,732: 01/01/10	12,880	124,345	2,149,393	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	5,061	105,986	2,307,832	Satisfied
Steven Lowy							
Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 55,732: 01/01/10	12,880	124,345	2,149,393	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	5,061	105,986	2,307,832	Satisfied

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2006 and 2007.

(2) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIP Plan.

5 Executive Remuneration and Termination Arrangements

5.1 Service contracts and termination arrangements

This report incorporates details of the Specified Executives, being the Executives (other than the Directors) numbering at least five, who received the highest remuneration for the Financial Year. Mr Peter Allen, Group Chief Financial Officer, and each of Mr Michael Gutman, Mr Robert Jordan (Managing Director of Australia and New Zealand) are also the Key Management Personnel as defined under AASB 124.

A range of service arrangements operate within the Group. As noted in the table below, Mr Jordan has been with the Westfield Group in excess of 20 years and Mr Allen has been with the Group for 12 years. There are no formal service contracts for Mr Jordan and Mr Allen. As a consequence there are no fixed termination arrangements with these executives. In the event of termination of the employment of a senior executive where there is no service contract or the service contract is silent on termination events, any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Group.

It is the Group's policy on engaging new executives to have service contracts that typically outline the components of the remuneration to be paid to that executive and agreed termination arrangements. Those arrangements may vary depending on the seniority and experience of the executive and on the country of employment.

The table below outlines the terms of the service contracts with Specified Executives.

Name and Title	Employing Company	Commencement Date	Term	Termination Provisions/Benefits
Peter Allen Group Chief Financial Officer	Westfield Limited	4 March 1996	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Group.
Robert Jordan Managing Director Australia and New Zealand	Westfield Limited	24 August 1987	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Group.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

5.2 Remuneration: Specified Executives

The following table sets out the remuneration of the Specified Executives.

EXECUTIVE	SHORT TERM EMPLOYEE BENEFITS $				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS $ (4)		TERMINATION BENEFITS	OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL (7)
	BASE SALARY FIXED (1)	ACCRUED BONUS AT RISK (2)	OTHER SHORT TERM EMPLOYEE BENEFITS FIXED (3)	NON MONETARY BENEFITS FIXED		EDA PLAN TOTAL AT RISK (5)	PIP PLAN TOTAL AT RISK (6)			
Peter Allen Group Chief Financial Officer	1,000,000	1,500,000 Vested: 100%	88,871	–	–	2,392,372	884,017	–	–	5,865,260
Robert Jordan Managing Director Australia and New Zealand	1,000,000	1,500,000 Vested: 100%	97,075	–	–	2,300,897	884,017	–	–	5,781,989

(1) Base salary is inclusive of superannuation guarantee contributions.

(2) No amount of any bonus was forfeited in the Financial Year. No bonus is payable in respect of any future financial year.

(3) The amounts referred to reflect an increase in the accrued liability for annual and long service leave during the Financial Year. Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless otherwise stated.

(4) None of the Specified Executives hold any options or other equity instruments as part of their remuneration. Refer notes (5) and (6) for share based payments.

(5) Refer to the table at 5.3.

(6) Refer to the table at 5.4.

(7) None of the Specified Executives was paid an amount before they took office as consideration for agreeing to take office.

5.3 Specified Executives: participation in the EDA Plan

The following chart details awards under the EDA Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards(1)	Total Awards Held	Fair Value at Grant(2) $	Performance Hurdles
Peter Allen							
Group Chief	1 September 2004	23,060	1 September 2007(3)	4,253	27,313	427,889	N/A
Financial Officer	1 January 2006	20,185	1 January 2009	2,334	22,519	457,669	N/A
	1 January 2006	288,355	1 January 2011	33,314	321,669	6,786,595	N/A
	1 January 2007	20,672	1 January 2010	1,037	21,709	463.362	N/A
Robert Jordan							
Managing Director	1 September 2004	11,200	1 September 2007(4)	2,069	13,269	207,837	N/A
Australia and	1 January 2006	17,305	1 January 2009	2,002	19,307	392,379	N/A
New Zealand	1 January 2006	288,355	1 January 2011	33,314	321,669	6,786,595	N/A
	1 January 2007	20,672	1 January 2010	1,037	21,709	463,362	N/A

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2005, 2006 and 2007.

(2) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EDA Plan.

(3) These awards have vested and have been paid. The payout amount was $534,789.

(4) These awards have vested and have been paid. The payout amount was $259,807.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

5.4 Specified Executives: participation in the PIP Plan

The following chart details awards under the PIP Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards [1]	Total Awards Held	Fair Value at Grant[2] $	Performance Hurdles
Peter Allen							
Group Chief Financial Officer	1 January 2006	44,590	22,295: 01/01/09 22,295: 01/01/10	5,154	49,744	994,254	Satisfied
	1 January 2007	46,140	23,070: 01/01/10 23,070: 01/01/11	2,314	48,454	968,478	Satisfied [3]
Robert Jordan							
Managing Director Australia and New Zealand	1 January 2006	44,590	22,295: 01/01/09 22,295: 01/01/10	5,154	49,744	994,254	Satisfied
	1 January 2007	46,140	23,070: 01/01/10 23,070: 01/01/11	2,314	48,454	968,478	Satisfied [3]

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2006 and 2007.

(2) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIP Plan.

(3) The performance hurdle in respect of the Financial Year related to the Westfield Group achieving the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met. Accordingly, the Group Specified Executives became eligible to participate in the PIP Plan on 1 January 2008 in respect of the 2007 Qualifying Year following satisfaction of those hurdles.

NOTE 39 DETAILS OF CONTROLLED ENTITIES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	Beneficial Parent Entity %	Consolidated or Equity accounted %	Beneficial Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield Trust	**100.0**	**100.0**	100.0	100.0
Consolidated Controlled Entities				
Bondi Junction Trust	**100.0**	**100.0**	100.0	100.0
Cairns Investment Trust – Units	**100.0**	**100.0**	100.0	100.0
Carindale Property Trust	**50.0**	**100.0**	50.0	100.0
Fountain Gate Trust	**100.0**	**100.0**	100.0	100.0
Market Street Investment Trust	**100.0**	**100.0**	100.0	100.0
Market Street Property Trust	**100.0**	**100.0**	100.0	100.0
VIC Shopping Centre Trust	**100.0**	**100.0**	100.0	100.0
WD Trust	**100.0**	**100.0**	100.0	100.0
WestArt Trust	**100.0**	**100.0**	100.0	100.0
Westfield Sub trust No.2	**100.0**	**100.0**	100.0	100.0
Westfield Chatswood Trust	**100.0**	**100.0**	100.0	100.0
Westfield Morley Trust	**100.0**	**100.0**	100.0	100.0
Westfield Northgate Trust	**100.0**	**100.0**	100.0	100.0
Wesfield Australia Shopping Centre Trust No.2 (formerly Westfield Number 2 Sub Trust)	**–**	**–**	100.0	100.0
Westfield Number 3 Sub Trust	**–**	**–**	100.0	100.0
Westfield Number 4 Sub Trust	**–**	**–**	100.0	100.0
Westfield Shoppingtown Property Trust	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust A	**–**	**–**	100.0	100.0
Westfield Australia Shopping Centre Trust No.1 (formerly Westfield Sub Trust B)	**–**	**–**	100.0	100.0
Westfield Sub Trust C	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust D	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust E	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust F	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust G	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust H	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust I	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust J	**100.0**	**100.0**	100.0	100.0
Westfield Sub Trust K	**100.0**	**100.0**	100.0	100.0
Westfield Tuggerah Trust	**100.0**	**100.0**	100.0	100.0
WT Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
Proportionately Consolidated Joint Ventures				
Westfield Airport West	**50.0**	**50.0**	50.0	50.0
Westfield Bay City	**50.0**	**50.0**	50.0	50.0
Westfield Belconnen	**50.0**	**50.0**	50.0	50.0
Westfield Carindale	**25.0**	**50.0**	25.0	50.0
Westfield Casey	**50.0**	**50.0**	50.0	50.0
Westfield Helensvale	**50.0**	**50.0**	50.0	50.0
Westfield Hurstville	**50.0**	**50.0**	50.0	50.0
Westfield Liverpool	**50.0**	**50.0**	50.0	50.0
Westfield Marion	**50.0**	**50.0**	50.0	50.0
Westfield Miranda	**50.0**	**50.0**	50.0	50.0
Westfield North Lakes	**50.0**	**50.0**	50.0	50.0
Westfield Parramatta	**50.0**	**50.0**	50.0	50.0
Westfield Penrith	**50.0**	**50.0**	50.0	50.0
Westfield Plenty Valley	**50.0**	**50.0**	50.0	50.0
Westfield West Lakes	**50.0**	**50.0**	50.0	50.0
Westfield Whitford City	**50.0**	**50.0**	50.0	50.0
Westfield Woden	**50.0**	**50.0**	50.0	50.0

NOTE 39 DETAILS OF CONTROLLED ENTITIES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	**Beneficial Parent Entity %**	**Consolidated or Equity accounted %**	Beneficial Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA (CONTINUED)				
Equity Accounted Entities				
AMP Wholesale Shopping Centre Trust No.2	**10.0**	**10.0**	10.0	10.0
CMS General Trust	**50.0**	**50.0**	50.0	50.0
CMS Property Trust	**50.0**	**50.0**	50.0	50.0
KSC Trust	**25.0**	**25.0**	25.0	25.0
Mt Druitt Shopping Centre Trust	**50.0**	**50.0**	50.0	50.0
SA Shopping Centre Trust	**50.0**	**50.0**	50.0	50.0
Southland Trust	**50.0**	**50.0**	50.0	50.0
Tea Tree Plaza Trust	**50.0**	**50.0**	50.0	50.0
ENTITIES INCORPORATED IN NEW ZEALAND				
Consolidated Controlled Entities				
Absynnian Holding Limited	**99.0**	**99.0**	99.0	99.0
Albany Shopping Centre (No 2) Limited	**100.0**	**100.0**	100.0	100.0
Albany Shopping Centre Limited	**100.0**	**100.0**	100.0	100.0
Cedarville Properties Limited	**100.0**	**100.0**	100.0	100.0
Chartwell Shopping Centre Limited	**100.0**	**100.0**	100.0	100.0
Downtown Shopping Centre (No 2) Limited	**100.0**	**100.0**	100.0	100.0
Downtown Shopping Centre Limited	**100.0**	**100.0**	100.0	100.0
Glenfield Mall Limited	**100.0**	**100.0**	100.0	100.0
Johnsonville Shopping Centre Limited	**100.0**	**100.0**	100.0	100.0
Kroftfield Properties Limited	**100.0**	**100.0**	100.0	100.0
Manukau City Centre Limited	**100.0**	**100.0**	100.0	100.0
Petavid Investments Limited	**100.0**	**100.0**	100.0	100.0
Queensgate Centre Limited	**100.0**	**100.0**	100.0	100.0
Redisville Enterprises Limited	**100.0**	**100.0**	100.0	100.0
Riccarton Shopping Centre (1997) Limited	**100.0**	**100.0**	100.0	100.0
Shore City Centre (1993) Limited	**100.0**	**100.0**	100.0	100.0
St Lukes Group (No. 2) Limited	**100.0**	**100.0**	100.0	100.0
St Lukes Group (No. 3) Limited	**100.0**	**100.0**	–	–
St Lukes Group Holdings Limited	**100.0**	**100.0**	100.0	100.0
St Lukes Group Limited	**100.0**	**100.0**	100.0	100.0
St Lukes Square (1993) Limited	**100.0**	**100.0**	100.0	100.0
The Plaza Pakuranga Limited	**100.0**	**100.0**	100.0	100.0
WestCity Shopping Centre Limited	**100.0**	**100.0**	100.0	100.0
Westfield Trust (NZ) Limited	**100.0**	**100.0**	100.0	100.0
WT Finance (NZ) Limited	**100.0**	**100.0**	100.0	100.0

NOTE 40 SUBSEQUENT EVENTS

There are no significant events since the end of the financial year.

Directors' Declaration

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

(a) 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;

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 14 March 2008 in accordance with a resolution of the Board of Directors.

FP Lowy, AC
Executive Chairman

FG Hilmer, AO
Director

Independent Audit Report

FOR THE MEMBERS OF WESTFIELD TRUST

ERNST & YOUNG

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Australia

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Independent auditor's report to the members of Westfield Trust

We have audited the accompanying financial report of Westfield Trust ("the Trust"), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Westfield Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of Westfield Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Westfield Trust is in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the financial position of Westfield Trust and the consolidated entity at 31 December 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

2. the financial report also complies with International Financial Reporting Standards.

Ernst & Young

Ernst & Young

Chris Westworth
Partner

Sydney, 14 March 2008

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Report

The Directors of Westfield Management Limited ("Responsible Entity"), the responsible entity of Westfield Trust ("Trust") submit the following Report for the year ended 31 December 2007 ("Financial Year").

A reference to the "Westfield Group" or the "Group" is to Westfield Holding Limited, Westfield Trust, Westfield America Trust and their consolidated entities.

Review of Operations and State of Affairs

The Trust reported a net profit of $2,507.1 million and a distribution of $963.8 million for the Financial Year. Basic earnings per unit are 134.47 cents and the distribution per unit is 52.00 cents.

As at 31 December 2007, the Trust had a $23.3 billion (consolidated properties $21.7 billion and share of equity accounted properties: $1.6 billion) interest in 56 shopping centres, comprising 13,102 retail outlets and approximately 3.9 million square of retail space.

The Australian and New Zealand operation contributed net property income of $1,212 million for the Financial Year which includes comparable mall income growth of approximately 5.6%. This performance reflects the steady retail conditions which prevailed in the Financial Year as well as the quality of the portfolios in both regions, with occupancy rates continuing to be in excess of 99% and specialty store retail growth for the year of 7.1%.

Retail sales for the Trust's 44 Australian centres totalled $19.8 billion for the Financial Year. On a comparable basis, sales increased 5.9% with specialty store sales up 7.1%. Retail sales at the Trust's 12 centres in New Zealand increased 7.9% to NZ$1.9 billion for the Financial Year. On a comparable basis, specialty store sales were up 2.7% for the Financial Year.

Property transactions

During the Financial Year, the Trust formed a $1.4 billion new joint venture in respect of Westfield Parramatta, Sydney with GIC Real Estate Pte Ltd. A GIC affiliate acquired a 50% interest in Westfield Parramatta for $717.5 million which was in line with its book value at 31 December 2006. Westfield was appointed property, leasing and development manager for the centre.

The Trust also formed a $1.48 billion new joint venture in respect of Westfield Doncaster in Victoria with Lasalle Asia Property Fund. Lasalle will make progressive payments over a period of 18 months to fund the current redevelopment of the centre. Lasalle's total investment of $738 million represents 50% of the value of the centre on completion at a property yield of 4.7%.

During the Financial Year, the Trust issued Property–Linked Notes to the value of $1.26 billion. The Notes are designed to provide returns to Noteholders based on the economic performance of the following Westfield super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT. The Trust's obligations under the Notes are guaranteed by Westfield Holdings Limited and Westfield America Trust.

Development projects

The Group completed and opened two new Australian projects during the Financial Year. These are the $170 million development at Westfield Kotara in Newcastle and the $190 million redevelopment of North Lakes in Brisbane.

The Group also obtained approval from the City of Sydney to redevelop its Centrepoint, Imperial Arcade and Skygarden properties in the Sydney CBD. Construction of the project is expected to commence in the second half of 2008.

In New Zealand, the Group completed the NZ$210 million development of a new centre at Albany in Auckland which opened ahead of schedule.

Except as may be stated elsewhere in the Annual Report, the Directors are not aware of any matter or circumstance since 31 December 2007 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group for future financial years.

Principal Activities

The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

Subsequent Events

There are no significant events since the end of the Financial Year.

Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and State of Affairs above. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Environmental Performance

Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Further information in relation to the Group's philosophy in relation to the environment and the community is set out at pages 14 to 17 of the Westfield Group's Annual Report.

Distributions

The following distributions were paid to members during the Financial Year:

– The distribution for the six months ended 31 December 2006[1], paid 28 February 2007:

– 18.96 cents per unit final distribution for ordinary units; – 12.57 cents per unit final distribution for ordinary units issued on 31 August 2006 pursuant to the Group's Distribution Reinvestment Plan	$335,361,971

– The distribution for the six months ended 30 June 2007[2], paid 31 August 2007:

– 29.00 cents per unit interim distribution for ordinary units; – 19.55 cents per unit interim distribution for ordinary units issued on 28 February 2007 pursuant to the Group's Distribution Reinvestment Plan	$517,094,986

The following final distribution was declared for payment to members with respect to the Financial Year, and paid on 29 February 2008:

– 23.00 cents per unit final distribution for ordinary units	$446,704,991

(1) The Trust distribution of 18.96 cents per ordinary unit and 12.57 cents per August 2006 DRP unit formed part of the distribution of 52.0 cents per ordinary WDC stapled security and 34.48 cents per August 2006 DRP stapled security paid on 28 February 2007. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield America Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

(2) The Trust distribution of 29.00 cents per ordinary unit and 19.55 cents per February 2007 DRP unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security and 35.89 cents per February 2007 DRP stapled security paid on 31 August 2007. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

(3) The Trust distribution of 23.00 cents per ordinary unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security paid on 29 February 2008. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield America Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

The Directors

The following Directors served on the Board for the Financial Year: Mr F P Lowy AC, Mr D H Lowy AM, Professor F G Hilmer AO, Mr R L Furman, Mr D M Gonski AC, Mr S P Johns, Mr P S Lowy, Mr S M Lowy, Mr J B Studdy AM, Mr F T Vincent, Dr G H Weiss, Mr D R Wills AO and Ms C M Zampatti AM.

The composition of the Board changed during the Financial Year with the retirements of Mr John B Studdy AM and Mr Francis T Vincent on 2 May 2007. In addition, Professor Hilmer AO stepped down as Deputy Chairman of the Board in April 2007 but continues to serve as the lead independent Director.

Subsequent to the end of the Financial Year, Mr Dean Wills AO advised that he will not stand for re–election at the annual general meeting of Westfield Holdings Limited, scheduled to be held on 23 May 2008. Mr Wills will retire from the Board at the conclusion of that meeting. On 26 February 2008, Professor Judith Sloan and Mr John McFarlane were appointed to the Board.

The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in the Westfield Group as at the date of this Report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Holdings Limited and units in Westfield America Trust. The stapled securities trade on the ASX under the code WDC.

Director	Number of Stapled Securities
F P Lowy, AC	
D H Lowy, AM	179,598,368
P S Lowy	
S M Lowy	
R L Furman	–
D M Gonski, AC	223,918
F G Hilmer, AO	205,904
S P Johns	1,522,267
J McFarlane	–
J Sloan	1,000
G H Weiss	21,739
D R Wills, AO	20,000
C M Zampatti, AM	338,922

Messrs Studdy and Vincent retired from the Board on 2 May 2007. On the date of retirement, Messrs Studdy and Vincent held 38,573 and 10,000 ordinary stapled securities in the Westfield Group respectively.

None of the Directors hold options over any issued or unissued units in the Trust or stapled securities in the Westfield Group. No options over any issued or unissued units in the Trust or stapled securities in the Westfield Group have been issued to the Specified Executives as defined in Note 38.

None of the Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests in the Trust or the Group. None of the Directors hold debentures of the Westfield Group.

Options

Details of the unissued ordinary units in the Trust under options as at the date of this Report are provided in Note 19 in the Notes to the Financial Statements (page 17).

Details of fully paid ordinary units in the Trust which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued units are provided in Note 18 in the Notes to the Financial Statements (page 16).

Indemnities and Insurance Premiums

No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Constitution and the Corporations Act, they remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Special rules for Registered Schemes

– $86.2 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.

– No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 24,860,260 units as at the end of the Financial Year. Associates of the Responsible Entity also hold 27,661,209 options in the Trust.

– Details of units issued in the Trust during the Financial Year are set out on Note 18 on page 16.

– No withdrawals were made from the scheme during the Financial Year.

– Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 2(d), 11, 13 on pages 7,8,12 and 14.

– Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 18 on page 16.

Audit and Compliance Committee

As at the date of this Report, the Responsible Entity had an Audit and Compliance Committee of the Board of Directors.

ERNST & YOUNG

Auditor's Independence Declaration to the Directors of Westfield Management Limited

In relation to our audit of the financial report of Westfield Trust for the year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Chris Westworth
Partner

Sydney, 14 March 2008

Liability limited by a scheme approved under Professional Standards Legislation.

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.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

F P Lowy, AC
Executive Chairman

F G Hilmer, AO
Director

14 March 2008

Corporate Governance Statement

The Corporate Governance statement for Westfield Trust for the financial year ended 31 December 2007 has been incorporated into the Corporate Governance statement prepared for the stapled Westfield Group. This statement can be found in the 2007 Westfield Group Annual Report, after the Directors' Report.

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2007

Twenty Largest Holders of Stapled Securities in Westfield Group[1]		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	401,972,403	20.70
2.	J P Morgan Nominees Australia Limited	306,627,790	15.79
3.	National Nominees Limited	234,489,015	12.07
4.	Citicorp Nominees Pty Limited	108,020,763	5.56
5.	Cordera Holdings Pty Limited	100,724,953	5.19
6.	ANZ Nominees Limited <Cash Income A/C>	58,664,422	3.02
7.	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	39,517,724	2.03
8.	Cogent Nominees Pty Limited	39,230,313	2.02
9.	AMP Life Limited	35,886,894	1.85
10.	Cogent Nominees Pty Limited <SMP Account>	23,056,007	1.19
11.	Queensland Investment Corporation	18,924,676	0.97
12.	Bond Street Custodians Limited <ENH Property Securities A/C>	17,345,020	0.89
13.	Franley Holdings Pty Limited	16,975,434	0.87
14	UBS Nominees Pty Ltd <116C A/C>	13,440,000	0.69
15	Perpetual Trustee Company Limited	12,738,784	0.66
16	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	10,750,830	0.55
17	Citicorp Nominees Pty Limited <CFSIL CWLTH Property 1 A/C>	9,764,953	0.50
18	Bond Street Custodians Limited <Property Securities A/C>	9,676,664	0.50
19.	Mr Frank P Lowy	8,817,391	0.45
20.	Citicorp Nominees Pty Limited <CFSIL CFS WS INDX Prop A/C>	8,246,619	0.42
		1,474,870,655	**75.92**

[1] Ordinary shares in Westfield Holdings Ltd were stapled to units in Westfield Trust and Westfield America Trust as part of the Merger. The stapled securities trade on the Australian Securities Exchange under the code WDC.

Voting Rights

Westfield Holdings Limited – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Westfield Trust & Westfield America Trust – At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

	Number of Options[1]	Number of Option Holders	Number of Stapled securities[2]	Number of Security-holders	% of securities in each Category
1-1,000	2,415	2	32,639,167	65,374	1.68
1,001-5,000	5,000	1	121,515,205	56,485	6.26
5,001-10,000	10,000	1	43,004,094	6,265	2.21
10,001-100,000	222,550	5	76,467,810	3,315	3.94
100,001 and over	531,029	2	1,668,576,561	288	85.91
Total	**770,994**	**11**	**1,942,202,837**	**131,727**	**100.00**

As at 28 February 2008, 3,034 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

The number of options on issue include options on issue by each of Westfield Holdings Limited (the Company), Westfield Trust and Westfield America Trust. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities.

[1] In addition, there are 27,661,209 options on issue to four subsidiaries of the Company. Due to the stapling structure of the Westfield Group, these options could not be exercised by these subsidiaries. The total number of options on issue at 28 February 2008 is 28,432,203

[2] Subsidiaries of the Company also hold 83,084,363 units in Westfield America Trust which units are not stapled. There are 2,025,287,200 units in Westfield America Trust on issue.

Substantial Securityholders

The names of the Westifeld Group's substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Westifeld Group, are as follows:

Members of the Lowy family and associates	166,450,338
Barclay's Group	97,541,941
Commonwealth Bank of Australia	97,098,630

Westfield America Trust Financial Report 31 December 2007

Westfield America Management Limited ABN 66 072 780 619
AFSL No 230324 as responsible entity of **Westfield America Trust** ARSN 092 058 449

Directory

Westfield Group
Westfield Holdings Limited
ABN 66 001 671 496

Westfield Trust
ARSN 090 849 746
(responsible entity Westfield Management Limited ABN 41 001 670 579, AFS Licence No 230329)

Westfield America Trust
ARSN 092 058 449
(responsible entity Westfield America Management Limited ABN 66 072 780 619, AFS Licence No 230324)

Registered Office
Level 24, Westfield Towers
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Facsimile: +61 2 9358 7077

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Los Angeles California 90025

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Telephone: +44 20 7061 1400
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Simon J Tuxen
Maureen T McGrath

Auditors
Ernst & Young
The Ernst & Young Centre
680 George Street
Sydney NSW 2000

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Westfield Group
Level 24, Westfield Towers
100 William Street
Sydney NSW 2011

Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E–mail: investor@au.westfield.com
Website: www.westfield.com/corporate

Principal Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001

Telephone: +61 3 9415 4070
Enquiries: 1300 132 211
Facsimile: +61 3 9473 2500
E–mail: webqueries@computershare.com.au
Website: www.computershare.com

ADR Registry
Bank of New York Mellon
Depository Receipts Division
101 Barclay Street
22nd Floor
New York, New York 10286
Telephone: +1 212 815 2293
Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

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Financial Report

WESTFIELD AMERICA TRUST
For the financial year ended 31 December 2007

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Revenue and other income					
Property revenue	3	**1,539.4**	1,626.5	**–**	–
Property revaluations		**489.1**	675.5	**–**	–
Property development and project management revenue		**77.9**	36.0	**–**	–
Dividends from subsidiaries		**–**	–	**450.0**	541.2
		2,106.4	2,338.0	**450.0**	541.2
Share of after tax profits of equity accounted entities					
Property revenue		**230.2**	223.3	**–**	–
Property revaluations		**222.4**	169.9	**–**	–
Property expenses and outgoings		**(72.1)**	(62.3)	**–**	–
Interest and tax expense		**(58.8)**	(48.3)	**–**	–
	13	**321.7**	282.6	**–**	–
Currency derivatives	4	**–**	–	**–**	306.2
Net profit on realisation of assets	5	**69.0**	–	**–**	11.4
Interest income	6	**44.7**	40.9	**351.6**	177.6
Total revenue and other income		**2,541.8**	2,661.5	**801.6**	1,036.4
Expenses					
Property expenses and outgoings		**(561.1)**	(591.6)	**(2.7)**	(2.1)
Property development and project management costs		**(57.4)**	(22.1)	**–**	–
Corporate costs		**(6.9)**	(4.2)	**(2.1)**	(2.1)
		(625.4)	(617.9)	**(4.8)**	(4.2)
Currency derivatives	4	**(353.1)**	(192.4)	**(319.6)**	–
Net loss on realisation of assets	5	**–**	(11.8)	**–**	–
Financing costs	6	**(600.5)**	(1,360.8)	**(0.8)**	(223.8)
Total expenses		**(1,579.0)**	(2,182.9)	**(325.2)**	(228.0)
Profit before tax expense		**962.8**	478.6	**476.4**	808.4
Tax expense	7	**(163.6)**	(290.2)	**(58.8)**	(81.2)
Net profit attributable to members of Westfield America Trust ("WAT")		**799.2**	188.4	**417.6**	727.2

	Note	cents	cents
Basic earnings per unit	8	**41.04**	10.16
Diluted earnings per unit	8	**40.90**	10.13

	Note	$million	$million
Final distribution proposed		**410.1**	544.4
Interim distribution paid		**452.6**	466.6
Total distribution proposed/paid	25	**862.7**	1,011.0
Weighted average number of units entitled to distribution at 31 December (millions)		**1,945.8**	1,846.9
6 months ended 31 December			
Distribution proposed per ordinary unit (cents)		**20.25**	29.40
Distribution proposed per Distribution Reinvestment Plan ("DRP") unit (cents)		**–**	19.50
6 months ended 30 June			
Distribution paid per ordinary unit (cents)		**24.25**	25.33
Distribution paid per DRP unit (cents)		**16.34**	17.07

Balance Sheet

AS AT 31 DECEMBER 2007

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million	Parent Entity 31 Dec 07 $million	Parent Entity 31 Dec 06 $million
Current assets					
Cash and cash equivalents	24(a)	**79.5**	35.4	**4.4**	2.7
Trade receivables		**36.0**	35.3	**–**	–
Investment properties classified as held for sale	12	**–**	141.4	**–**	–
Derivative assets	9	**181.3**	151.7	**179.5**	150.2
Receivables	10	**668.9**	570.9	**1,370.5**	691.0
Inventories		**12.2**	2.9	**–**	–
Tax receivable		**18.3**	18.2	**18.3**	18.2
Prepayments and deferred costs	11	**85.9**	72.3	**–**	–
Total current assets		**1,082.1**	1,028.1	**1,572.7**	862.1
Non current assets					
Investment properties	12	**16,680.9**	17,600.5	**–**	–
Equity accounted investments	13	**1,751.4**	1,784.5	**–**	–
Other investments	14	**581.6**	107.7	**6,953.6**	7,202.0
Derivative assets	9	**1,094.0**	719.0	**973.8**	664.9
Property, plant and equipment	15	**81.5**	81.2	**–**	–
Receivables	10	**95.8**	89.1	**–**	–
Deferred tax assets	7	**49.3**	28.4	**–**	–
Prepayments and deferred costs	11	**282.0**	282.7	**–**	–
Total non current assets		**20,616.5**	20,693.1	**7,927.4**	7,866.9
Total assets		**21,698.6**	21,721.2	**9,500.1**	8,729.0
Current liabilities					
Payables	16	**562.4**	445.9	**60.9**	5.4
Interest bearing liabilities	17	**1,025.1**	477.7	**–**	–
Other financial liabilities	18	**426.2**	–	**–**	–
Tax payable		**12.7**	12.4	**9.7**	4.2
Derivative liabilities	19	**59.9**	6.1	**47.0**	5.3
Total current liabilities		**2,086.3**	942.1	**117.6**	14.9
Non current liabilities					
Payables	16	**137.6**	26.6	**–**	–
Interest bearing liabilities	17	**7,180.2**	8,218.2	**90.0**	–
Other financial liabilities	18	**2,633.3**	3,609.7	**–**	–
Deferred tax liabilities	7	**1,486.6**	1,493.1	**743.3**	710.9
Derivative liabilities	19	**864.9**	485.8	**545.3**	295.1
Total non current liabilities		**12,302.6**	13,833.4	**1,378.6**	1,006.0
Total liabilities		**14,388.9**	14,775.5	**1,496.2**	1,020.9
Net assets		**7,309.7**	6,945.7	**8,003.9**	7,708.1
Equity attributable to members of WAT					
Contributed equity	20	**7,328.3**	6,203.8	**6,848.3**	5,723.8
Reserves	22	**(429.8)**	132.9	**1,155.6**	1,452.0
Retained profits	23	**411.2**	609.0	**–**	532.3
Total equity attributable to members of WAT		**7,309.7**	6,945.7	**8,003.9**	7,708.1

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2007

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Changes in equity attributable to members of WAT				
Opening balance of equity	**6,945.7**	7,688.8	**7,708.1**	8,278.4
Contributed equity				
Distribution reinvestment plan	**89.9**	124.5	**89.9**	124.5
Conversion of options	**14.0**	20.7	**14.0**	20.7
Pro–rata entitlement offer	**1,035.5**	–	**1,035.5**	–
Costs associated with the pro–rata entitlement offer	**(14.9)**	–	**(14.9)**	–
Foreign currency translation reserve [(i)]				
Net exchange difference on translation of foreign operations	**(562.7)**	(73.5)	**–**	–
Asset revaluation reserve [(ii)]				
Revaluation decrement	**–**	–	**(248.4)**	(480.6)
Deferred tax	**–**	–	**(0.9)**	41.1
Amounts transferred to retained profits during the year	**–**	–	**(47.1)**	–
Retained profits				
Amounts transferred from asset revaluation reserve during the year	**–**	–	**47.1**	–
Distribution paid	**(997.0)**	(1,003.2)	**(997.0)**	(1,003.2)
Net adjustments recognised directly in equity	**(435.2)**	(931.5)	**(121.8)**	(1,297.5)
Net profit attributable to members of WAT [(i)(ii)]	**799.2**	188.4	**417.6**	727.2
Closing balance of equity attributable to members of WAT	**7,309.7**	6,945.7	**8,003.9**	7,708.1

(i) Consolidated income and expenses for the period, including amounts recognised directly in equity, is $236.5 million (31 December 2006: $114.9 million), being profit after tax expense for the period of $799.2 million (31 December 2006: $188.4 million) and the net exchange loss on translation of foreign operations of $562.7 million (31 December 2006: $73.5 million).

(ii) For the Parent Entity total income and expenses for the period, including amounts recognised directly in equity, is $168.3 million (31 December 2006: $287.7 million), being profit after tax expense for the period of $417.6 million (31 December 2006: $727.2 million) and net decrement on asset revaluation reserve of $249.3 million (31 December 2006: $439.5 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

		Consolidated		Parent Entity	
	Note	31 Dec 07 $million	31 Dec 06 $million	31 Dec 07 $million	31 Dec 06 $million
Cash flows from operating activities					
Receipts in the course of operations		**1,654.6**	1,717.4	**–**	–
Payments in the course of operations		**(611.1)**	(684.2)	**(1.1)**	(5.2)
Settlement of income hedging currency derivatives		**103.8**	137.4	**103.8**	137.4
Dividends/distributions received from subsidiaries and equity accounted associates		**86.2**	133.5	**467.3**	554.0
Withholding taxes paid		**(27.9)**	(41.8)	**(22.0)**	(32.3)
Net cash flows from operating activities	24(b)	**1,205.6**	1,262.3	**548.0**	653.9
Cash flows from investing activities					
Payments for the acquisition of property investments		**(493.5)**	(272.0)	**–**	–
Payments for the acquisition of assets and property investments from related entities		**–**	(575.0)	**–**	–
Payments of capital expenditure for property investments		**(900.9)**	(919.4)	**–**	–
Proceeds from the sale of property investments		**196.4**	640.0	**–**	–
Net inflows/(outflows) for investments in equity accounted investments		**(57.4)**	124.1	**–**	–
Payments for the purchases of property, plant and equipment		**(67.7)**	(89.7)	**–**	–
Proceeds from the sale of property, plant and equipment		**45.3**	–	**–**	–
Settlement of asset hedging currency derivatives		**(292.6)**	–	**(292.6)**	–
Net cash flows used in investing activities		**(1,570.4)**	(1,092.0)	**(292.6)**	–
Cash flows from financing activities					
Proceeds from the issuance of units		**1,139.4**	145.2	**1,139.4**	145.2
Payments for costs associated with the pro–rata entitlement offer		**(14.9)**	–	**(14.9)**	–
Net proceeds from interest bearing liabilities		**0.3**	1,191.6	**90.0**	–
Loans received from/(advanced to) related entities		**808.1**	56.0	**(654.5)**	27.8
Financing costs		**(568.5)**	(567.5)	**(0.8)**	(6.3)
Interest received		**47.3**	12.4	**184.1**	184.6
Distributions paid		**(997.0)**	(1,003.2)	**(997.0)**	(1,003.2)
Net cash flows from/(used in) financing activities		**414.7**	(165.5)	**(253.7)**	(651.9)
Net increase in cash and cash equivalents held		**49.9**	4.8	**1.7**	2.0
Add opening cash and cash equivalents brought forward		**35.4**	32.7	**2.7**	0.7
Effects of exchange rate changes on opening cash brought forward		**(5.8)**	(2.1)	**–**	–
Cash and cash equivalents at the end of the year	24(a)	**79.5**	35.4	**4.4**	2.7

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2007

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of WAT for the year ended 31 December 2007 was approved in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT ("Responsible Entity") on 14 March 2008.

The nature of the operations and principal activities of WAT (the "Parent Entity") are described in the Directors' Report.

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2007. The Directors have assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations are as follow:

– AASB 8 Operating Segments, AASB 101 Presentation of Financial Statements and AASB 123 Borrowing Costs which are applicable for annual reporting periods beginning on or after 1 January 2009; and

– AASB 2007–4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments which is applicable for annual reporting periods beginning on or after 1 July 2007.

These standards will not impact the amounts recognised in these financial statements.

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 ("Act") and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit or loss or asset revaluation reserve and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Adoption of new accounting standards

The Group has adopted AASB 7 Financial Instruments: Disclosures, AASB 101 Presentation of Financial Statements and all consequential amendments which became applicable on 1 January 2007. The adoption of these standards has only affected the disclosure in these financial statements. These standards have not affected the amounts recognised in the income statement or the balance sheet of the entity.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation and classification

The Westfield Group was established in July 2004 by the stapling of securities of each of Westfield Holdings Limited ("WHL"), Westfield Trust ("WT") and WAT. The securities trade as one security on the Australian Securities Exchange under the code WDC. The stapling transaction is referred to as the "Merger".

The consolidated financial report comprises the financial statements and notes to the financial statements of the Parent Entity, and each of its subsidiaries as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and subsidiaries are collectively referred to as "the Group". Where entities adopt accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter–entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

i) Joint venture entities

The Group has significant co–ownership interests in a number of properties through property partnerships or trusts. These joint venture entities are accounted for using the equity method of accounting.

The Group and its joint venture entities use consistent accounting policies. Investments in joint venture entities are carried in the consolidated balance sheet at cost plus post–acquisition changes in the Group's share of net assets of the joint venture entities. The consolidated income statement reflects the Group's share of the results of operations of the joint venture entity.

ii) Associates

Where the Group exerts significant influence but not control, equity accounting is applied. The Group and its associates use consistent accounting policies. Investments in associates are carried in the consolidated balance sheet at cost plus post–acquisition changes in the Group's share of net assets of the associates. The consolidated income statement reflects the Group's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Group recognises its share of any changes and discloses this, when applicable in the consolidated financial statements.

iii) Controlled entities

Where an entity either began or ceased to be a controlled entity during the reporting period, the results are included only from the date control commenced or up to the date control ceased.

In May 2002, WAT together with Simon Property Group ("Simon") and The Rouse Company ("Rouse"), acquired the assets and liabilities of Rodamco North America, N.V. ("RNA"). The Group's economic interest is represented by a 54.2% equity ownership of Head Acquisition LP which has been accounted for in accordance with the substance of the contractual agreements. Properties where the Group has 100% economic ownership have been consolidated. Other retail and property investments and property where the Group has significant influence have been equity accounted.

In July 2006, WAT acquired 100% of the shares of Westfield Corporation, Inc. ("WCI"). WCI has been included in the 2006 consolidated financial statements using the purchase method of accounting, which measures WCI's assets and liabilities at their fair value at acquisition date. Accordingly, the 2006 consolidated financial statements include the results of WCI for the six–month period from its acquisition on 1 July 2006. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition. Refer to Note 38 for details of this acquisition.

(b) Investment properties

The Group's investment properties include shopping centre investments and development projects.

i) Shopping centre investments

The Group's shopping centre investment properties represent completed centres comprising freehold and leasehold land, buildings and leasehold improvements.

Land and buildings are considered as having the function of an investment and therefore are regarded as a composite asset, the overall value of which is influenced by many factors, the most prominent being income yield, rather than by the diminution in value of the building content due to effluxion of time. Accordingly, the buildings and all components thereof, including integral plant and equipment, are not depreciated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Investment properties (continued)

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale.

At each reporting date, the carrying value of the portfolio of shopping centre investment properties are assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Directors' assessment of fair value of each shopping centre investment property is confirmed by annual independent valuations conducted on a rolling basis. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions including future rental income, anticipated maintenance costs, appropriate discount rate and make reference to market evidence of transaction prices for similar properties.

ii) Development projects

The Group's development projects include costs incurred for the current and future redevelopment and expansion of existing shopping centre investments. Development projects include capitalised construction and development costs and where applicable, borrowing costs incurred on qualifying developments.

Development projects are carried at fair value based on Directors' assessment of fair value at each reporting date. Any increment or decrement in the fair value of development projects resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. On completion, development projects are reclassified to shopping centre investments and an independent valuation is obtained.

The assessment of fair value and possible impairment in the fair value of shopping centre investment and development projects are significant estimates that can change based on the Group's continuous process of assessing the factors affecting each property.

(c) Other investments

(i) Other investments

Other investments, excluding investment in subsidiaries, are designated as assets held at fair value consistent with investment properties. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are included in the income statement.

For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions, reference to market value of similar investments and discounted cash flow analysis.

ii) Investment in Subsidiaries

Investments in subsidiaries are designated as available for sale financial assets and are recorded at fair value. The investment in subsidiaries is revalued at each balance date to reflect the Parent Entity's proportionate interest in the underlying net asset value of the controlled entities. This is considered to approximate fair value. The revaluation increments and decrements are recorded through asset revaluation reserve.

(d) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currency of the Parent Entity and its Australian subsidiary is Australian dollars. The functional currency of the United States entities is United States dollars. The presentation currency of the United States entities is Australian dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

Foreign currency transactions are converted to Australian dollars at exchange rates ruling at the date of those transactions. Amounts payable and receivable in foreign currency at balance date are translated to Australian dollars at exchange rates ruling at that date. Exchange differences arising from amounts payable and receivable are treated as operating revenue or expense in the period in which they arise, except as noted below.

ii) Translation of accounts of foreign operations

The balance sheets of foreign subsidiaries and equity accounted associates are translated at exchange rates ruling at balance date and the income statements of foreign subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve. On consolidation, exchange differences and the related tax effect on foreign currency loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as receivable and carried at fair value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

Revenue from external parties for property development and construction is recognised on a percentage of completion basis. Revenue from property and funds management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

Certain tenant allowances that are classified as lease incentives are recorded as a separate asset and amortised over the term of the lease. The amortisation is recorded against property income.

Where revenue is obtained from the sale of properties, it is recognised when the significant risks and rewards have transferred to the buyer. This will normally take place on unconditional exchange of contracts except where payment or completion is expected to occur significantly after exchange. For conditional exchanges, sales are recognised when these conditions are satisfied.

All other revenues are recognised on an accruals basis.

(f) Expenses

Expenses including rates, taxes and other outgoings are brought to account on an accruals basis and any related payables are carried at cost. All other expenses are brought to account on an accruals basis.

(g) Taxation

The Group comprises taxable and non taxable entities. A liability for current and deferred taxation and tax expense is only recognised in respect of taxable entities that are subject to income and potential taxation as set out below.

Under current Australian income tax legislation, WAT is not liable to Australian income tax, including capital gains tax, provided that members are presently entitled to the income of the Trust as determined in accordance with WAT's constitution.

Westfield America, Inc. ("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. Dividends paid by WEA to WAT are subject to United States dividend withholding tax.

Under current Australian income tax legislation, members of WAT may be entitled to receive a foreign tax credit for United States withholding tax deducted from dividends paid to WAT by WEA.

Deferred tax is provided on all temporary differences at balance sheet date on the differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is realised through continued use or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

(h) Goodwill and deferred tax on acquisitions of property businesses

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses and is not amortised.

The excess of the cost over the net fair value for the Group generally arises as a result of the recognition of deferred taxes based on the difference between the tax cost base and the fair value of net assets acquired. The deferred tax liability recognised at nominal value on acquisition of property businesses generally arises from the recognition of built in capital gains on those properties. Any resultant goodwill which arises from the recognition of these deferred tax liabilities is assessed for impairment at each reporting date. Impairment may arise when the nominal value of deferred taxes on built in capital gains exceeds the fair value of those taxes. Any impairment write down is charged to the income statement subsequent to acquisition.

(i) Financing costs

Financing costs include interest, amortisation of discounts or premiums relating to borrowings and other costs incurred in connection with the arrangement of borrowings. Financing costs are expensed as incurred unless they relate to a qualifying asset. A qualifying asset is an asset which generally takes more than 12 months to get ready for its intended use or sale. In these circumstances, the financing costs are capitalised to the cost of the asset. Where funds are borrowed by the Group for the acquisition or construction of a qualifying asset, the financing costs are capitalised.

Refer to Note 2(o) for other items included in financing costs.

(j) Property development projects and construction contracts for external parties

Property development projects for external parties are carried at the lower of cost or net realisable value. Profit on property development is recognised on a percentage completion basis. These property development projects are included in inventories and represent the value of work actually completed and are assessed in terms of the contract and provision is made for losses, if any, anticipated.

(k) Depreciation and amortisation

Property, plant and equipment and deferred costs are carried at acquisition cost less depreciation and amortisation and any impairment in value. Depreciation and amortisation is applied over the estimated economic life using the straight line method from the date of acquisition or from the time the asset is ready for use. The estimated economic life of items in the asset class property, plant and equipment ranges from three to fifteen years.

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

(i) Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Ground rent obligations for leasehold property that meet the definition of an investment property are accounted for as a finance lease.

(ii) Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the Group are capitalised at the present value of the minimum lease payments under lease and are disclosed as an asset or investment property.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability.

(m) Employee benefits

The liability for employees' benefits to wages, salaries, bonuses and annual leave is accrued to balance date based on the Group's present obligation to pay resulting from the employees' services provided.

(n) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary units are recognised directly in equity as a reduction of the proceeds received.

(o) Derivative financial instruments and financial instruments

The Group utilises derivative financial instruments, including forward exchange contracts, currency options, currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program and are not transacted for speculative purposes. Accounting standards however require compliance with onerous documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, all derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of forward exchange contracts, currency options and cross currency swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to market rates for similar instruments.

Gains or losses arising on the movements in the fair value of cross currency swaps which hedge net investments in foreign operations are recognised in the foreign currency translation reserve. Where a cross currency swap, or portion thereof, is deemed an ineffective hedge for accounting purposes, gains or losses thereon are recognised in the income statement. On disposal of a net investment in foreign operations, the cumulative gains or losses recognised previously in the foreign currency translation reserve are transferred to the income statement.

The accounting policies adopted in relation to material financial instruments are detailed as follows:

i) Financial assets

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short term deposits with an original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and at bank, short term money market deposits and bank accepted bills of exchange readily converted to cash, net of bank overdrafts and short term loans. Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Receivables

Trade and sundry debtors are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade and sundry receivables is reviewed on an ongoing basis. Individual debts that are determined to be uncollectible are written off when identified. An impairment provision for doubtful debts is recognised when there is evidence that the Group will not be able to collect the receivable.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Derivative financial instruments and financial instruments (continued)

ii) Financial liabilities

Payables

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days.

Interest bearing liabilities

Interest bearing liabilities are recognised initially at the fair value of the consideration received less any directly attributable transaction costs. Subsequent to initial recognition, interest bearing liabilities are recorded at amortised cost using the effective interest rate method.

Interest bearing liabilities are classified as current liabilities where the liability has been drawn under a financing facility which expires within one year. Amounts drawn under financing facilities which expire after one year are classified as non current.

Financing costs for interest bearing liabilities are recognised as an expense on an accruals basis.

Other financial liabilities

Other financial liabilities include convertible notes and preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is fair valued through the income statement.

The fair value of convertible notes, preference and convertible preference securities are determined in accordance with generally accepted pricing models using current market prices in accordance with the terms of each instrument as set out in Note 18.

(p) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(q) Earnings per unit

Basic earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units. Diluted earnings per unit is calculated as net profit attributable to members divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(r) Rounding

In accordance with 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.

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 3 PROPERTY REVENUE				
Shopping centre base rent and other property income	**1,591.3**	1,682.8	**–**	–
Amortisation of tenant allowances	**(51.9)**	(56.3)	**–**	–
	1,539.4	1,626.5	**–**	–
NOTE 4 CURRENCY DERIVATIVES				
Net gains or losses on currency derivatives (excluding net fair value gain or (loss) of derivatives not qualifying for hedge accounting)	**(504.4)**	166.6	**(188.8)**	166.6
Net fair value gain or (loss) of derivatives	**151.3**	(359.0)	**(130.8)**	139.6
	(353.1)	(192.4)	**(319.6)**	306.2
NOTE 5 NET PROFIT/(LOSS) ON REALISATION OF ASSETS				
Revenues from asset sales	**1,506.7**	802.4	**–**	11.4
Carrying value of assets sold and capital costs written off	**(1,437.7)**	(814.2)	**–**	–
	69.0	(11.8)	**–**	11.4

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million

NOTE 6 INTEREST INCOME AND FINANCING COSTS

(a) Interest income

Interest income on financial instruments	**44.7**	40.9	**193.2**	177.6
Net fair value gain of interest rate hedges that do not qualify for hedge accounting	**–**	–	**158.4**	–
	44.7	40.9	**351.6**	177.6

(b) Financing costs

Gross financing costs (excluding fair value gain or (loss) of interest rate hedges that do not qualify for hedge accounting):

– Interest bearing liabilities	**(391.1)**	(390.0)	**(0.8)**	(6.3)
– Other financial liabilities	**(13.2)**	(13.3)	**–**	–
Related party financing costs	**(17.3)**	(9.5)	**–**	–
Financing costs capitalised to construction projects	**23.0**	47.0	**–**	–
Financing costs	**(398.6)**	(365.8)	**(0.8)**	(6.3)
Finance leases interest expense	**(3.5)**	(5.3)	**–**	–
Net fair value loss of interest rate hedges that do not qualify for hedge accounting	**(6.6)**	(218.1)	**–**	(217.5)
Interest expense on other financial liabilities	**(130.6)**	(157.0)	**–**	–
Net fair value loss of other financial liabilities	**(61.2)**	(614.6)	**–**	–
	(600.5)	(1,360.8)	**(0.8)**	(223.8)

NOTE 7 TAXATION

(a) Tax expense

Current	**(29.0)**	(34.4)	**(27.6)**	(32.3)
Deferred	**(134.6)**	(255.8)	**(31.2)**	(48.9)
	(163.6)	(290.2)	**(58.8)**	(81.2)

The prima facie tax on profit before tax expense is reconciled to the tax expense provided in the financial statements as follows:

Accounting profit before tax	**962.8**	478.6	**476.4**	808.4
Prima facie withholding tax expense on profit at 15% (31 December 2006: 15%)	**(144.4)**	(71.8)	**(71.5)**	(121.3)
(Loss)/Profit not deductible/assessable	**(19.2)**	(218.4)	**12.7**	40.1
Tax expense	**(163.6)**	(290.2)	**(58.8)**	(81.2)

(b) Deferred tax assets

Unrealised net fair value loss on financial derivatives	**49.3**	28.4	**–**	–
	49.3	28.4	**–**	–

(c) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties	**1,470.0**	1,479.2	**–**	–
Tax effect of book value in excess of the tax cost base of investment in subsidiaries	**–**	–	**743.3**	710.9
Other timing differences	**16.6**	13.9	**–**	–
	1,486.6	1,493.1	**743.3**	710.9

For the Parent Entity a deferred tax expense of $0.9 million (31 December 2006: deferred tax benefit of $41.1 million) was charged directly to the asset revaluation reserve.

	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million
NOTE 8 EARNINGS PER UNIT		
(a) Attributable to members of WAT		
Basic earnings per unit	**41.04**	10.16
Diluted earnings per unit	**40.90**	10.13

The following reflects the income and unit data used in the calculations of basic and diluted earnings per unit:

	Number of units	Number of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(ii)]	**1,947,472,659**	1,854,131,118
Bonus element of security options which are dilutive [(i)]	**6,341,225**	5,663,085
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**1,953,813,884**	1,859,794,203

	$million	$million
Earnings used in calculating basic earnings per unit	**799.2**	188.4
Adjustment to earnings on options which are considered dilutive [(i)]	**–**	–
Earnings used in calculating diluted earnings per unit	**799.2**	188.4

(i) At 31 December 2007, there are 25,704,728 (31 December 2006: 25,825,314) options that have been determined as anti–dilutive for the current period.

(ii) 1,947.5 million (31 December 2006: 1,854.1 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per units. This includes an adjustment for the bonus element of the pro–rata entitlement offer, which was completed in July 2007, being 4.376 million units for the period to July 2007 and 8.641 million units for the full year ended 31 December 2006.

The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 474,484 (31 December 2006: 2,040,784).

(b) Conversions, calls, subscription or issues after 31 December 2007

Since the end of the financial year:

– 7,223 units have been issued as a consequence of the exercise of options; and

– 6,460,687 units have been issued pursuant to the Westfield Group DRP.

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

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	31 Dec 07 $million	31 Dec 06 $million
NOTE 9 DERIVATIVE ASSETS				
Current				
Receivables under cross currency contracts	**–**	9.7	**–**	9.7
Receivables under cross currency contracts with related entities	**25.3**	6.1	**25.3**	6.1
Receivables under forward exchange contracts	**153.4**	133.6	**153.4**	133.6
Receivables on interest rate swaps	**2.3**	2.2	**0.5**	0.7
Receivables on interest rate swaps with related entities	**0.3**	0.1	**0.3**	0.1
	181.3	151.7	**179.5**	150.2
Non Current				
Receivables under cross currency contracts	**118.2**	496.0	**–**	443.1
Receivables under cross currency contracts with related entities	**270.3**	103.4	**270.3**	103.4
Receivables under forward exchange contracts	**79.2**	87.1	**79.2**	87.1
Receivables on interest rate swaps	**626.3**	7.2	**624.3**	6.0
Receivables on interest rate swaps with related entities	**–**	25.3	**–**	25.3
	1,094.0	719.0	**973.8**	664.9
NOTE 10 RECEIVABLES				
Current				
Sundry debtors	**258.1**	50.0	**17.9**	10.6
Dividends receivable	–	–	**144.2**	161.5
Interest bearing loans to related entities	**410.8**	520.9	**1,208.4**	518.9
	668.9	570.9	**1,370.5**	691.0
Non Current				
Sundry debtors	**95.8**	89.1	**–**	–
	95.8	89.1	**–**	–

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million

NOTE 11 PREPAYMENTS AND DEFERRED COSTS

	31 Dec 07	31 Dec 06	**31 Dec 07**	31 Dec 06
Current				
Prepayments and deposits	**16.3**	6.6	**–**	–
Deferred costs – tenant allowances, leasing and others	**69.6**	65.7	**–**	–
	85.9	72.3	**–**	–
Non Current				
Prepayments and deposits	**–**	0.5		
Deferred costs – tenant allowances, leasing and others	**282.0**	282.2	**–**	**–**
	282.0	282.7	–	–

NOTE 12 INVESTMENT PROPERTIES

	31 Dec 07	31 Dec 06	**31 Dec 07**	31 Dec 06
Current				
Investment properties classified as held for sale	**–**	141.4	**–**	–
	–	141.4	**–**	–
Non Current				
Shopping centre investments	**15,646.3**	16,752.7	**–**	–
Development projects	**1,034.6**	847.8	**–**	–
	16,680.9	17,600.5	**–**	–

	31 Dec 07	31 Dec 06
Movement in current and non current investment properties		
Balance at the beginning of the year	**17,741.9**	16,976.1
Acquisition of properties	**483.1**	360.6
Acquisition of assets and property investments from related entities	**–**	527.7
Disposal of properties	**(1,227.4)**	(751.3)
Transfer from equity accounted investment properties	**–**	107.5
Redevelopment costs	**912.6**	1,082.5
Net revaluation increment	**497.2**	675.5
Retranslation of foreign operations	**(1,726.5)**	(1,236.7)
Balance at the end of the year	**16,680.9**	17,741.9

A reconciliation of investment properties at market value to the carrying value is shown below:	**31 Dec 07**	31 Dec 06
Investment properties at market value	**17,005.8**	18,068.2
Add ground leases included as finance leases	**49.2**	55.2
Less amounts included in deferred costs and receivables	**(374.1)**	(381.5)
Carrying value of current and non current investment properties	**16,680.9**	17,741.9

Investment properties are carried at the Directors' determination of fair value based on annual independent valuations where appropriate. This is determined by the investment's original acquisition cost together with capital expenditure since acquisition or latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition. Differences between the carrying value and the independent valuation are due to tenant allowances, deferred costs, ground leases and straight line rent recorded separately on the balance sheet.

A full independent valuation of a shopping centre is conducted at least once every three years and confirmed annually. Independent valuations are conducted in accordance with Uniform Standards of Professional Appraisal Practice in the United States.

Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees, etc.) and capital expenditure in respect of completed projects which has taken place since, or has not been included in the latest valuation of the shopping centres. During the period between full independent valuations, the shopping centre valuations are generally independently updated on the most recent independent valuation of the shopping centre in conjunction with current financial information to prepare an update valuation using both the capitalisation of net income method and the discounting of future net cash flows to their present value method. A formal inspection of the property is performed where a material physical change has occurred.

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

Name of entity	Type of equity	Balance Date	Economic Interest 31 Dec 07	Economic Interest 31 Dec 06	Consolidated Carrying Value 31 Dec 07 $million	Consolidated Carrying Value 31 Dec 06 $million
(a) Equity accounted entities' carrying value						
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%	**171.6**	189.7
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%	**526.7**	385.1
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%	**226.9**	240.7
North Bridge	Partnership units	31 Dec	**–**	33.3%	**–**	83.7
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%	**143.5**	169.5
UTC	Partnership units	31 Dec	**50.0%**	50.0%	**184.3**	193.0
Valencia Town Centre	Partnership units	31 Dec	**50.0%**	50.0%	**60.2**	65.6
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%	**438.2**	435.0
Other retail and property investments	Units/shares	31 Dec	**–**	46.0%	**–**	22.2
Total equity accounted investments					**1,751.4**	1,784.5

All equity accounted property partnerships, trusts and companies operate solely as retail property investors in the United States.

	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million
(b) Details of the Group's aggregate share of equity accounted entities' net profit		
Property revenue	**230.2**	223.3
Property revaluations	**222.4**	169.9
Total revenue and other income	**452.6**	393.2
Property expenses and outgoings	**(72.1)**	(62.3)
Interest and tax expense	**(58.8)**	(48.3)
Share of after tax profits of equity accounted entities	**321.7**	282.6
(c) Details of the Group's aggregate share of equity accounted entities' assets and liabilities		
Cash	**42.2**	39.3
Receivables	**8.7**	10.3
Shopping centre investments	**2,585.0**	2,736.3
Development projects	**80.0**	86.3
Other assets	**30.1**	69.3
Total assets	**2,746.0**	2,941.5
Payables	**(70.8)**	(42.3)
Interest bearing liabilities	**(923.8)**	(1,114.7)
Total liabilities	**(994.6)**	(1,157.0)
Net assets	**1,751.4**	1,784.5
(d) Details of the Group's aggregate share of equity accounted entities' lease commitments		
Operating lease receivables		
Future minimum rental revenues under non–cancellable operating retail property leases		
Due within one year	**133.3**	136.0
Due between one year and five years	**452.5**	456.2
Due after five years	**335.5**	373.3
	921.3	965.5
(e) Details of the Group's aggregate share of equity accounted entities' capital expenditure commitments		
Estimated capital expenditure commitments in relation to development projects		
Due within one year	**50.2**	61.9
Due between one and five years	**21.8**	–
	72.0	61.9
(f) Details of the Group's aggregate share of equity accounted entities' contingent liabilities		
Performance guarantees	**1.9**	2.3
	1.9	2.3

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million

NOTE 14 OTHER INVESTMENTS

Unlisted investments	**581.6**	107.7	**–**	–
Investment in subsidiaries	**–**	–	**6,953.6**	7,202.0
	581.6	107.7	**6,953.6**	7,202.0
Movement in other investments				
Balance at the beginning of the year	**107.7**	116.1	**7,202.0**	7,682.6
Additions	**481.8**	–	**–**	–
Transferred from equity accounted entities	**11.3**	–	**–**	–
Net revaluation decrement	**(8.1)**	–	**(248.4)**	(480.6)
Retranslation of foreign operations	**(11.1)**	(8.4)	**–**	–
Balance at the end of the year	**581.6**	107.7	**6,953.6**	7,202.0

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

At cost	**97.3**	88.2	–	–
Accumulated depreciation	**(15.8)**	(7.0)	–	–
Total property, plant and equipment	**81.5**	81.2	–	–
Movement in property, plant and equipment				
Balance at the beginning of the year	**81.2**	–	**–**	–
Additions	**67.7**	89.7	**–**	–
Disposals	**(45.9)**	–	**–**	–
Depreciation expense	**(12.9)**	(7.0)	**–**	–
Retranslation of foreign operations and other differences	**(8.6)**	(1.5)	**–**	–
Balance at the end of the year	**81.5**	81.2	**–**	–

NOTE 16 PAYABLES

Current				
Trade, sundry creditors and accruals	**536.0**	443.2	**58.7**	4.3
Other payables to related entities	**26.4**	2.7	**2.2**	1.1
	562.4	445.9	**60.9**	5.4
Non Current				
Sundry creditors and accruals	**137.6**	26.6	**–**	–
	137.6	26.6	**–**	–

NOTE 17 INTEREST BEARING LIABILITIES

Current				
Unsecured				
Notes payable – US$ (ii)	**–**	316.6	**–**	–
Loans from related entities	**667.1**	–	**–**	–
Secured				
Bank loans (iv)	**358.0**	161.1	**–**	–
	1,025.1	477.7	**–**	–
Non Current				
Unsecured				
Bank loans (i)	**363.2**	139.3	**90.0**	–
Notes payable				
– US$ (ii)	**2,788.8**	3,102.8	**–**	–
– € (iii)	**670.4**	667.2	**–**	–
Finance leases	**48.8**	55.2	**–**	–
Secured				
Bank loans (iv)	**3,309.0**	4,253.7	**–**	–
	7,180.2	8,218.2	**90.0**	–

The maturity profile in respect of current and non current interest bearing liabilities (excluding other financial liabilities) is set out below:

Due within one year	**1,025.1**	477.7	**–**	–
Due between one and five years	**4,086.0**	2,995.9	**90.0**	–
Due after five years	**3,094.2**	5,222.3	**–**	–
	8,205.3	8,695.9	**90.0**	–

NOTE 17 INTEREST BEARING LIABILITIES (CONTINUED)

The Group maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt.

Refer Note 32(iii) for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

(i) These instruments are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(ii) Notes payable – US$

Guaranteed Senior Notes of US$3,600.0 million were issued in the US 144A bond market by the Westfield Group. The issue comprised US$1,400.0 million, US$900.0 million, US$700.0 million and US$600.0 million of fixed rate notes maturing 2014, 2016, 2010 and 2012 respectively. The Group was assigned US$2,450.0 million, comprising US$850.0 million, US$900.0 million, US$100.0 million and US$600.0 million fixed rate notes maturing 2014, 2016, 2010 and 2012 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iii) Notes payable – €

Guaranteed Notes of €600.0 million were issued in the European bond market by the Westfield Group. The issue comprised €600.0 million fixed rate notes maturing 2012, of which the Group was assigned €400.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iv) Secured liabilities

Current and non current secured liabilities are $3,667.0 million (31 December 2006: $4,414.8 million). Secured liabilities are borrowings secured by mortgages over properties that have a fair value of $11.5 billion (31 December 2006: $13.0 billion). These properties are as follows: Annapolis, Belden Village, Broward, Century City, Citrus Park, Countryside, Downtown Plaza, Eastland, Fox Hills, Fox Valley, Franklin Park, Galleria at Roseville, Gateway, Great Northern, Hawthorn, Horton Plaza, Louis Joliet, Main Place, Meriden, Mission Valley, Mission Valley West, Old Orchard, Parkway, Plaza Bonita, Plaza Camino Real, San Francisco Center, Santa Anita, Solano, South Shore, Southcenter, Southlake, Southpark, Vancouver, West Covina and Westland.

The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Consolidated	
	31 Dec 07 $million	31 Dec 06 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**15,498.5**	13,778.9
Amounts utilised	**(8,417.0)**	(8,727.6)
Available financing facilities	**7,081.5**	5,051.3
Cash	**79.5**	35.4
Financing resources available at the end of the year	**7,161.0**	5,086.7
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,025.1**	477.7
Due between one year and five years	**8,544.4**	8,078.9
Due after five years	**5,929.0**	5,222.3
	15,498.5	13,778.9

These facilities comprise fixed and floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude redeemable preference shares set out in Note 18.

Amounts utilised include overdraft, borrowings and bank guarantees. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The Group as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $7,081.5 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

		Consolidated	
	Note	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 18 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	18(a)	**426.2**	–
		426.2	–
Non Current			
Convertible redeemable preference shares	18(a)	**2,305.8**	3,287.7
Other redeemable preference shares/units	18(b)	**327.5**	322.0
		2,633.3	3,609.7

The above fair values are based on the underlying legal agreements for each financial liability and take into account the redemption value of the securities.

NOTE 18 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares ("CPS")

The CPS comprise: (i) Series G convertible preference shares ("Series G CPS"); (ii) Series D convertible preference shares ("Series D CPS"); (iii) Series G partnership preferred units ("Series G units") issued to the Jacobs Group; (iv) Series I partnership preferred units ("Series I units"); (v) Series J partnership preferred units ("Series J units"); (vi) partnership preferred units and investor unit rights in the Operating Partnership; (vii) Series F preferred shares; and (viii) foreign currency denominated common shares convertible into stapled securities.

The Series G CPS that were issued in August and December 1998 were issued at a price of US$180.00 each and are not quoted on any stock exchange.

The holders of the Series D CPS and Series G 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 1.5% per annum in 2002 and at 3% per annum thereafter; and (ii) the US$ equivalent of the distribution on the number of stapled securities into which the preference shares are then exchangeable.

Each Series G CPS is convertible into 10 shares of Series A common stock ("Series A common shares") in WEA (subject to adjustment for dilution etc). The Series G CPS are entitled to one–tenth of a vote per Series G CPS on all matters submitted to a vote of the holders of the common shares and Series A common shares in WEA. The Series A common shares will pay a dividend equal to the US$ equivalent of the distribution on the number of stapled securities into which such Series A common shares are then exchangeable. 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.

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 date of May of 2005 and each year thereafter in an amount up to US$25 million at any one time.

In November 2007, the Group repurchased 120,586 Series G CPS from Security Capital Preferred Growth Incorporated ("SCPG") for cash consideration of US$80.0 million. In connection with the partial repurchase of Series G CPS, 120,586 Series G Special Options were cancelled for nil consideration.

As at 31 December 2007, SCPG hold 307,729 (31 December 2006: 428,315) Series G CPS and 307,729 (31 December 2006: 428,315) Series G Special Options. Each Special Option allows SCPG to exchange 1 Series G CPS for 34.6632 stapled securities.

The Series G CPS are redeemable by WEA at any time after 12 August 2008 at 100% of the liquidation preference. If WEA is wound up, Series G CPS will carry with it a liquidation preference of US$180.00 per security or US$55,391,220.

Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. 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 date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.

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

In October 2007, the Jacobs Group redeemed 2,943,277 Series G units for cash consideration of US$101.7 million. As at 31 December 2007, the Jacobs Group holds 10,448,066 (31 December 2006: 13,391,343) Series G units in the Operating Partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

In July 2005, the Operating Partnership issued 1,401,426 Series I units in connection with the acquisition of the Sunrise Mall. At any time after the earlier of (i) 21 July 2007, (ii) dissolution of the Operating Partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the Operating Partnership to redeem its Series I units, at WAT's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

In March 2007, 666,591 Series J units were redeemed for cash consideration of US$31.9 million. As at 31 December 2007, 1,538,481 (31 December 2006: 2,205,072) Series J units are outstanding. At the holder's discretion, such holder has the right to require the Operating Partnership to redeem its Series J units, at WAT's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

The Partnership preferred units and investor unit rights in the Operating Partnership have a fixed life and are able to be redeemed in cash.

The Series F preferred shares are able to be redeemed in cash and are able to be converted into stapled securities with the exercise of Series F – Special Options (refer Note 21).

The foreign currency denominated common shares are able to be converted into stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 21).

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) partnership interest in the Urban Shopping Centres, L.P. ("the Urban OP"); (ii) Series H–1 Partnership Preferred Units ("Series H–1 units"); (iii) a Preferred Partnership in Head Acquisition L.P. ("Head LP"); (iv) Series A Partnership Preferred Units ("Series A units"); and (v) limited partnership interests in certain properties.

In connection with the acquisition of RNA, WEA, Rouse and Simon acquired a 94.44% general partnership interest of the Urban OP. WEA's share of the general partnership interest is 54.2%. 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 former partners in the San Francisco Centre held 360,000 Series H units in the Operating Partnership. The Series H units are entitled to receive quarterly distributions equal to US$1.4944 per Series H unit. In September 2006, the Partnership elected to pay a special cash distribution of US$75.3561 per Series H units which resulted in the conversion of each Series H unit to an equivalent number of Series H–1 units.

Each Series H–1 unit is 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.

In September 2003, WEA sold its entire interest in WEA HRE–Abbey, Inc. In connection with the transaction, the acquirer has a preferred limited partner interest in Head L.P. The holder of this interest receives a rate of return per annum equal to 3–month LIBOR plus 0.90%.

In October 2006 and in connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

The limited partnership interests in certain properties have a fixed life and an obligation to distribute available funds.

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 19 DERIVATIVE LIABILITIES				
Current				
Payables under forward exchange contracts	**0.9**	–	**0.9**	–
Payables under forward exchange contracts to related entities	**29.6**	5.3	**29.6**	5.3
Payables on interest rate swaps	**29.4**	0.8	**16.5**	–
	59.9	6.1	**47.0**	5.3
Non Current				
Payables under forward exchange contracts	**9.0**	168.0	**9.0**	168.0
Payables under forward exchange contracts with related entities	**–**	8.9	**–**	8.9
Payables on interest rate swaps	**749.8**	300.8	**430.2**	110.1
Payables on interest rate swaps with related entities	**106.1**	8.1	**106.1**	8.1
	864.9	485.8	**545.3**	295.1

	Units	Units	**Units**	Units
NOTE 20 CONTRIBUTED EQUITY				
(a) Number of units on issue				
Balance at the beginning of the year	**1,854,838,309**	1,831,268,413	**1,854,838,309**	1,831,268,413
Distribution reinvestment plan	**11,532,131**	18,311,724	**11,532,131**	18,311,724
Units issued on the exercise of options	**3,593,579**	5,258,172	**3,593,579**	5,258,172
Pro–rata entitlement offer	**155,315,958**	–	**155,315,958**	–
Balance at the end of the year	**2,025,279,977**	1,854,838,309	**2,025,279,977**	1,854,838,309

Stapled securities have the right to receive dividends from WHL and distributions from WAT and WT and, in the event of winding up WHL, WAT and WT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on stapled securities held.
Holders of stapled securities can vote their shares or units in accordance with the Act, either in person or by proxy, at a meeting of either WHL, WAT and WT (as the case may be).

	$million	$million	**$million**	$million
(b) Movement in contributed equity attributable to members of WAT				
Balance at the beginning of the year	**6,203.8**	6,058.6	**5,723.8**	5,578.6
Distribution reinvestment plan	**89.9**	124.5	**89.9**	124.5
Units issued on the exercise of options	**14.0**	20.7	**14.0**	20.7
Pro–rata entitlement offer	**1,035.5**	–	**1,035.5**	–
Costs associated with the pro–rata entitlement offer	**(14.9)**	–	**(14.9)**	–
Balance at the end of the year	**7,328.3**	6,203.8	**6,848.3**	5,723.8

Since the end of the year:
– 7,223 (31 December 2006: 2,971,107) stapled securities have been issued by the Westfield Group for a cash consideration of $0.1 million (31 December 2006: $40.0 million) as a consequence of the exercise of options, WAT's share is $0.1 million (31 December 2006: $11.5 million); and
– 6,460,687 (31 December 2006: 11,532,131) stapled securities have been issued by the Westfield Group for a cash consideration of $112.7 million (31 December 2006: $262.9 million) pursuant to the Westfield Group DRP, WAT's share is $33.2 million (31 December 2006: $89.9 million).

	Note	**31 Dec 07 No. of options**	**31 Dec 07 Weighted average exercise price $**	31 Dec 06 No. of options	31 Dec 06 Weighted average exercise price $
NOTE 21 SHARE BASED PAYMENTS					
(a) Options on issue					
– Executive options	21(i)	**239,965**	**4.36**	356,200	4.26
– WT 2009 options	21(ii)	**223,400**	**3.82**	271,400	3.84
– Series F Special options	21(iii)	**52,500**	**3.08**	52,500	4.84
– Series G Special options	21(iv)	**307,729**	**2.71**	428,315	4.26
– Series G1 Special options	21(v)	**277,778**	**2.71**	277,778	4.26
– Series H Special options	21(vi)	**11,805,862**	**3.09**	14,070,072	4.85
– Series I Special options	21(vii)	**13,260,859**	**2.98**	13,260,859	4.67
		26,168,093	**3.14**	28,717,124	4.56

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options on issue (continued)

	31 Dec 07 No. of options	**31 Dec 07 Weighted average exercise price $**	31 Dec 06 No. of options	31 Dec 06 Weighted average exercise price $
Movement in options on issue				
Balance at the beginning of the year	**28,717,124**	**4.56**	29,383,124	4.18
Movement in Executive options				
Options exercised during the year				
– extinguished by issuance of new units	**–**	**–**	(140,000)	4.32
– extinguished by payment of cash equal to the difference between market value and the exercise price	**(7,500)**	**4.44**	(232,500)	4.30
– extinguished by issuance of new units for $nil consideration equal to the difference between market value and the exercise price	**(108,750)**	**6.09**	(176,500)	4.67
Options lapsed during the year	**–**	**–**	(47,500)	–
Additional options granted due to pro–rata entitlement offer	**15**	**–**	–	–
Movement in WT 2009 Options				
Options exercised during the year				
– extinguished by issuance of new units	**(48,000)**	**3.84**	(69,500)	3.84
Movement in Series G Special options				
Options exercised during the year				
– extinguished by payment of cash equal to the difference between market value and the exercise price	**(120,586)**	**5.49**	–	–
Movement in Series H Special options				
Options cancelled during the year				
– cancelled for $nil consideration	**(2,264,210)**	**–**	–	–
Balance at the end of the year [(a)]	**26,168,093**	**3.14**	28,717,124	4.56

(a) At 31 December 2007, the 26,168,093 (31 December 2006: 28,717,124) options on issue were convertible to 127,597,068 (31 December 2006: 131,279,464) Westfield Group stapled securities.

(i) Executive Options

The options issued to WHL were in relation to options WHL had issued to its executives (ie. 1,479,900 as at 16 July 2004).

Executive Option Plans

Issue date	Expiry date	Exercise price [(i)]	Note	**Number exercisable at 31 Dec 07**	**Number on issue at 31 Dec 07**	Number exercisable at 31 Dec 06	Number on issue at 31 Dec 06
25 Oct 2002	25 Oct 2007	–	(a)	**–**	**–**	12,500	47,500
20 Dec 2002	20 Dec 2007	–	(a)	**–**	**–**	13,750	31,250
19 Aug 2003	19 Aug 2008	$4.440	(a)	**–**	**15,000**	–	22,500
1 Sep 2003	1 Sep 2008	$4.428	(a)	**80,650**	**197,550**	27,200	202,550
1 Sep 2003	1 Sep 2008	$0.000	(b)	**1,200**	**2,415**	600	2,400
13 Nov 2003	13 Nov 2008	$4.213	(a)	**–**	**25,000**	12,500	50,000
				81,850	**239,965**	66,550	356,200

[(1)] There is a decrease in exercise price $0.04 due to pro–rata entitlement offer.

(a) Under the terms of the Westfield Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the third anniversary of their respective grant dates, 25% of these options may be exercised at any time after the fourth anniversary of their grant dates and the remaining 50% of these options may be exercised on the fifth anniversary of their grant dates.

(b) Under the terms of the Westfield Executive Performance Share Plan under which these options were granted, 25% of these awards may be exercised at any time after the third anniversary of their respective grant dates, 25% of these awards may be exercised at any time after their fourth anniversary of their grant dates and the remaining 50% of these awards may be exercised on their fifth anniversary of their grant dates.

Under the rules of the Westfield Executive Option Plan and the Westfield Executive Performance Share Plan the exercise of an executive option can be satisfied in one of the following ways:

(i) issuing or transferring a Westfield Group stapled security to the executive option or award holder;

(ii) paying the executive option or award holder an amount equal to the difference between the market value of a Westfield Group stapled security 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

(iii) issuing or transferring Westfield Group stapled securities to the executive option holder equal to the value of the Profit Element.

These options and awards have no entitlement to dividends/distributions of the Westfield Group. The fair value of each executive option granted is measured at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The Parent Entity and the Responsible Entity of WT have each granted options to WHL to enable WHL to satisfy its obligations to deliver the stapled securities to the holders of the executive options on exercise of that executive option. The price reimbursable by WHL to the Parent Entity is as shown in the above table (being 28.7% of the exercise price of this WHL option).

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options on issue (continued)

(ii) WT 2009 Options

On 16 July 2004, WAT issued options to WT in relation to options issued by WT to Deutsche Bank AG Sydney Branch ("WT 2009 Options"). The WT 2009 Options are exercisable at any time between 1 January 2004 and 5 January 2009. Any financial liability associated with these options is recorded in WT.

The strike price under each option is $13.3094. In accordance with the terms of the deed for the WT 2009 Options the previous strike price of $13.3928 was reduced by $0.0834 as a result of the pro–rata entitlement offer which was completed in July 2007. The Responsible Entity of WT has the discretion to elect to satisfy the exercise of a WT 2009 Option through the issue of stapled securities or cash. The number of securities to be issued on exercise of a WT 2009 Option will be calculated by dividing $1,000 being the exercise price per WT 2009 Option by the strike price (as may be amended from time to time).

The cash amount is calculated by reference to the volume weighted average price per stapled security over a 10 day period (adjusted for distributions) to which the relevant holder of a WT 2009 Option would have been entitled.

The price reimbursable by WT to the Parent Entity is $287.0 (28.7% of the exercise price of the WT 2009 Option).

During the year, Deutsche Bank exercised 48,000 (31 December 2006: 69,500) WT 2009 Options. The options were extinguished by the issuance of 3,554,918 (31 December 2006: 5,096,518) stapled securities at a weighted average issued price of $21.67 (31 December 2006: $17.50). WAT's share of this issue price was $3.88 (31 December 2006: $3.91).

(iii) 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. Each Series F Special Option entitles the holder the right to be issued 157.35 fully paid stapled securities in exchange for either US$1,000 ($1,138.31) or 1 Series F Cumulative Preferred Stock ('Series F Preferred Share') in WEA. As at 31 December 2007 and 31 December 2006, there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 stapled securities.

As the Series F Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iv) Series G – Special Options

The Series G 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. Each Series G Special Option entitles the holder to deliver a Series G CPS (or the number of Series A common shares into which a Series G CPS has been converted). On exercise the holder of a Series G Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series G CPS, the holder delivers the number of WEA Series A common shares into which a Series G CPS has been converted. As at 31 December 2007 there were 307,729 (31 December 2006: 428,315) Series G Special Options on issue which are exchangeable for 10,666,872 (31 December 2006: 14,846,769) stapled securities.

As the Series G Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(v) Series G1 – Special Options

The Series 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. Each Series G1 Special Option entitles the holder to deliver a Series D CPS (or the number of common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2007 and 31 December 2006, there were 277,778 Series G1 Special Options on issue which are exchangeable for 9,628,674 stapled securities.

As the Series G1 Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(vi) Series H – Special Options

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. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049065 stapled securities. As at 31 December 2007 there were 11,805,862 (31 December 2006: 14,070,072) Series H Special Options on issue which are exchangeable for 35,996,841 (31 December 2006: 35,996,841) stapled securities.

As the Series H Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(vii) Series I – Special Options

The Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of WAT. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.161595 stapled securities. As at 31 December 2007 and 31 December 2006, there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 stapled securities.

As the Series I Special Options are A$ options and are associated with foreign currency debt, they have been classified as a derivative financial liability and have been fair valued through the income statement.

(viii) Stapling Options

At the time of the Merger, each of WAT, WHL and WT had options on issue. Pursuant to the Merger Implementation Deed, each of WAT, WHL and WT have issued options to each other to enable each entity to satisfy the delivery of a stapled security on exercise of options currently on issue in each of those entities.

(ix) Other

Of the stapling options issued to WAT, 25,704,728 options remain from WT and the same from WHL to enable WAT to satisfy the delivery of a stapled security on exercise of the special options issued by WAT that are on issue.

The voting entitlements of the Special Options are determined in accordance with Section 253F of the Corporations Act 2001.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options on issue (continued)

(x) Details of movements in options since 31 December 2007 and the date of this report

	Number of Options
Options on issue at 31 December 2007	26,168,093
WT 2009 Options	
– extinguished by issuance of new units	(100)
Balance of options on issue at the date of this report	26,167,993

(b) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan

Grant date	Vesting date	Conversion price at grant date	Conversion price at reinvestment date	**Awards granted($) 31 Dec 07**	**Number of award units 31 Dec 07**
1 Jan 2005	1 Jan 2008	$15.70		**2,471,259**	**157,405**
28 Feb 2005	1 Jan 2008		$16.83	**82,400**	**4,896**
31 Aug 2005	1 Jan 2008		$17.10	**83,363**	**4,875**
28 Feb 2006	1 Jan 2008		$17.68	**93,315**	**5,278**
31 Aug 2006	1 Jan 2008		$18.20	**94,494**	**5,192**
28 Feb 2007	1 Jan 2008		$21.17	**92,386**	**4,364**
31 Aug 2007	1 Jan 2008		$21.34	**97,396**	**4,564**
1 Jul 2005	1 Jul 2008	$17.63		**129,492**	**7,345**
31 Aug 2005	1 Jul 2008		$17.10	**3,762**	**220**
28 Feb 2006	1 Jul 2008		$17.68	**4,208**	**238**
31 Aug 2006	1 Jul 2008		$18.20	**4,259**	**234**
28 Feb 2007	1 Jul 2008		$21.17	**4,192**	**198**
31 Aug 2007	1 Jul 2008		$21.34	**4,396**	**206**
1 Jan 2007	31 Dec 2008	$19.35		**382,317**	**19,758**
28 Feb 2007	31 Dec 2008		$21.17	**10,289**	**486**
31 Aug 2007	31 Dec 2008		$21.34	**10,819**	**507**
1 Jan 2006	1 Jan 2009	$17.34		**4,096,315**	**236,235**
28 Feb 2006	1 Jan 2009		$17.68	**131,716**	**7,450**
31 Aug 2006	1 Jan 2009		$18.20	**133,406**	**7,330**
28 Feb 2007	1 Jan 2009		$21.17	**130,555**	**6,167**
31 Aug 2007	1 Jan 2009		$21.34	**137,728**	**6,454**
1 Jan 2007	31 Dec 2009	$19.35		**9,807,431**	**506,844**
28 Feb 2007	31 Dec 2009		$21.17	**265,006**	**12,518**
31 Aug 2007	31 Dec 2009		$21.34	**278,060**	**13,030**
25 Sep 2006	25 Sep 2010	$18.50		**400,000**	**21,622**
28 Feb 2007	25 Sep 2010		$21.17	**11,262**	**532**
31 Aug 2007	25 Sep 2010		$21.34	**11,801**	**553**
1 Jan 2006	1 Jan 2011	$17.34		**6,312,107**	**364,020**
28 Feb 2006	1 Jan 2011		$17.68	**202,047**	**11,428**
31 Aug 2006	1 Jan 2011		$18.20	**204,623**	**11,243**
28 Feb 2007	1 Jan 2011		$21.17	**201,094**	**9,499**
31 Aug 2007	1 Jan 2011		$21.34	**210,989**	**9,887**
1 Jan 2007	31 Dec 2011	$19.35		**9,238,038**	**477,418**
28 Feb 2007	31 Dec 2011		$21.17	**248,409**	**11,734**
31 Aug 2007	31 Dec 2011		$21.34	**260,540**	**12,209**
				35,849,474	**1,941,939**

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Deferred Award and Partnership Incentive Plans (continued)

(i) The Executive Deferred Award Plan (continued)

	Number of award units 31 Dec 07	Weighted average conversion price($) 31 Dec 07
Movement in Executive Deferred Awards		
Balance at the beginning of the year	1,010,923	17.17
Awards issued during the year	1,035,909	19.35
Distribution reinvested as awards during the year	97,738	21.25
Awards exercised during the year	(85,895)	17.63
Awards lapsed during the year	(116,736)	18.17
Balance at the end of the year	1,941,939	18.46

The Executive Deferred Awards ("EDA") Plan is a plan in which senior and high performing executives participate. The fair value of the EDA is measured at each reporting date using inputs that include the number of employees remaining in service, volume weighted average of the Westfield Group stapled security prices, distribution policy and growth assumptions during the vesting period.

Refer to Note 41 for further details concerning Key Management Personnel remuneration disclosures in relation to EDA.

(ii) The Partnership Incentive Plan

Grant date	Vesting date	Conversion price at grant date	Conversion price at reinvestment date	Awards granted($) 31 Dec 07	Number of award units 31 Dec 07
1 Jan 2005	1 Jan 2010	$15.70		**3,744,525**	**238,515**
28 Feb 2006	1 Jan 2010		$17.68	**132,423**	**7,490**
31 Aug 2006	1 Jan 2010		$18.20	**134,098**	**7,368**
28 Feb 2007	1 Jan 2010		$21.17	**131,804**	**6,226**
31 Aug 2007	1 Jan 2010		$21.34	**138,283**	**6,480**
1 Jan 2006	1 Jan 2011	$17.34		**3,980,386**	**229,555**
28 Feb 2007	1 Jan 2011		$21.17	**119,420**	**5,641**
31 Aug 2007	1 Jan 2011		$21.34	**125,287**	**5,871**
1 Jan 2007	1 Jan 2012	$19.35		**4,637,615**	**239,705**
				13,143,841	**746,851**

	Number of award units 31 Dec 07	Weighted average conversion price($) 31 Dec 07
Movement in Partnership Incentives		
Balance at the beginning of the year	**482,928**	**16.55**
Incentives issued during the year	**239,705**	**19.35**
Distribution reinvested as awards during the year	**24,218**	**21.26**
Balance at the end of the year	**746,851**	**17.60**

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Deferred Award and Partnership Incentive Plans (continued)

(ii) The Partnership Incentive Plan (continued)

The senior leadership team of the Westfield Group participate in the Partnership Incentive Plan ("PIP"). The Executive Chairman does not participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Westfield Group achieving the performance hurdles, number of employees remaining in service, volume weighted average of the Westfield Group stapled security prices, distribution policy and growth assumption during the vesting period.

Refer to Note 41 for further details concerning Key Management Personnel remuneration disclosures in relation to the PIP.

Accounting for Share Based Payments

The Annual Report of the Westfield Group and the remuneration disclosures in this note and Note 41 disclose the full cost to unitholders of the grant of awards under the Westfield Group's equity–linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the grant is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and share price increases are made for the purposes of estimating the Westfield Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award.

At the end of each accounting period the awards are fair valued on the basis of the then current share price and the assumptions made in previous years are reconsidered having regard to any changes in circumstances. This process may result in a variation of the estimate of the future liability of the Westfield Group with respect to that award and an increase or decrease in the amortisation. For example, in any year, where the share price increases at a rate which is greater than the estimate made in the original model, the implied increase in value of the awards at the date of maturity will result in an increase in the amount of amortisation. The full amount of that amortisation is then included in the Annual Report.

During the year, $17.4 million was charged to the income statement as gross amortisation in respect of share based payments.

	Consolidated		**Parent Entity**	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million

NOTE 22 RESERVES

Foreign currency translation reserve	**(429.8)**	132.9	**–**	–
Asset revaluation reserve	**–**	–	**1,155.6**	1,452.0
Balance at the end of the year	**(429.8)**	132.9	**1,155.6**	1,452.0

Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.

Balance at the beginning of the year	**132.9**	206.4	**–**	–
Foreign exchange movement				
– translation of foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**(562.7)**	(73.5)	**–**	–
Balance at the end of the year	**(429.8)**	132.9	**–**	–

Movement in asset revaluation reserve

The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.

Balance at the beginning of the year	**–**	–	**1,452.0**	1,891.5
Revaluation decrement	**–**	–	**(248.4)**	(480.6)
Deferred tax	**–**	–	**(0.9)**	41.1
Amounts transferred to retained profits during the year	**–**	–	**(47.1)**	–
Balance at the end of the year	**–**	–	**1,155.6**	1,452.0

NOTE 23 RETAINED PROFITS

Balance at the beginning of the year	**609.0**	1,423.8	**532.3**	808.3
Amounts transferred from asset revaluation reserve	**–**	–	**47.1**	–
Profit after tax expense	**799.2**	188.4	**417.6**	727.2
Distributions paid	**(997.0)**	(1,003.2)	**(997.0)**	(1,003.2)
Balance at the end of the year	**411.2**	609.0	**0.0**	532.3

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 24 CASH AND CASH EQUIVALENTS				
(a) Components of cash and cash equivalents				
Cash	**79.5**	35.4	**4.4**	2.7
Total cash and cash equivalents	**79.5**	35.4	**4.4**	2.7
(b) Reconciliation of profit after tax expense to net cash flows from operating activities				
Profit after tax expense	**799.2**	188.4	**417.6**	727.2
Property revaluations	**(489.1)**	(675.5)	**–**	–
Share of associates' profit in excess of dividends/distributions	**(235.5)**	(149.1)	**–**	–
Net fair value (gain) or loss of derivatives	**456.9**	329.8	**423.4**	(168.8)
Deferred tax expense	**134.6**	255.8	**31.2**	48.9
Borrowing costs	**600.5**	1,360.8	**0.8**	223.8
Interest income	**(44.7)**	(40.9)	**(351.6)**	(177.6)
Net (profit)/loss on realisation of assets	**(69.0)**	11.8	**–**	(11.4)
(Increase)/decrease in working capital attributable to operating activities	**52.7**	(18.8)	**26.6**	11.8
Net cash flows from operating activities	**1,205.6**	1,262.3	**548.0**	653.9

c) Non–cash investing activities

On 16 October 2007, the Group contributed three centres to a new joint venture vehicle managed and controlled by CBL & Associates Properties, Inc. in return for a preferred minority limited partner interest of US$423.2 million.

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 25 DISTRIBUTIONS				
(a) Final distribution proposed				
87% estimated tax advantaged (31 December 2006: 46% tax advantaged) (i) (ii)	**410.1**	544.4	**410.1**	544.4
	410.1	544.4	**410.1**	544.4

Interim distributions were paid on 28 August 2007. The final proposed distribution was paid on 29 February 2008. The record date for these distributions was 5pm, 15 February 2008. The Westfield Group DRP was in operation for the distribution paid on 29 February 2008. DRP securities issued during the period rank for distribution from the first day following the date on which they are issued. The record date for participation in the DRP for the distribution payable on 29 February 2008 was 5pm, 15 February 2008.

(b) Distributions paid during the period				
Distribution in respect of the six months to 30 June 2007 (i)	**452.6**	–	**452.6**	–
Distribution in respect of the six months to 31 December 2006	**544.4**	–	**544.4**	–
Distribution in respect of the six months to 30 June 2006 (i)	**–**	466.6	**–**	466.6
Distribution in respect of the six months to 31 December 2005	**–**	536.6	**–**	536.6
Total distribution paid	**997.0**	1,003.2	**997.0**	1,003.2

(i) Total distribution proposed/paid for the year was $862.7 million (31 December 2006: $1,011.0 million).

(ii) The estimated tax advantaged component reduces the cost base of members' units. If the cost base is reduced to $nil any remaining tax advantaged amounts may be taxable as capital gains.

The distribution per unit for the six months ended 30 June 2007 was A24.25 cents equivalent to US17.89 cents. The distribution per unit for the six months ended 31 December 2007 is A20.25 cents equivalent to US14.94 cents.

NOTE 26 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the property owned by the Group is leased to third–party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

	Consolidated	
	31 Dec 07 $million	31 Dec 06 $million
Future minimum rental revenues under non–cancellable operating retail property leases:		
Due within one year	**843.0**	887.2
Due between one and five years	**2,753.4**	2,892.1
Due after five years	**2,377.4**	2,455.2
	5,973.8	6,234.5

These amounts do not include percentage rentals which may become receivable under certain leases on the basis of retailer sales in excess of stipulated minimums and do not include recovery of outgoings.

Operating lease payable		
Due within one year	**6.8**	5.6
Due between one and five years	**31.5**	22.8
Due after five years	**3.7**	7.8
	42.0	36.2

NOTE 27 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure commitments contracted at balance date but not provided for in relation to development of properties:		
Due within one year	**587.0**	610.6
Due between one and five years	**157.2**	421.2
	744.2	1,031.8

	Consolidated		Parent Entity	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
NOTE 28 CONTINGENT LIABILITIES				
Performance guarantees	**658.2**	430.8	**–**	–
Special tax assessment municipal bonds	**46.9**	64.9	**–**	–
Guaranteed borrowings of controlled entities	**–**	–	**3,822.4**	4,225.9
Guaranteed borrowings of associates of the Responsible Entity	**6,855.2**	8,052.1	**6,855.2**	8,052.1
	7,560.3	8,547.8	**10,677.6**	12,278.0

From time to time, in the normal course of business, the Group is involved in lawsuits. The Directors of the Responsible Entity believe that the ultimate outcome of such pending litigation will not materially affect the results of operations or the financial position of the Group.

NOTE 29 SEGMENT INFORMATION

Business Segment

The business segment reporting format is represented by the following segments:

Operational

Operational segment includes net property income from existing shopping centres and completed developments, revaluation of existing centres, external fee income from third parties (eg. property management and development fees) and other operational expenses.

Development

Development segment includes revaluation of developments, development expenses, expenses relating to review and assessment of new assets, portfolios and corporate acquisitions, income and expenses on properties held for future redevelopment and the expansion of business activities.

Corporate

Corporate segment includes change in value of financial instruments, corporate entity expenses, impact of currency hedging and capital gains and losses.

NOTE 29 SEGMENT INFORMATION (CONTINUED)

	Operational		Development		Corporate		Consolidated	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Revenue								
Property revenue	**1,517.0**	1,625.8	**22.4**	0.7	**–**	–	**1,539.4**	1,626.5
Property development and project management revenue	**77.9**	36.0	**–**	–	**–**	–	**77.9**	36.0
	1,594.9	1,661.8	**22.4**	0.7	**–**	–	**1,617.3**	1,662.5
Share of after tax profits of equity accounted entities (ii)								
Net operating income	**156.2**	158.3	**1.9**	2.7	**–**	–	**158.1**	161.0
Net interest and tax expense	**(55.9)**	(43.8)	**(2.9)**	(4.5)	**–**	–	**(58.8)**	(48.3)
	100.3	114.5	**(1.0)**	(1.8)	**–**	–	**99.3**	112.7
Total segment revenue and other income (i)	**1,695.2**	1,776.3	**21.4**	(1.1)	**–**	–	**1,716.6**	1,775.2
Expenses								
Property expenses and outgoings	**(526.7)**	(569.5)	**(34.4)**	(22.1)	**–**	–	**(561.1)**	(591.6)
Property development and project management costs	**(57.4)**	(22.1)	**–**	–	**–**	–	**(57.4)**	(22.1)
Corporate overheads	**–**	–	**–**	–	**(6.9)**	(4.2)	**(6.9)**	(4.2)
	(584.1)	(591.6)	**(34.4)**	(22.1)	**(6.9)**	(4.2)	**(625.4)**	(617.9)
Currency derivatives	**–**	–	**–**	–	**(353.1)**	(192.4)	**(353.1)**	(192.4)
Total segment expenses	**(584.1)**	(591.6)	**(34.4)**	(22.1)	**(360.0)**	(196.6)	**(978.5)**	(810.3)
Segment result (excluding property revaluations)	**1,111.1**	1,184.7	**(13.0)**	(23.2)	**(360.0)**	(196.6)	**738.1**	964.9
Property revaluations (i)(iii)	**0.4**	735.8	**488.7**	467.4	**–**	(527.7)	**489.1**	675.5
Equity accounted property revaluations (i) (ii)	**66.6**	95.4	**155.8**	74.5	**–**	–	**222.4**	169.9
Net profit/(loss) on realisation of assets	**–**	–	**–**	–	**69.0**	(11.8)	**69.0**	(11.8)
Segment result	**1,178.1**	2,015.9	**631.5**	518.7	**(291.0)**	(736.1)	**1,518.6**	1,798.5
Interest income							**44.7**	40.9
Financing costs							**(600.5)**	(1,360.8)
Tax expense							**(163.6)**	(290.2)
Consolidated profit after tax							**799.2**	188.4
Segment assets								
Segment assets	**18,596.8**	19,229.4	**1,118.7**	969.1	**–**	–	**19,715.5**	20,198.5
Group assets							**1,983.1**	1,522.7
Total segment assets	**18,596.8**	19,229.4	**1,118.7**	969.1	**–**	–	**21,698.6**	21,721.2
Segment liabilities								
Segment liabilities	**610.0**	499.8	**139.2**	27.9	**–**	–	**749.2**	527.7
Group liabilities							**13,639.7**	14,247.8
Total segment liabilities	**610.0**	499.8	**139.2**	27.9	**–**	–	**14,388.9**	14,775.5
Equity accounted entities included in segment assets								
Investment properties	**2,584.2**	2,734.2	**80.8**	88.4	**–**	–	**2,665.0**	2,822.6
Interest bearing liabilities	**(843.0)**	(1,026.3)	**(80.8)**	(88.4)	**–**	–	**(923.8)**	(1,114.7)
Working capital and deferred tax	**10.2**	76.6	**–**	–	**–**	**–**	**10.2**	76.6
Equity accounted entities included in segment assets	**1,751.4**	1,784.5	**–**	–	**–**	–	**1,751.4**	1,784.5
Additions to segment non current assets	**652.1**	499.4	**890.5**	1,355.6	**–**	–	**1,542.6**	1,855.0

(i) Total revenue and other income for the period of $2,541.8 million, (31 December 2006: $2661.5 million) comprises revenue and other income (excluding property revaluations) of $1,716.6 million (31 December 2006: $1775.2 million), property revaluations of $711.5 million (31 December 2006: $845.4 million), interest income of $44.7 million (31 December 2006: $40.9 million) and net profit on realisation of assets of $69.0 million.

(ii) Total share of after tax profits of equity accounted entities for the period of $321.7 million (31 December 2006: $282.6 million) comprises share of after tax profits of equity accounted entities (excluding property revaluations) of $99.3 million (31 December 2006: $112.7 million) and property revaluations of $222.4 million (31 December 2006: $169.9 million).

(iii) Includes revaluation of assets and property investments acquired from related entities.

Geographic Segment
The Group operates solely in the United States of America.

NOTE 30 CAPITAL RISK MANAGEMENT

The Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Group entities :

– comply with capital and distribution requirements of their constitutions and/or trust deeds;

– comply with capital requirements of relevant regulatory authorities;

– maintain strong investment grade credit ratings; and

– continue to operate as going concerns.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (ie debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

– sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;

– adequate financing facilities for unforeseen contingencies are maintained; and

– distributions to members are made within the stated distribution policy.

The Group is able to alter its capital mix by issuing new stapled securities and hybrid securities, activating its distribution reinvestment plan, electing to have the dividend reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets to repay borrowings or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Group also protects its equity in assets by taking out insurance.

NOTE 31 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, other investments and derivative financial instruments.

The Group manages its exposure to key financial risks in accordance with the Group's treasury risk management policy. The policy has been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objective.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Risk Management Committee comprising three directors. The Risk Management Committee reviews and oversees management's compliance with these policies, procedures and limits. The Risk Management Committee is assisted in the oversight role by the Group's internal audit function.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group enters into derivative financial instruments, principally interest rate swaps, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations, its cashflows, interest bearing liabilities and its net investments in foreign operations. The Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 32 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments. These activities are evaluated regularly to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings and the exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable

	Note	Consolidated 31 Dec 07 $million	31 Dec 06 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**1,025.1**	477.7
Non current interest bearing liabilities	17	**7,180.2**	8,218.2
Share of equity accounted entities interest bearing liabilities	13(c)	**923.8**	1,114.7
Cross currency swaps			
– US$1,985.1 million (31 December 2006: US$5,555.1 million)	33(i)	**2,259.6**	7,035.3
– US$3,490.0 million (31 December 2006: nil)	33(v)	**3,972.7**	–
Principal amounts subject to interest rate exposure		**15,361.4**	16,845.9
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$6,232.7 million (31 December 2006: US$6,613.7 million)	32(iii)	**7,094.7**	8,376.0
– €400.0 million (31 December 2006: €400.0 million)	32(iii)	**670.4**	667.2
Fixed rate derivatives			
– US$6,847.6 million (31 December 2006: US$6,066.6 million)	32(iii)	**7,794.7**	7,683.2
Principal amounts on which interest rate exposure has been hedged		**15,559.8**	16,726.4

At balance date the Group has fixed 101% of its interest payable exposure. There is no floating exposure. (31 December 2006: 99% hedged with a floating principal of $119.5 million at an average rate of 5.9%). An increment of 0.5% in the market rate would result in an increase in interest expense of nil (31 December 2006: $0.6million). A decrement of 0.5% in the market rate would result in a decrease in interest expense of nil (31 December 2006: $0.6 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of the fixed rate borrowings and derivatives due to interest rate movements are set out in Note 32(iii).

(ii) Interest receivable

The Group is exposed to interest receivable risk on notional borrowings entered into under cross currency swaps.

The table below sumarises these exposures at reporting date together with the interest rate risk management transactions which have been entered into to manage those exposures:

	Note	31 Dec 07 $million	31 Dec 06 $million
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	33(i), 33(v)	**6,875.9**	6,983.3
– €400.0 million (31 December 2006: €400.0 million)	33(i)	**670.4**	667.2
– Loans receivable from related entities	10	**410.8**	516.0
Principal amounts subject to interest rate exposure		**7,957.1**	8,166.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	32(iii)	**6,334.4**	6,358.4
– €400.0 million (31 December 2006: €400.0 million)	32(iii)	**670.4**	667.2
Principal amounts on which interest rate exposure has been hedged		**7,004.8**	7,025.6

At balance date the Group has fixed 88% of its interest receivable exposure. The remaining 12% is exposed to floating rates on a principal receivable of $952.3 million, at an average interest rate of 7.7%, including margin (31 December 2006: 86% hedged on $1,140.9 million at an average rate of 6.9%). An increment of 0.5% in the market rate would result in a decrease in interest expense of $4.8 million (31 December 2006: $5.7 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of $4.8 million (31 December 2006: $5.7 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of fixed rate derivatives due to interest rate movements are set out in Note 32(iii).

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Fixed rate debt and interest rate derivatives

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments. These activities are evaluated regularly to ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

Notional principal or contract amounts of the Group's consolidated and share of equity accounted fixed rate debt and interest rate derivatives:

	Interest rate derivatives		**Fixed rate borrowings**		**Interest rate derivatives**		**Fixed rate borrowings**	
Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	**31 Dec 07 Principal amount million**	**31 Dec 07 Average rate including margin**	**31 Dec 07 Principal amount million**	**31 Dec 07 Average rate including margin**	31 Dec 06 Principal amount million	31 Dec 06 Average rate including margin	31 Dec 06 Principal amount million	31 Dec 06 Average rate including margin
A$ receivable								
31 December 2006	–	–	–	–	A$6,358.4	6.53%	–	–
31 December 2007	**A$6,334.4**	**6.54%**	–	–	A$6,358.4	6.54%	–	–
31 December 2008	**A$6,341.4**	**6.75%**	–	–	A$5,041.4	6.53%	–	–
31 December 2009	**A$6,414.4**	**6.77%**	–	–	A$5,041.4	6.53%	–	–
31 December 2010	**A$5,587.2**	**6.86%**	–	–	A$3,737.2	6.59%	–	–
31 December 2011	**A$5,537.2**	**6.90%**	–	–	A$3,237.2	6.59%	–	–
31 December 2012	**A$4,673.2**	**6.93%**	–	–	A$2,487.2	6.59%	–	–
31 December 2013	**A$2,737.2**	**6.96%**	–	–	A$1,187.2	6.50%	–	–
31 December 2014	**A$1,250.0**	**7.01%**	–	–	A$200.0	6.22%	–	–
€ receivable / (payable)								
31 December 2006	–	–	–	–	€400.0	3.58%	€(400.0)	3.58%
31 December 2007	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	€400.0	3.58%	€(400.0)	3.58%
31 December 2008	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	€400.0	3.58%	€(400.0)	3.58%
31 December 2009	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	€400.0	3.58%	€(400.0)	3.58%
31 December 2010	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	€400.0	3.58%	€(400.0)	3.58%
31 December 2011	**€400.0**	**3.58%**	**€(400.0)**	**3.58%**	€400.0	3.58%	€(400.0)	3.58%
US$ payable								
31 December 2006	–	–	–	–	US$(6,066.6)	5.72%	US$(6,613.7)	5.94%
31 December 2007	**US$(6,847.6)**	**6.12%**	**US$(6,232.7)**	**5.94%**	US$(6,999.5)	5.89%	US$(6,427.2)	5.94%
31 December 2008	**US$(8,174.0)**	**5.88%**	**US$(5,867.1)**	**5.95%**	US$(7,175.1)	5.73%	US$(6,036.0)	5.94%
31 December 2009	**US$(8,559.0)**	**5.90%**	**US$(5,053.9)**	**5.79%**	US$(7,059.4)	5.87%	US$(5,202.7)	5.80%
31 December 2010	**US$(6,859.0)**	**5.98%**	**US$(4,830.1)**	**5.77%**	US$(6,359.1)	6.03%	US$(4,969.7)	5.79%
31 December 2011	**US$(6,629.0)**	**5.93%**	**US$(4,007.2)**	**5.49%**	US$(5,599.0)	5.97%	US$(4,077.1)	5.47%
31 December 2012	**US$(5,749.0)**	**5.92%**	**US$(3,075.8)**	**5.44%**	US$(4,549.0)	5.96%	US$(3,139.9)	5.40%
31 December 2013	**US$(4,935.0)**	**5.90%**	**US$(2,806.7)**	**5.46%**	US$(3,735.0)	5.92%	US$(2,656.7)	5.45%
31 December 2014	**US$(3,825.0)**	**5.83%**	**US$(1,695.3)**	**5.71%**	US$(2,625.0)	5.93%	US$(1,545.3)	5.71%
31 December 2015	**US$(2,400.0)**	**5.84%**	**US$(1,636.5)**	**5.74%**	US$(1,200.0)	5.98%	US$(1,486.5)	5.74%
31 December 2016	**US$(1,400.0)**	**5.74%**	**US$(510.2)**	**5.91%**	US$(200.0)	5.57%	US$(220.1)	6.10%
31 December 2017	–	–	**US$(141.0)**	**6.14%**	–	–	–	–

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date
(iii) Fixed rate debt and interest rate derivatives (continued)

The Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment. Gains or losses arising from changes in fair value have been reflected in the income statement. The loss for the year ended 31 December 2007 was $632.5 million (31 December 2006: $191.5 million). At balance date the aggregate fair value is a payable of $880.7 million (31 December 2006: $274.9 million). An increment of 0.5% in the market rate would result in a decrease in interest expense of $105.4 million (31 December 2006: $107.8 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of $109.6 million (31 December 2006: $112.0 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates.

All fixed rate debt is expected to be held to maturity, therefore gains or losses arising from changes in fair value have not been recorded in these financial statements. The fair value gain for the year ended 31 December 2007 was $14.7 million (31 December 2006: $130.0 million). The difference between the carrying value and fair value of fixed rate debt at balance date is payable of $7.6 million (31 December 2006: $22.3). An increment of 0.5% in the market rate would result in a decrease in fair value of $144.5 million (31 December 2006: $197.0 million). A decrement of 0.5% in the market rate would result in an increase in fair value of $149.3 million (31 December 2006: $203.4 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures are as follows:

	Note	Consolidated 31 Dec 07 $million	Consolidated 31 Dec 06 $million
Foreign Currency Net Investments			
The Group had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
US$ net assets		**US$15,343.1**	US$15,255.3
US$ borrowings		**US$(8,183.9)**	US$(7,558.0)
US$ cross currency swaps	33(i)	**US$(1,985.1)**	US$(5,555.1)
US$ currency swaps	33(ii)	**US$(521.0)**	–
US$ net assets		**US$4,653.1**	US$2,142.2

An increment of 5 cents in the market rate for US$ (0.8785 to 0.9285) would result in a charge to the foreign currency translation reserve of $317.2 million (31 December 2006 – 0.7896 to 0.8396: $161.6 million) and a gain to the income statement of $31.9 million (31 December 2006: $nil). A decrement of 5 cents in the market rate for US$ would result in an increase to the foreign currency translation reserve of $355.4 million (31 December 2006: $183.4 million) and an expense to the income statement of $35.8 million (31 December 2006: $nil). The increment or decrement to the foreign currency translation reserve and the income statement is proportional to the increase or decrease in exchange rates, and are on a pre-tax basis.

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	**Weighted average exchange rate**		**Amount (payable)/receivable**			
	31 Dec 07	31 Dec 06	**31 Dec 07 million**	**31 Dec 07 million**	31 Dec 06 million	31 Dec 06 million
US$						
Contracts to receive A$ and pay US$						
31 December 2006	**–**	0.7260	**–**	**–**	A$6,983.3	US$(5,070.0)
31 December 2007	**0.7488**	0.7259	**A$2,003.1**	**US$(1,500.0)**	A$6,771.2	US$(4,915.0)
31 December 2008	**0.7479**	0.7250	**A$1,818.4**	**US$(1,360.0)**	A$6,586.5	US$(4,775.0)
31 December 2009	**0.7479**	0.7268	**A$1,818.4**	**US$(1,360.0)**	A$5,744.1	US$(4,175.0)
31 December 2010	**0.7461**	0.7224	**A$737.2**	**US$(550.0)**	A$4,069.7	US$(2,940.0)
31 December 2011	**0.7461**	0.7231	**A$737.2**	**US$(550.0)**	A$3,581.9	US$(2,590.0)
31 December 2012	**0.7461**	0.7240	**A$737.2**	**US$(550.0)**	A$2,721.1	US$(1,970.0)
31 December 2013	**0.7461**	0.7270	**A$737.2**	**US$(550.0)**	A$1,801.8	US$(1,310.0)
Contracts to receive € and pay US$						
31 December 2006	**–**	1.2128	–	–	€400.0	US$(485.1)
31 December 2007	**1.2128**	1.2128	**€400.0**	**US$(485.1)**	€400.0	US$(485.1)
31 December 2008	**1.2128**	1.2128	**€400.0**	**US$(485.1)**	€400.0	US$(485.1)
31 December 2009	**1.2128**	1.2128	**€400.0**	**US$(485.1)**	€400.0	US$(485.1)
31 December 2010	**1.2128**	1.2128	**€400.0**	**US$(485.1)**	€400.0	US$(485.1)
31 December 2011	**1.2128**	1.2128	**€400.0**	**US$(485.1)**	€400.0	US$(485.1)

These cross currency swaps are effective net investment hedges and recorded directly in the foreign currency translation reserve at 31 December 2007 as a loss of $201.3 million (31 December 2006: gain of $566.1 million). The fair values of these instruments refer Note 9 Derivative assets and 19 Derivative liabilities.

(ii) Other foreign currency derivatives in respect of the Group's foreign currency assets and liabilities

The following table details the other financial derivatives in respect of the Group's foreign currency assets and liabilities outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Foreign currency derivatives contracted as at the reporting date and outstanding at	**Weighted average exchange rate**		**Amount (payable)/receivable**			
	31 Dec 07	31 Dec 06	**31 Dec 07 million**	**31 Dec 07 million**	31 Dec 06 million	31 Dec 06 million
US$						
Contracts to exchange US$ and A$						
31 December 2008	**0.8904**	0.7407	**A$585.1**	**US$(521.0)**	A$(297.0)	US$220.0

At balance date none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The gain for the year ended 31 December 2007 was $6.4 million (31 December 2006: loss of $14.2 million). The aggregate fair value of other foreign currency derivatives at balance date is a payable of $7.8 million (31 December 2006: $14.2 million). An increment of 5 cents in the market rate for US$ (0.8785 to 0.9285) would result in gain to the income statement of $31.9 million (31 December 2006: loss of $16.0 million). A decrement of 5 cents in the market rate for US$ would result in a loss to the income statement of $35.8 million (31 December 2006: gain of $18.1 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

(iii) Foreign currency options to hedge the Group's foreign currency assets and liabilities

The following Foreign currency options were terminated during the year. These contracts did not qualify as hedges of net investments of foreign operations.

Foreign currency options maturing during the year ended	**Weighted average exchange rate**		**Amount (payable)/receivable**			
	31 Dec 07	31 Dec 06	**31 Dec 07 million**	**31 Dec 07 million**	31 Dec 06 million	31 Dec 06 million
US$						
Contracts to sell A$ and buy US$						
31 December 2008 – Bought AUD Put / USD Call	**–**	0.7079	**–**	**–**	A$(4,873.4)	US$3,450.0
31 December 2008 – Sold AUD Call / USD Put	**–**	0.7554	**–**	**–**	A$(4,567.1)	US$3,450.0

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(iv) Forward currency derivatives to hedge the Group's foreign currency earnings

These derivatives manage the impact of exchange rate movements on the Group's foreign currency denominated earnings and the Group's distribution.

The following table details the forward exchange contracts outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's distribution and are ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate		Amount (payable)/receivable			
	31 Dec 07	31 Dec 06	**31 Dec 07 million**	**31 Dec 07 million**	31 Dec 06 million	31 Dec 06 million
US$						
Contracts to buy A$ and sell US$						
31 December 2007	**–**	0.5300	**–**	**–**	A$336.6	US$(178.4)
31 December 2008	**0.6633**	0.6633	**A$309.5**	**US$(205.3)**	A$309.5	US$(205.3)
31 December 2009	**0.7102**	0.7102	**A$292.9**	**US$(208.0)**	A$292.9	US$(208.0)
31 December 2010	**0.7270**	0.7121	**A$228.7**	**US$(166.3)**	A$198.4	US$(141.3)
31 December 2011	**0.7716**	0.7334	**A$175.0**	**US$(135.0)**	A$85.9	US$(63.0)
31 December 2012	**0.7986**	–	**A$75.1**	**US$(60.0)**	–	–

At balance date none of the above described forward exchange contracts qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The loss for the year ended 31 December 2007 was $19.8 million (31 December 2006: $57.7 million). The aggregate fair value of foreign exchange contracts at balance date is a receivable of $200.9 million (31 December 2006: $220.7 million). An increment of 5 cents in the market rate for US$ (0.8785 to 0.9285) would result in a gain to the income statement of $48.4 million (31 December 2006: $63.2 million). A decrement of 5 cents in the market rate for US$ would result in a loss to the income statement of $54.6 million (31 December 2006: $72.0 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

(v) Cross currency interest rate swaps to hedge the Group's foreign currency earnings

The Group has entered into the following foreign currency derivatives financial instruments to sell US$ and purchase A$ at floating interest rates on notional principals at a fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's distribution and are ineffective hedges for accounting purposes.

	Weighted average exchange rate		Amount (payable)/receivable			
	31 Dec 07	31 Dec 06	**31 Dec 07 million**	**31 Dec 07 million**	31 Dec 06 million	31 Dec 06 million
Contracts to receive A$ and pay US$						
31 December 2007	**0.7162**	–	**A$4,872.8**	**US$(3,490.0)**	–	–
31 December 2008	**0.7162**	–	**A$4,872.8**	**US$(3,490.0)**	–	–
31 December 2009	**0.7171**	–	**A$4,030.3**	**US$(2,890.0)**	–	–
31 December 2010	**0.7171**	–	**A$3,437.2**	**US$(2,465.0)**	–	–
31 December 2011	**0.7171**	–	**A$2,949.4**	**US$(2,115.0)**	–	–
31 December 2012	**0.7158**	–	**A$1,983.9**	**US$(1,420.0)**	–	–
31 December 2013	**0.7138**	–	**A$1,064.7**	**US$(760.0)**	–	–

At balance date none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The gain for the year ended 31 December 2007 was $624.3 million (31 December 2006: $nil). At balance date, the aggregate fair value is a receivable of $624.3 million (31 December 2006: $nil). An increment of 5 cents in the market rate for US$ (ie from 0.8785 to 0.9285) would result in a gain to the income statement of $33.5 million (31 December 2006: $nil). A decrement of 5 cents in the market rate for US$ would result in a loss to the income statement of $37.5 million (31 December 2006: $nil). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

NOTE 34 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit limits have been established to ensure that the Group deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

In accordance with Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. At 31 December 2007, the Group had 79% of its aggregate credit risk spread over four counterparties each with an S&P long term rating of AA– or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher. The aggregate credit risk in respect of derivative financial instruments is $1,149.8 million (31 December 2006: $886.2 million).

The Group undertakes active liquidity and funding risk management which ensures that it has sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities, and funding facilities and their maturity profiles, refer Note 17.

NOTE 35 FINANCIAL RISK PARENT ENTITY

The Parent Entity's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, and investments in subsidiaries.

As a member of the Group the Parent Entity is covered under the same policies and procedures outlined above for the management of the Group's key financial risks refer Note 31.

The Parent Entity is exposed to interest and foreign exchange risk on loans, investments in subsidiaries, interest and foreign currency derivative financial instruments. These risks are managed on a Group basis (refer to Notes 32 and 33).

(i) InterGroup Loans payable and receivable

Where the Parent Entity undertakes a borrowing or investment in a foreign currency the exchange risk is mitigated by the Parent Entity entering into an equal and opposite deal with a controlled entity, hence substantially mitigating any exchange or interest exposure which may be present in the original transaction.

(ii) Investments in Subsidiaries

Investments in subsidiaries are designated as available for sale financial assets and are recorded at fair value. The investment in subsidiaries is revalued at each balance date to reflect the Parent Entity's proportionate interest in the underlying net asset value of the controlled entities. This is considered to approximate fair value. The revaluation increments and decrements are recorded through asset revaluation reserve.

The Parent Entity is exposed to foreign exchange translation risk on its investments in subsidiaries which are denominated in foreign currencies, when assessing recoverable amount. The Parent Entity hedges these items in its own financial statements, these activities are carried out on a Group basis.

NOTE 36 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASHFLOW MATURITY PROFILE

	Consolidated		Parent Entity	
	Cash Outflows / (Cash Inflows)			
	31 Dec 07 $000	31 Dec 06 $000	**31 Dec 07 $000**	31 Dec 06 $000
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer note 17) together with the estimated interest thereon, and the estimated impact of contracted interest and currency derivative cashflows is set out below:				
Due within one year	**546.9**	57.2	**(99.4)**	(72.0)
Due between one and five years	**4,131.8**	2,530.0	**(230.3)**	(196.7)
Due after five years	**4,367.8**	7,297.0	**(111.1)**	(30.3)
	9,046.5	9,884.2	**(440.8)**	(299.0)

NOTE 37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments.

	Fair value		Carrying amount	
	31 Dec 07 $million	31 Dec 06 $million	**31 Dec 07 $million**	31 Dec 06 $million
Consolidated assets				
Cash and cash equivalents	**79.5**	35.4	**79.5**	35.4
Trade receivables (i)	**36.0**	35.3	**36.0**	35.3
Receivables	**764.7**	660.0	**764.7**	660.0
Derivative assets	**1,275.3**	870.7	**1,275.3**	870.7
Consolidated liabilities				
Payables (i)	**700.0**	472.5	**700.0**	472.5
Interest bearing liabilities				
– Fixed rate debt	**7,077.8**	8,155.2	**7,070.2**	8,132.9
– Floating rate debt	**1,135.1**	563.0	**1,135.1**	563.0
Other financial liabilities	**3,059.5**	3,609.7	**3,059.5**	3,609.7
Derivative liabilities	**924.8**	491.9	**924.8**	491.9
Parent Entity assets				
Cash and cash equivalents	**4.4**	2.7	**4.4**	2.7
Receivables	**1,370.5**	691.0	**1,370.5**	691.0
Derivative assets	**1,153.3**	815.1	**1,153.3**	815.1
Parent Entity liabilities				
Payables (i)	**60.9**	5.4	**60.9**	5.4
Interest bearing liabilities	**90.0**	–	**90.0**	–
Derivative liabilities	**592.3**	300.4	**592.3**	300.4

(i) These financial assets and liabilities are not subject to interest rate risk.

(ii) The carrying value of equity accounted financial assets and liabilities exceeded the net fair value amount by $48.7 million (31 December 2006: the net fair value of equity accounted financial assets and liabilities exceeded the carrying value amount by $2.0 million)

NOTE 38 BUSINESS COMBINATIONS

Acquisition of WCI

On 1 July 2006, the Group acquired a 100% non–voting interest in WCI, an unlisted public company based in the United States specialising in property development and management from WHL (a related entity). WCI was and continues to be the manager and developer of the Group's property investments.

The total cost of the business combination was $860.2 million (US$640.4 million) and comprised entirely the payment of cash. Of the consideration paid, $575.0 million was paid to WHL with the remainder used to pay off debt.

The fair value of the identifiable assets and liabilities of WCI as at the date of acquisition is set out below.

	Consolidated	
	Recognised on acquisition $million	Carrying value $million
Cash and cash equivalents	10.9	10.9
Trade receivables	0.6	0.6
Receivables	43.8	43.8
Inventories	127.6	127.6
Property, plant and equipment	80.1	80.1
Other assets and property investments (i)	674.7	71.0
Deferred costs (net)	14.3	14.3
	952.0	348.3
Payables	(83.5)	(83.5)
Deferred tax liabilities	(8.3)	(8.3)
	(91.8)	(91.8)
Fair value of net assets	860.2	256.5

From the date of acquisition, WCI contributed $1.6 million to the 2006 net profit of the Group.

If the combination had taken place at the beginning of 2006, the 2006 net profit for the Group would have been $131.5 million and 2006 revenue and other income would have been $2,722.0 million.

(i) Other assets and property investments relates entirely to WCI's property management and development business and WCI's investment in WEA common shares which WEA has cancelled subsequent to the acquisition of WCI.

	Consolidated	
	31 Dec 07 $000	31 Dec 06 $000
NOTE 39 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**401**	347
– Assurance and compliance services	**–**	6
	401	353
Amounts received or due and receivable by Affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**2,666**	2,564
– Assurance and compliance services	**138**	30
– Taxation advice and compliance	**541**	245
	3,345	2,839
	3,746	3,192

NOTE 40 RELATED PARTY DISCLOSURES

Information required to be disclosed concerning relationships, transactions and balances with related parties of the Group is set out in this note unless disclosed elsewhere in this financial report.

The Group forms part of the Westfield Group and the related party disclosures for the Westfield Group have the same applicability to it. As such while the related party disclosures below make reference to the Westfield Group, they also relate to the Group.

(a) Nature of relationship with related parties

(i) Consolidated

Key Management Personnel of the entity

Details of key management personnel are disclosed in Note 41.

Other Related Parties

LFG Holdings Pty Limited, its related entities and other entities controlled by members of the Lowy family ('LFG') are considered to be related parties of the Westfield Group. This is due to LFG being under the control or significant influence of certain Directors of the Westfield Group, being Mr Frank Lowy, Mr David Lowy, Mr Peter Lowy and Mr Steven Lowy.

The Lowy Institute for International Policy is considered to be a related party of the Westfield Group. This is due to this entity being under the control or significant influence of certain Directors of the Westfield Group, being either Mr Frank Lowy, Mr Peter Lowy or Mr Steven Lowy.

NOTE 40 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Nature of relationship with related parties (continued)

(ii) Parent Entity

Subsidiaries

Details of parent entity interests in subsidiaries are disclosed in Note 43.

Key Management Personnel

Details of Key Management Personnel are disclosed in Note 41.

Other Related Parties

The related parties noted under the consolidated description above are also related parties of the Parent Entity.

(b) Transactions and their terms and conditions with related parties

(i) Consolidated

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 41.

The Westfield Group owns aircraft for business use by its executives. From time to time, LFG, Mr Peter Lowy, Mr David Lowy and Mr Steven Lowy hire the aircraft (when the aircraft is not required for business use) and are charged for such usage by the Westfield Group. The rate used for determining the amounts charged was reviewed by an independent expert and determined to be on arm's length rate. Amounts charged to LFG and these Directors totalled $829,906 (31 December 2006: $539,566) during the period, and were payable on seven day terms.

Other Related Parties

The Westfield Group and LFG have entered into arrangements regarding the Westfield Group's business use of LFG aircraft and related expenditure. These arrangements are on arm's length terms and they were reviewed by an independent expert. Details of these arrangements are as follows:

- The Westfield Group entered into arrangements regarding the use of aircraft owned by LFG. The charges for these aircraft were on normal arm's length rates. During the period the Westfield Group incurred costs amounting to $1,125,811 (31 December 2006: $1,654,569) in relation to the use of these aircrafts. Amounts charged are payable on 30 day terms.
- The Westfield Group has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the period the Westfield Group charged LFG $540,117 (31 December 2006: $441,961) in relation to the provision of aircrew, maintenance, and hangar facility to LFG, which were payable on seven day terms. Also during the period, the Westfield Group was charged $389,104 (31 December 2006: $169,425) for use of aircraft crew employed by LFG, which are payable on 30 day terms.

LFG currently subleases premises from the Westfield Group. During the period $299,356 (31 December 2006: $273,520) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and payable on seven day terms.

During the period the Westfield Group provided design and construction administrative services to the Lowy Institute for International Policy for which it charged $11,423 (no services were provided during 2007), which was based on arm's length rates. Amounts charged are payable on seven day terms.

During the period the Westfield Group paid amounts totalling $29,885 (31 December 2006: $46,834) for rental accommodation owned by LFG.

During the period the Westfield Group charged LFG $99,936 (31 December 2006: $231,079) for service costs in relation to the provision of communication services.

During the period the Westfield Group provided telecommunication and security services to certain Executive Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in the Westfield Group's balance sheet as receivable with the following related parties:

Nature	Type	**2007**	2006
Owing from LFG	Current receivable	**$1,509**	$26,798

No provision for doubtful debts has been recognised or bad debts incurred with respect to amounts payable or receivable from related parties during the period.

The Responsible Entity, a subsidiary of WHL, is considered to be a related party of the Group.

WAT, WT and WHL transacted on normal commercial terms as stapled entities with respect to the following:

a) Property management fee

b) Manager's service charges

c) Reimbursement of expenses

d) Construction contract

e) Loans and financial derivatives

The property management fee for the year ended 31 December 2006 was $25.1 million (no services were provided during 2007) of which no amounts were payable at 31 December 2006.

The advisory fee for the year ended 31 December 2006 was $5.4 million (no services were provided during 2007) of which no amounts were payable at 31 December 2006.

The Responsible Entity management fee for the year ended 31 December 2007 was $2.7 million (31 December 2006: $2.1 million) of which $1.3 million (31 December 2006: $1.1 million) was payable at 31 December 2007.

During the year a subsidiary of WHL paid to WAT $7.5 million in respect of an adjustment to previous years corporate service fees and licence fees (31 December 2006: WAT paid to Westfield Group $50.6 million) of which no amounts were payable at 31 December 2007 and 31 December 2006.

NOTE 40 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions and their terms and conditions with related parties (continued)

(i) Consolidated (continued)

During 2006, the Group paid $350.3 million (no payments were made during 2007) to a subsidiary of WHL in respect of expansion and redevelopment costs.

During the year WAT purchased an aircraft from Westfield Group for $49.5 million.

Cross currency swaps with WT

WAT and WT entered into cross currency swaps on 3 November 2004. The terms, interest and principal amounts are as follows:

(i) WAT pays to WT, on a semi–annual basis, a commercial fixed rate on a principal of US$600.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$804.2 million. The maturity date of this instrument is 15 November 2010; and

(ii) WAT pays to WT, on a semi–annual basis, a commercial fixed rate on a principal of US$550.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$737.2 million. The maturity date of this instrument is 15 November 2014.

On 18 January 2005, WAT and WT entered into two additional cross currency swaps. The terms, interest and principal amounts are as follows:

(i) WAT pays to WT, on a quarterly basis, floating rate on a principal of US$140.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$184.7 million. The maturity date of this instrument is 5 February 2008; and

(ii) WAT pays to WT, on a quarterly basis, floating rate on a principal of US$210.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$277.0 million. The maturity date of this instrument is 5 February 2010.

The interest income for the year in respect of cross currency swaps with WT is $44.7 million (31 December 2006: $33.2 million).

Foreign currency forward exchange contracts with Westfield Capital Corporation Limited ("WCC")

WAT and WCC entered into foreign currency forward exchange contracts on 7 July 2006. On 14 January 2008, WAT will pay A$189.1 million to WCC in exchange for WCC paying to WAT US$140.0 million.

Interest rate swaps with WT

WAT and WT entered into an A$ interest rate swap on 13 December 2004 for the value of $200.0 million. WAT pays, on a quarterly basis, a commercial floating rate to WT and receives from WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of July 2006 and continues until February 2015.

WAT and WT entered into an A$ interest rate swap on 21 December 2006 for the value of $56.0 million. WAT receives, on a quarterly basis, a commercial floating rate from WT and pays to WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of December 2006 and continues until August 2008.

WAT and WT entered into an A$ interest rate swap on 13 July 2007 for the value of $500.0 million. WAT pays, on a quarterly basis, a commercial floating rate to WT and receives from WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of August 2016 and continues until September 2016.

WAT and WT entered into an A$ interest rate swap on 13 July 2007 for the value of $350.0 million. WAT pays, on a quarterly basis, a commercial floating rate to WT and receives from WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of November 2013 and continues until August 2015.

WAT and WT entered into an A$ interest rate swap on 10 October 2007 for the value of $24.0 million. WAT receives, on a quarterly basis, a commercial floating rate from WT and pays to WT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of October 2007 and continues until August 2008.

Loan to WT

During the year, WAT advanced loans to WT. The balance of these loans at year end is $394.3 million receivable (31 December 2006: $507.1 million receivable) with accrued interest of $3.7 million receivable (31 December 2006: $6.3 million receivable). Interest accrues on this loan on a quarterly basis based on a floating rate. The interest income for the year in respect of the loan to WT is $30.8 million (31 December 2006: $37.4 million).

Loan from WT

During the year, WT issued a promissory note to WAT. The balance of this note at year end is US$586.0 million payable (31 December 2006: $nil). The interest expense for the year in respect of the loan from WT is $8.5 million (31 December 2006: $nil).

(ii) Parent Entity

Included in the operating result of the Parent Entity is dividend income of $450.0 million (31 December 2006: $541.2 million) received from subsidiary companies.

Included in the operating result of the Parent Entity is management fee expenses of $2.7 million (31 December 2006: $2.1 million) payable to a subsidiary of WHL.

Included in the operating result is a net interest income of $94.7 million (31 December 2006: $70.6 million) relating to loans to WEA and WT and interest on cross currency swap with WT.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL

The Group forms part of the Westfield Group. The Responsible Entity does not have any employees. Key Management Personnel of the Group are paid by related entities within the Westfield Group.

As the Group forms part of the Westfield Group the discussion under other remuneration disclosures (Note 41(e)) relates to the Westfield Group's remuneration policies and practices.

(a) Remuneration of Key Management Personnel

The amounts below represent the full remuneration amounts for Key Management Personnel of the Westfield Group.

	Short term benefits				Post Employment	Share Based	Total
	Cash salary, fees and short term compensated absences	Short term cash profit sharing and other bonuses	Non monetary benefits	Other short term employee benefits [2]	Other post employment benefits	Amortisation of cash settled share based payment transactions [1]	
Key Management Personnel	$	$	$	$	$	$	$
F P Lowy, AC – Executive Chairman [3]							
31 December 2007	**8,000,000**	**7,000,000**	**817,421**	**1,351**	**66,506**	**–**	**15,885,278**
31 December 2006	8,000,000	5,500,000	756,737	42,554	88,906	–	14,388,197
D H Lowy, AM – Deputy Chairman							
31 December 2007	**204,000**	**–**	**–**	**–**	**–**	**–**	**204,000**
31 December 2006	204,000	–	–	–	–	–	204,000
R L Furman – Non Executive Director							
31 December 2007	**162,000**	**–**	**–**	**–**	**–**	**–**	**162,000**
31 December 2006	162,000	–	–	–	–	–	162,000
D M Gonski, AC – Non Executive Director							
31 December 2007	**188,000**	**–**	**–**	**–**	**–**	**–**	**188,000**
31 December 2006	188,000	–	–	–	–	–	188,000
F G Hilmer, AO – Non Executive Director							
31 December 2007	**207,144**	**–**	**–**	**–**	**–**	**–**	**207,144**
31 December 2006	228,000	–	–	–	–	–	228,000
S P Johns – Non Executive Director							
31 December 2007	**608,000**	**–**	**–**	**–**	**–**	**–**	**608,000**
31 December 2006	608,000	–	–	–	–	–	608,000
P Lowy – Westfield Group Managing Director							
31 December 2007	**2,980,448**	**4,000,000**	**–**	**(147,589)**	**–**	**3,161,090**	**9,993,949**
31 December 2006	3,317,850	3,052,422	–	293,347	–	2,465,383	9,129,002
S Lowy – Westfield Group Managing Director							
31 December 2007	**2,500,000**	**4,000,000**	**–**	**70,513**	**–**	**3,161,090**	**9,731,603**
31 December 2006	2,500,000	3,000,000	–	446,346	–	2,465,383	8,411,729
J B Studdy, AM – Non Executive Director							
31 December 2007	**57,445**	**–**	**–**	**–**	**–**	**–**	**57,445**
31 December 2006	170,000	–	–	–	–	–	170,000
F T Vincent – Non Executive Director							
31 December 2007	**50,687**	**–**	**–**	**–**	**–**	**–**	**50,687**
31 December 2006	150,000	–	–	–	–	–	150,000
G H Weiss – Non Executive Director							
31 December 2007	**168,000**	**–**	**–**	**–**	**–**	**–**	**168,000**
31 December 2006	168,000	–	–	–	–	–	168,000
D R Wills, AO – Non Executive Director							
31 December 2007	**156,000**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2006	156,000	–	–	–	–	–	156,000
C M Zampatti, AM – Non Executive Director							
31 December 2007	**156,000**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2006	156,000	–	–	–	–	–	156,000
Subtotal Directors							
31 December 2007	**15,437,724**	**15,000,000**	**817,421**	**(75,725)**	**66,506**	**6,322,180**	**37,568,106**
31 December 2006	16,007,850	11,552,422	756,737	782,247	88,906	4,930,766	34,118,928

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(a) Remuneration of key management personnel (continued)

	Short term benefits				Post Employment	Share Based	Total
	Cash salary, fees and short term compensated absences	Short term cash profit sharing and other bonuses	Non monetary benefits	Other short term employee benefits (2)	Other post employment benefits	Amortisation of cash settled share based payment transactions (1)	
Key Management Personnel	$	$	$	$	$	$	$
P Allen – Westfield Group Chief Financial Officer (4)							
31 December 2007	**1,000,000**	**1,500,000**	**–**	**88,871**	**–**	**3,276,389**	**5,865,260**
31 December 2006	900,000	1,000,000	–	53,729	–	3,005,620	4,959,349
K Wong – Managing Director, United States (5)							
31 December 2007	**953,743**	**596,090**	**124,799**	**18,414**	**–**	**3,293,155**	**4,986,201**
31 December 2006	995,355	928,998	154,137	15,390	–	2,926,383	5,020,263
Subtotal Non Director Key Management Personnel							
31 December 2007	**1,953,743**	**2,096,090**	**124,799**	**107,285**	**–**	**6,569,544**	**10,851,461**
31 December 2006	1,895,355	1,928,998	154,137	69,119	–	5,932,003	9,979,612
Total Key Management Personnel							
31 December 2007	**17,391,467**	**17,096,090**	**942,220**	**31,560**	**66,506**	**12,891,724**	**48,419,567**
31 December 2006	17,903,205	13,481,420	910,874	851,366	88,906	10,862,769	44,098,540

(1) Cash settled share based transactions represent amounts amortised relating to the EDA Plan and PIP Plan. Refer to Note 41(e) for further details regarding the operation of these plans.

(2) Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

(3) Non monetary benefits of $814,511 (31 December 2006: $753,827) relate to Mr F Lowy's contractual entitlements to private usage of the Westfield Group's aircraft. The entitlement to private usage of the Westfield Group's aircraft by Mr F Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods. Post employment benefits of $66,506 (31 December 2006: $88,906) relate to Mr F Lowy's service contract which provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2004/2005 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. Mr F Lowy's service contract does not contain provision for any payment on termination other than the retirement benefit outlined above.

(4) During the financial year, 27,313 awards vested and Mr P Allen was paid $534,789 in satisfaction of these awards. This payment has been reflected in the amortisation of cash settled share based payment transactions.

(5) Non monetary benefits for Mr K Wong of $124,799 (31 December 2006: $154,137) comprised deferred remuneration entitlements including a contribution by the Westfield Group to the deferred remuneration plan and medical benefits. Mr K Wong's last day of employment was 27 February 2008: no termination benefit was paid to Mr K Wong with regards to his resignation from the Westfield Group. Mr K Wong's unvested awards lapsed on 27 February 2008 as a result of his resignation from the Westfield Group with the exception of awards to the value of $102,518 which vested on 1 January 2008 and were paid on 2 January 2008. This payment has been reflected in the amortisation of cash settled share based payment transactions.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Option holdings of Key Management Personnel

During the financial year and comparative financial year, no options or awards ("Options") were issued to the Key Management Personnel under the Executive Option Plan or the Executive Performance Share Plan (together the "Option Plans"). None of the Key Management Personnel hold any options or awards under the Option Plans.

(c) Shareholdings of Key Management Personnel

Staples securities held in Westfield Group (number)	Balance at 1 Jan 2007	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2007
F P Lowy, AC / D H Lowy, AM / P S Lowy / S M Lowy (1)	166,370,941	–	–	13,227,427	179,598,368
R L Furman	–	–	–	–	–
D M Gonski, AC	299,527	–	–	20,912	320,439
F G Hilmer, AO	219,433	–	–	19,079	238,512
S P Johns	1,577,503	–	–	(41,068)	1,536,435
J B Studdy, AM (2)	38,573	–	–	–	38,573
F T Vincent (2)	10,000	–	–	–	10,000
G H Weiss	20,000	–	–	1,739	21,739
D R Wills, AO	20,000	–	–	–	20,000
C M Zampatti, AM	310,949	–	–	27,973	338,922
P Allen	166,042	–	–	5,253	171,295
K Wong	–	–	–	–	–
Total	**169,032,968**	–	–	**13,261,315**	**182,294,283**

(1) The aggregate interest of the Lowy Directors includes family holdings and interests held by Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust and Westfield Officers Superannuation Fund (formerly known as Westfield C Fund). The net change includes the acquisitions, transfers and disposals of those entities. The Lowy Directors did not dispose of any shares.

(2) Mr J B Studdy AM and Mr F T Vincent retired from the Board on 2 May 2007. This represents their holdings on the date of their retirement.

(d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with key management personnel are included in Note 40.

(ii) During the financial year, transactions occurred between the Westfield Group and Key Management Personnel which were within normal employee, customer or supplier relationships on terms and conditions no more favourable than those available to other employees, customers or suppliers, being the performance of contracts of employment; the reimbursement of expenses; and the payment of dividends / distributions by the Westfield Group in respect of stapled securities held in the Westfield Group.

(e) Other remuneration disclosure

1. Remuneration Committee

1.1 Role of the Committee

The Westfield Group's remuneration arrangements are overseen by the Remuneration Committee. The Committee's activities are governed by its charter, a copy of which is available on the Westfield Group's website, www.westfield.com.

The responsibilities of the Remuneration Committee include:

- determining and reviewing remuneration policies to apply to members of the Board and to executives within the Westfield Group;
- determining the specific remuneration packages for Executive Directors and key members of the senior executive team (including base pay, incentive payments, equity–linked plan participation and other contractual benefits);
- reviewing contractual rights of termination for members of the senior executive team;
- reviewing the appropriateness of the Westfield Group's succession planning policies;
- reviewing policy for participation by senior executives in equity–linked plans;
- reviewing the Westfield Group's management's recommendations of the total proposed awards to be issued under each equity–linked plan; and
- administering the equity–linked plans as required in accordance with the rules of the plans.

1.2 Membership and meetings

The current members of the Committee are:

Name	Position held	Status
Frederick G Hilmer, AO	Chairman	Independent Director
Roy L Furman	Member	Independent Director
David M Gonski, AC	Member	Independent Director

The Committee met three times in the Financial Year. All members of the Committee attended the meetings.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Other remuneration disclosure (continued)

2 Remuneration of Non–Executive Directors

2.1 Policy

The remuneration of the Non–Executive Directors is determined by the Board (within the limits set by members), acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate Non–Executive Directors who will, through their contribution to the Board and the Westfield Group, work towards creating sustainable value for members and other stakeholders.

In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in non–executive director remuneration. In arriving at recommendations, the advisers will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by Non–Executive Directors.

The Westfield Group's remuneration of the Non–Executive Directors is straightforward. Non–Executive Directors are paid fees for service on the Board and its Committees as detailed in this note and are reimbursed for out of pocket expenses. No other bonuses or benefits are paid either during the tenure of a Non–Executive Director or on retirement. Non–Executive Directors do not participate in any of the Westfield Group's equity–linked incentive plans. None of the Non–Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

Non–Executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions), a committee attendance fee and, where relevant, an additional fee for deputy chair of the Board and for committee chair.

The aggregate pool available for payment of fees to Non–Executive Directors of the Westfield Group is currently a maximum of $1.8 million. That figure was approved by members at the Annual General Meeting of the Westfield Group held in November 2004.

During the Financial Year, the Board resolved to increase the Non–Executive Directors' remuneration from $150,000 to $175,000 per annum, effective from 1 January 2008. The Deputy Chairman's loading and the fees payable to Directors serving on Committees remain unchanged.

The Board also recommended that a resolution be put to members at the Annual General Meeting of the Westfield Group to be held on 23 May 2008 seeking approval for an increase in the pool of funds available for payment of Non Executive Directors' fees from $1.8 million to $2.5 million.

In making the decision to increase the Non–Executive Directors' remuneration and to seek Member approval to an increase in the pool of funds available for the payment of Non–Executive Directors' fees, the Board took into consideration a comparative analysis of fees paid to non–executive directors in other listed entities as well as noting that there had not been an increase in fees paid to the Westfield Group's Non–Executive Directors since 2004.

Further details of the proposal will be contained in the Notice of Meeting and Explanatory Memorandum for the Annual General Meeting.

2.2 Remuneration

The table below sets out the remuneration for the Non–Executive Directors for the Financial Year.

Name	Base Fee $	Deputy Chair Fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Consultancy Fees $	Total $
D H Lowy, AM	150,000	30,000	–	24,000	–	–	–	204,000
R L Furman	150,000	–	–	–	–	12,000	–	162,000
D M Gonski, AC	150,000	–	20,000	–	6,000	12,000	–	188,000
F G Hilmer, AO	150,000	9,144 (1)	30,000	–	–	18,000	–	207,144
S P Johns	150,000	–	20,000	18,000	–	–	420,000 (2)	608,000
J B Studdy, AM	50,687	–	6,758	–	–	–	–	57,445 (3)
F T Vincent	50,687	–	–	–	–	–	–	50,687 (3)
G H Weiss	150,000	–	–	18,000	–	–	–	168,000
D R Wills, AO	150,000	–	–	–	6,000	–	–	156,000
C M Zampatti, AM	150,000	–	–	–	6,000	–	–	156,000

(1) Professor Hilmer stepped down as Deputy Chairman on 3 May 2007. The amount paid is for the period 1 January 2007 to 3 May 2007.

(2) Following his retirement as an Executive Director in October 2003, Mr. Johns has continued to provide consultancy services in relation to special projects (including major acquisitions) and other corporate finance, treasury and investor relations issues.

(3) Mr Studdy and Mr Vincent each retired as directors of the Board on 3 May 2007. The amounts paid are for the period 1 January 2007 to 3 May 2007.

2.3 Other Entitlements

Short term employee benefits

Cash salary and fees paid to the Non–Executive Directors are disclosed in the table at 2.2.

Non–Executive Directors are not entitled:

(a) to short–term compensated absences;

(b) to short–term cash profit sharing or other cash or performance related bonus; or

(c) to non–monetary or other short–term employee benefits.

Post-employment benefits

Non–Executive Directors are not entitled:

(a) to superannuation entitlements other than entitlements arising from contributions deducted from the base fees paid to Non–Executive Directors as required by law; or

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(e) Other remuneration disclosure (continued)

2.3 Other Entitlements (continued)

(b) to any other post–employment benefit.

Other long-term employee benefits

Non–Executive Directors are not paid and have no entitlement to any long term employee benefits.

Termination benefits

Non–Executive Directors are not entitled to any payment on termination other than the balance of outstanding fees.

Share based payments

Non–Executive Directors do not participate in the Westfield Group's equity–linked incentive plans and are not entitled to share based compensation.

3. Group Managing Directors and other key management personnel

3.1 Policy and Environment

The Charter for the Remuneration Committee, as adopted by the Board, requires that the Westfield Group adopt policies and procedures which:

– enable the Westfield Group to attract and retain key executives who will create sustainable value for members;
– properly motivate and reward executives having regard to the overall performance of the Westfield Group, the performance of the executive measured against pre–determined objectives and the external compensation environment;
– appropriately align the interests of executives with members; and
– comply with applicable legal requirements and appropriate standards of governance.

The detail of the Westfield Group's policies and procedures is set out in this note. This section summarises the Westfield Group's position on remuneration issues taking into account the prevailing market conditions which influence the Westfield Group's current policies.

The Westfield Group is always seeking to add to the resources and skills of its existing management team by recruiting the best available candidates in the various jurisdictions in which it operates. The size and scope of the Westfield Group's business and our philosophy of intensive management of the Westfield Group's business mean that the management team faces challenges which demand highly skilled and committed executives. These executives must also be capable of supporting, and transferring skills to, the Westfield Group's business in various locations around the world.

3.2 Base salary

Base salary is set by reference to the executive's position, performance and experience. In order to attract and retain executives of the highest quality and in the expectation that executives will meet the high standards set by the Westfield Group, the Westfield Group aims to set competitive rates of base salary. Base salary levels are benchmarked regularly against local and (where appropriate) international competitors and are reviewed on an annual basis having regard to performance, external market forces and where relevant, promotion.

3.3 Short term variable bonus

Variable rewards are closely linked to the performance of the executive measured against objectives which are established each year pursuant to a performance review and development system. Under that system, senior management and the executive work together to establish agreed business and personal development objectives. These objectives are designed to recognise and reward both financial and non–financial performance. The objectives will vary according to the role of the particular executive and will typically relate to development, construction, retail management or corporate targets.

A target figure (as a percentage of base pay) for the short term variable cash component of the compensation package is advised to the executive at the commencement of each year. The actual bonus awarded is determined by reference to the performance of the executive against the agreed performance objectives, the corporate performance of the Westfield Group and any other aspect of the executive's performance which is considered relevant in the context of the review.

In special circumstances, executives may earn an additional bonus in excess of the agreed target percentage of base pay in recognition of the contribution made by that executive to a major transaction or corporate project. As with the annual performance bonus, payment of a special or project bonus is at the discretion of the Remuneration Committee.

Cash based incentives in respect of the Executive Chairman, the Westfield Group Managing Directors and the Westfield Group's most senior executives are determined by the Remuneration Committee having regard to personal objectives which are set as part of the performance review and development system and to more general operational and financial objectives of the Westfield Group. The measures are chosen based on key contributions expected of that executive in order to enhance the overall performance of the Westfield Group. The Remuneration Committee will also consider any special contribution made by the executive in any major acquisition or capital transaction during the year.

3.4 The Equity-Linked Incentive Plans

The Westfield Group has two equity–linked incentive plans: the EDA Plan and the PIP Plan.

Following the Merger, the EDA Plan and PIP Plan replaced the Westfield Executive Option Plan and the Westfield Executive Share Performance Plan as the ongoing equity–linked incentive plans of the Westfield Group. At the time of the Merger, the outstanding awards under the Executive Option Plan became eligible for exercise as a consequence of the restructuring. The vast majority of those outstanding options and awards were exercised at the time of the Merger. No further options or awards will be granted under those Plans.

Mechanics of the Plans

Under the EDA Plan and the PIP Plan, awards granted to executives are more in the nature of "restricted stock" whereby on maturity, the executive is entitled to receive one Westfield Group security for each award. However, as explained below, the current equity–linked Plans are synthetic and executives receive cash payments rather than actual securities.

The relevant common features of both the EDA Plan and the PIP Plan are as follows:

– based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of $200,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $20,000;
– immediately prior to the commencement of participation in the Plan, that dollar amount is converted into an award which is based on the then current market price of Westfield Group stapled securities. In the above example, assuming a market price of $20.00 per stapled security, the participant would receive an award equal to the economic benefit of 1,000 Westfield Group stapled securities;
– during the vesting period of three to four years, distributions paid on stapled securities are nominally reinvested under the Plans such that the number of stapled securities in an award (and on which the payout is calculated) will increase during the life of the award;
– assuming the executive remains employed by the Westfield Group through the vesting period and, any applicable performance hurdles are satisfied, the executive will receive a payout equal to the capital value of the stapled securities in the award. That is, the executive receives a cash payment (rather than actual securities) which reflects the capital value of the number of "synthetic securities" comprised in that award as at the vesting date.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3.4 The Equity-Linked Incentive Plans (continued)

As noted above, the right to receive a cash payout under either the EDA Plan or the PIP Plan is dependent on the executive remaining employed by the Westfield Group throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board retains a discretion under the Plans to allow vesting of all or part of the awards granted under the Plans.

The EDA Plan

The EDA Plan is a plan in which senior and high performing executives participate. The EDA Plan uses the deferral of vesting of a portion of the short term incentive as part of a broader strategy for retaining the services of those executives participating in the Plan.

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non–financial objectives. Executives qualify to receive a payout of that deferred compensation by satisfying the requirement that they remain in the employment of the Westfield Group through the vesting period. That vesting period is currently three years. There are no additional performance hurdles applicable during the vesting period.

The Board and Remuneration Committee have acknowledged that in the Financial Year there was continued strong upward pressure on remuneration in the markets in which the Westfield Group operates. In recent years, in each of these markets, we have experienced a combination of strong local economies, historically low unemployment rates and skill shortages in certain areas of the workforce. Towards the end of the Financial Year however, there were signs that a number of these factors were easing in some of our markets.

Since financial year 2005, the Board has utilised the EDA Plan to make non–recurring awards to the Westfield Group's most senior operational and finance executives with the specific aim of retaining the services of those executives over a period of two to five years. Neither the Executive Chairman nor the Westfield Group Managing Directors will receive these awards.

As noted above, these awards are intended to provide a further incentive to a small number of the Westfield Group's most senior executives in order to better secure their services over the vesting period. In granting these awards, the sole objective of the Westfield Group is retention of key executives for an extended period. Where the retention awards are issued to executives who also participate in the PIP Plan, the vesting of the awards is subject to a performance hurdle which requires that, over the vesting period, each executive must achieve at least 50% of his or her short term variable bonus in each of those years. Failure to achieve that hurdle in any year will result in the full amount of the awards being forfeited.

The PIP Plan

As noted above, the structure of the PIP Plan reflects the decision by the Westfield Group to move away from market priced options as the preferred form of long term incentive.

Only the senior leadership team of the Westfield Group will participate in the PIP Plan. There are currently 16 executives world-wide, including the Westfield Group Managing Directors, participating in the PIP Plan. The Executive Chairman does not participate in the PIP Plan.

The PIP Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIP Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of security holders in two principal respects:

(a) qualification for awards under the PIP Plan each year will be subject to the Westfield Group achieving performance hurdles which relate to the financial and operating targets of the Westfield Group in the financial year together with any other matters which the Board or Remuneration Committee consider appropriate; and

(b) the payout received by executives participating in the PIP Plan will be affected by distributions paid during the vesting period and movements in the price of Westfield Group stapled securities between the qualification date and vesting.

The operation of the PIP Plan and the manner of calculation of the payout to which the executive is entitled is as described above.

The performance hurdle(s) applicable under the PIP Plan are determined annually by the Remuneration Committee when determining which executives will be invited to participate in the PIP Plan. Executives are informed of such hurdles at the same time as they are advised of the potential number of "synthetic securities" for which they will qualify if the performance hurdles are achieved. More than one hurdle may be set in any year.

The year in which the performance hurdles apply is known as the Qualifying Year. Actual performance against the hurdles which apply during the Qualifying Year will determine the final number of awards which the executive will receive at the end of that year. No payments are made to the executive at the end of that Qualifying Year. Rather, the awards in the PIP Plan are granted at that time and vest on two dates – 50% at the end of year three and 50% at the end of year four. No other performance hurdles are imposed during the vesting period.

The hurdles chosen by the Remuneration Committee for the 2008 Qualifying Year also reflect the focus on achieving fundamental operating targets consistent with the Westfield Group's Budget as approved by the Board in respect of Financial Year 2008. These hurdles and the reasons for their adoption are discussed in more detail in section 3.1.

Specifically the PIP hurdles for the 2008 Qualifying Year are focussed on:

– achieving growth in earnings (on a constant currency basis) from the Operational segment as reported by the Westfield Group (this hurdle has been given a 75% weighting); and

– achieving a targeted level of development starts (this hurdle has been given a 25% weighting).

By adopting this combination of the application of performance hurdles in the Qualifying Year and the employee being required to stay for the subsequent three to four year vesting period, the Westfield Group aims, through the issue of awards under the PIP Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Given that the vesting period does not include the Qualifying Year, executives participating in the PIP Plan will be required to remain with the Westfield Group for a period of five years in order to get the full benefit of each award.

Accounting for Awards

The remuneration disclosures in this note disclose the full cost to the Westfield Group's security holders of the grant of awards under the Westfield Group's equity linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of grant of an award, the nominal value of the grant is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and share price increases are made for the purposes of estimating the Westfield Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award.

At the end of each accounting period the awards are fair valued on the basis of the then current share price and the assumptions made in previous years are reconsidered having regard to any change in circumstances. This process may result in a variation of the estimate of the future liability of the Westfield Group with respect to that award and an increase or decrease in the amortisation. For example, in any year, where the share price increases at a rate which is greater than the estimate made in the original model, the implied increase in value of the awards at the date of maturity will result in an increase in the amount of amortisation. The full amount of that amortisation is then included in the accounts and disclosed as part of the remuneration of executive directors and specified executives.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3.5 Hedging policy

In addition to the restrictions placed on entering into hedging arrangements by operation of the Westfield Group's Security Trading Policy, participants in the EDA Plan and the PIP Plan are prohibited from entering into hedging arrangements in respect of unvested awards in EDAP, PIP or any other equity–linked incentive plan operated by the Westfield Group.

The primary purpose of this prohibition is to ensure that, at all times until awards granted to executives under the Plans have vested, there is complete alignment between the interests of the executive and the interests of the Westfield Group and its security holders. In the Board's view, that alignment potentially ceases if an executive's economic interest in the benefit of an award is hedged – with the effect that the executive is not affected (or is affected to a lesser extent), by positive or negative movements in the market value of Westfield Group securities.

Executives are prohibited from entering into or renewing hedging or financial instruments in connection with their unvested entitlements under the EDA Plan or the PIP Plan. This includes instruments such as equity swaps, caps and collars and other types of hedges, which are entered into for the purpose of mitigating the financial impact of movements in the price of Westfield Group securities to the extent such movements impact the value of awards made under the Plans.

3.6 Review of equity-linked incentive plans

Prior to the Merger in 2004, the Westfield Group had altered the nature of its long term incentive plans from market priced options to zero priced options in the Company. That position has been maintained post Merger with the EDA and PIP Plans both of which are synthetic plans which simulate the grant, for zero consideration, of securities in the Westfield Group. As explained above, on vesting of an EDA or PIP award, the executive receives a cash payment equal to the aggregate of distributions and capital growth of a Westfield Group security over the life of the award. The cash proceeds are taxed in the hands of the executive as ordinary income in the year of receipt.

The fundamental reason why the EDA and PIP awards are cash settled rather than equity settled is that tax laws previously in force did not provide the same exemptions for options over trust units as existed over shares in listed companies. However, in 2007 the Federal Government introduced legislation to correct this position with regard to stapled securities where a share in a company is stapled to units in a trust.

As a result of this change, the Westfield Group conducted a further review of its existing incentive plans and, as a result of that review, the Group is proposing to seek member approval at the Annual General Meeting of the Company in May 2008 to replace the EDA and PIP Plans with zero priced performance rights plans ("Performance Rights Plans"). Essentially the Performance Rights Plans will function in the same manner as the EDA and PIP Plans except that entitlements will be satisfied by the issue or transfer of a Westfield Group security to the plan participant on maturity or vesting of the right (as opposed to the payment of a cash amount).

The structure and philosophy of the EDA and PIP Plans will be retained with the Performance Rights Plans.

As with the EDA and PIP Plans, the grant of entitlements under the new plans will be closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. The vesting schedules under the EDA and PIP Plans will be retained under the Performance Rights Plans.

The Performance Right Plan to replace the PIP Plan will also replicate the PIP Plan with its emphasis on meeting operational hurdles during a Qualifying Year. As with the PIP Plan, the new plan is intended to reward strong performance by the senior executive team and to provide an incentive for executives to remain with the Westfield Group over the subsequent vesting period of four years.

The performance hurdle in respect of the Financial Year related to the Westfield Group achieving the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met. Accordingly, the participants in the PIP Plan including the Group Managing Directors and the Specified Executives (see section 5.1) became eligible to participate in the PIP Plan on 1 January 2008 in respect of the 2007 Qualifying Year following satisfaction of those hurdles.

It is proposed that, subject to members approving the introduction the Performance Rights Plans, the PIP awards in respect of the 2007 Qualifying Year will be granted pursuant to the PIP Performance Right Plan.

If members do not approve the introduction of the Performance Rights Plans, the EDA Plan and PIP Plan will continue in their current form.

Further details of the Performance Rights Plans will be contained in the Notice of Meeting and Explanatory Memorandum for the Annual General Meeting.

4 Remuneration of Executive Directors

At the date of this report, there were three Executive Directors in office, Mr Frank Lowy, Executive Chairman and the Westfield Group Managing Directors, Mr Peter Lowy and Mr Steven Lowy.

The remuneration of the Executive Directors is determined by the Board, acting on recommendations made by the Remuneration Committee.

The Westfield Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in remuneration for Executive Directors. In arriving at recommendations, the advisers will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by the Executive Directors.

4.1 Executive Chairman

The term of Mr Frank Lowy's service contract expired 31 December 2007 and was extended on the same terms until 31 December 2008. These arrangements are renewable by agreement between the parties at the end of that period. Mr Lowy's remuneration for the Financial Year is as follows:

(a) a base salary of $8 million;

(b) an annual performance bonus of $7 million. The performance hurdles for the payment of Mr Lowy's bonus were the same performance hurdles as the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met; and

(c) other benefits as detailed in the table below.

In respect of the 12 month period to 31 December 2008, Mr Lowy's base salary remains at $8 million. His target performance bonus is $8 million. Mr Lowy will only qualify for that bonus if the Westfield Group meets the performance hurdles established in respect of the PIP Plan as detailed in section 3.1.

In setting Mr Lowy's remuneration, the Board had regard to a number of factors including Mr Lowy's status as one of Australia's most respected and influential chief executive officers and his knowledge, not only of the Westfield Group and its history, but of the broader industry in which the Westfield Group operates, both locally and internationally. With over 47 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's experience and reputation is unrivalled in the industry.

The Board also had regard to the salaries paid to other chief executive officers of global corporations and the fact that Mr Lowy does not participate in the Westfield Group's equity–linked incentive plans.

Mr Lowy's service contract provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. The amount accrued for the Financial Year was $66,506.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4 Remuneration of Executive Directors (continued)

4.1 Executive Chairman (continued)

Mr Lowy's service contract does not contain provision for any payment on termination by the Company (with or without cause) other than the retirement benefit outlined above.

The summary below outlines Mr Lowy's fixed and at risk remuneration for the Financial Year ended 31 December 2007.

Component of Remuneration	Amount $
Short Term Employee Benefits	
– Base salary	8,000,000
Fixed	
– Cash bonus (accrued) (1)	7,000,000
At risk	
– Other short term employee benefits (2)	1,351
Fixed	
– Non monetary benefits (3)	817,421
Fixed	
Post Employment Employee Benefits	
– Pension and superannuation benefits (4)	
Fixed	66,506
Other Long Term Benefits	–
Termination Benefits	–
Share Based Payments (5)	–
Total Remuneration	**15,885,278**

(1) The bonus was payable if the Westfield Group met the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met.

(2) Comprising annual leave and long service leave entitlements.

(3) Other benefits comprise usage of the Westfield Group's aircraft which is classified as private usage ($814,511). The entitlement to private usage of the Westfield Group's aircraft by Mr Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods.

(4) Mr Lowy's service arrangements provide for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements.

(5) The Executive Chairman does not participate in the Westfield Group's equity–linked incentive plans. He was not paid or entitled to any share based compensation in the Financial Year.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4 Remuneration of Executive Directors (continued)

4.2 Westfield Group Managing Directors

The employment arrangements of the Westfield Group Managing Directors are detailed as follows.

Mr Peter Lowy

- Has been with the Westfield Group since 1983.
- Has resided in the United States since 1990.
- Salary and bonus is reviewed annually by the Remuneration Committee.
- Base salary of US$2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Peter Lowy's fixed and at risk remuneration for the Financial Year.

Component of remuneration	Amount $
Short Term Employee Benefits	
– Base salary [1] Fixed	2,980,448
– Cash bonus (accrued) [2] At risk	4,000,000
– Other short term employee benefits [3] Fixed	(147,589)
– Non monetary benefits Fixed	–
Post Employment Employee Benefits	
– Pension and superannuation benefits	–
Share Based Payments [4][5]	
– EDA Plan At risk	1,134,138
– PIP Plan At risk	2,026,952
Other Long Term Benefits	–
Total Remuneration	**9,993,949**

(1) Mr Peter Lowy is based in the United States and the salary disclosed is the A$ equivalent to US$2.5 million.

(2) Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

(3) Comprising annual leave and long service leave entitlements.

(4) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to the tables at 4.3 and 4.4 for details of awards held by of Mr Lowy under the EDA Plan and PIP Plan.

(5) The increase in remuneration in the Financial Year when compared with financial year 2006 is partly attributable to the Westfield Group's accounting policy of amortising the value of each award over the life of that award. Accordingly the stated remuneration of the Westfield Group Managing Directors includes the amortisation of awards granted in previous years and disclosed previously in respect of that year. The amortised value of awards also includes the impact of share price movements since the date of grant and the anticipated impact of future distributions and share price movements.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4 Remuneration of Executive Directors (continued)

4.2 Westfield Group Managing Directors (continued)

Mr Steven Lowy

- Has been with the Westfield Group since 1987.
- Salary and bonus is reviewed annually by the Remuneration Committee.
- Base salary of $2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment and period would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

The summary below outlines Mr Steven Lowy's fixed and at risk remuneration for the Financial Year.

Component of Remuneration	Amount $
Short Term Employee Benefits	
– Base salary Fixed	2,500,000
– Cash bonus (accrued) [1] At risk	4,000,000
– Other short term employee benefits [2] Fixed	70,513
– Non monetary benefits	–
Post Employment Employee Benefits	
Pension and superannuation benefits	–
Share Based Payments [3][4]	
– EDA Plan At risk	1,134,138
– PIP Plan At risk	2,026,952
Other Long Term Benefits	–
Total Remuneration	**9,731,603**

(1) Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

(2) Comprising annual leave and long service leave entitlements.

(3) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to the tables at 4.3 and 4.4 for details of awards held by of Mr Lowy under the EDA Plan and PIP Plan.

(4) The increase in remuneration in the Financial Year when compared with financial year 2006 is partly attributable to the Westfield Group's accounting policy of amortising the value of each award over the life of that award. Accordingly the stated remuneration of the Westfield Group Managing Directors includes the amortisation of awards granted in previous years and disclosed previously in respect of that year. The amortised value of awards also includes the impact of share price movements since the date of grant and the anticipated impact of future distributions and share price movements.

4.3 Group Managing Directors: participation in the EDA Plan

The following chart details awards under the EDA Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to any of the Westfield Group Managing Directors under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards[1]	Total Awards Held	Fair Value at Grant[2] $	Performance Hurdles
Peter Lowy							
Westfield Group	1 January 2005	47,775	1 January 2008[3]	8,810	56,585	886,485	N/A
Managing Director	1 January 2006	43,255	1 January 2009	4,998	48,253	980,713	N/A
	1 January 2007	43,928	1 January 2010	2,204	46,132	984,562	N/A
Steven Lowy							
Westfield Group	1 January 2005	47,775	1 January 2008[3]	8,810	56,585	886,485	N/A
Managing Director	1 January 2006	43,255	1 January 2009	4,998	48,253	980,713	N/A
	1 January 2007	43,928	1 January 2010	2,204	46,132	984,562	N/A

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2005, 2006 and 2007.

(2) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

(3) These awards vested (and were paid) in January 2008. The payout amount was $1,178,100 for each Group Managing Director.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4 Remuneration of Executive Directors (continued)

4.4 Westfield Group Managing Directors: participation in the PIP Plan

The following chart details awards under the PIP Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to any of the Westfield Group Managing Directors under the PIP Plan since the grant date.

Executive	*Date of Grant*	*Number of Awards at Grant Date*	*Vesting Date*	*Reinvestment Awards*(1)	*Total Awards Held*	*Fair Value at Grant*(2) *$*	*Performance Hurdles*
Peter Lowy							
Westfield Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 55,732: 01/01/10	12,880	124,345	2,149,393	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	5,061	105,986	2,307,832	Satisfied
Steven Lowy							
Westfield Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 55,732: 01/01/10	12,880	124,345	2,149,393	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	5,061	105,986	2,307,832	Satisfied

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2005, 2006 and 2007.

(2) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIP Plan.

5. Executive Remuneration and Termination Arrangements

5.1 Service contracts and termination arrangements

This note incorporates details of the Specified Executives, being the Executives (other than the Directors), who received the highest remuneration for the Financial Year. Mr Peter Allen, Group Chief Financial Officer, and Mr Ken Wong (as Managing Director of the United States) are also the Key Management Personnel as defined under AASB 124.

A range of service arrangements operate within the Westfield Group. As noted in the table below, Mr Allen has been with the Westfield Group for 12 years. There are no formal service contracts for Mr Allen. As a consequence there are no fixed termination arrangements with this executive. In the event of termination of the employment of a senior executive where there is no service contract or the service contract is silent on termination events, any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.

Since the expiry of Mr Wong's three year contract with the Westfield Group in February 2006, Mr Wong's employment terms have been governed by Californian employment law. Mr Wong, Managing Director, United States has resigned from the Westfield Group. His last day of employment was 27 February 2008. No termination benefit was paid to Mr Wong on his resignation from the Westfield Group.

It is common practice in California, once the initial term of an employment contact expires, that the employment relationship be governed by Californian employment law.

It is the Westfield Group's policy on engaging new executives to have service contracts that typically outline the components of the remuneration to be paid to that executive and agreed termination arrangements. Those arrangements may vary depending on the seniority and experience of the executive and on the country of employment.

The table below outlines the terms of the service contracts with Specified Executives.

Name and Title	**Employing Company**	**Commencement Date**	**Term**	**Termination Provisions/Benefits**
Peter Allen Westfield Group Chief Financial Officer	Westfield Limited	4 March 1996	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.
Kenneth Wong Managing Director United States	Westfield LLC	27 February 2003	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group. Mr Wong has resigned from the Westfield Group. His last day of employment was 27 February 2008. No termination benefit was paid to Mr Wong on his resignation from the Westfield Group.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

5. Executive Remuneration and Termination Arrangements (continued)

5.2 Remuneration: Specified Executives

The following table sets out the remuneration of the Specified Executives.

EXECUTIVE	SHORT TERM EMPLOYEE BENEFITS				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS [4]		TERMINATION BENEFITS	OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL [7]
	BASE SALARY FIXED [1] $	ACCRUED BONUS AT RISK [2] $	OTHER SHORT TERM EMPLOYEE BENEFITS FIXED [3] $	NON MONETARY BENEFITS FIXED $		EDA PLAN TOTAL AT RISK [5] $	PIP PLAN TOTAL AT RISK [6] $			
Peter Allen Westfield Group Chief Financial Officer	1,000,000	1,500,000 Vested: 100%	88,871	–	–	2,392,372	884,017	–	–	5,865,260
Kenneth Wong [8] Managing Director United States	953,743	596,090 Vested: 100%	18,414	124,799 [9]	–	2,157,757	1,135,398	–	–	4,986,201

(1) Base salary is inclusive of superannuation guarantee contributions. In the case of Mr Wong, US executives are entitled to contribute part of their base salary to a deferred remuneration plan. Those contributions are matched by the Westfield Group.

(2) No amount of any bonus was forfeited in the Financial Year. No bonus is payable in respect of any future financial year.

(3) The amounts referred to reflect an increase in the accrued liability for annual and long service leave during the Financial Year. Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless otherwise stated.

(4) None of the Specified Executives hold any options or other equity instruments as part of their remuneration. Refer footnotes (5) and (6) for share based payments.

(5) Refer to the table at 5.3.

(6) Refer to the table at 5.4.

(7) None of the Specified Executives was paid an amount before they took office as consideration for agreeing to take office.

(8) Mr Ken Wong, Managing Director United States, has resigned from the Westfield Group. His last day of employment was 27 February 2008. No termination benefit was paid to Mr Wong on his resignation from the Westfield Group.

(9) Comprising deferred remuneration entitlements including a contribution by the Westfield Group to the deferred remuneration plan and medical benefits.

5.3 Specified Executives: participation in the EDA Plan

The following chart details awards under the EDA Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards[1]	Total Awards Held	Fair Value at Grant[2] $	Performance Hurdles
Peter Allen							
Westfield Group Chief	1 September 2004	23,060	1 September 2007[3]	4,253	27,313	427,889	N/A
Financial Officer	1 January 2006	20,185	1 January 2009	2,334	22,519	457,669	N/A
	1 January 2006	288,355	1 January 2011	33,314	321,669	6,786,595	N/A
	1 January 2007	20,672	1 January 2010	1,037	21,709	463.362	N/A
Kenneth Wong [4]							
Managing Director	1 January 2005	4,155	1 January 2008 [5]	769	4,924	77,108	N/A
United States	1 January 2006	9,460	1 January 2009	1,094	10,554	214,503	Awards have lapsed
	1 January 2006	288,355	1 January 2011	33,314	321,669	6,786,595	Awards have lapsed
	1 January 2007	16,463	1 January 2010	826	17,289	368,999	Awards have lapsed

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2005, 2006 and 2007.

(2) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

(3) These awards have vested and have been paid. The payout amount was $534,789.

(4) Mr Ken Wong, Managing Director US has resigned from the Westfield Group. His last day of employment was 27 February 2008. Mr Wong's unvested EDA Plan awards lapsed on 27 February 2008 as a result of his resigning from the Westfield Group.

(5) These awards vested prior to Mr Wong last day of employment and have been paid. The payout amount was $102,518.

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

5. Executive Remuneration and Termination Arrangements (continued)

5.4 Specified Executives: participation in the PIP Plan

The following chart details awards under the PIP Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards[1]	Total Awards Held	Fair Value at Grant[2] $	Performance Hurdles
Peter Allen							
Westfield Group Chief	1 January 2006	44,590	22,295: 01/01/09	5,154	49,744	994,254	Satisfied
Financial Officer			22,295: 01/01/10				
	1 January 2007	46,140	23,070: 01/01/10	2,314	48,454	968,478	Satisfied [3]
			23,070: 01/01/11				
Kenneth Wong [4]	1 January 2006	56,465	28,233: 01/01/09	6,525	62,990	1,259,652	Awards have lapsed
Managing Director			28,232: 01/01/10				
United States	1 January 2007	60,530	30,265: 01/01/10	3,035	63,565	1,270,525	Awards have lapsed
			30,265: 01/01/11				

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2005, 2006 and 2007.

(2) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIP Plan.

(3) The performance hurdle in respect of the Financial Year related to the Westfield Group achieving the 2007 Qualifying Year hurdles for the PIP Plan (see section 3.1). These hurdles were met. Accordingly, the Westfield Group Specified Executives became eligible to participate in the PIP Plan on 1 January 2008 in respect of the 2007 Qualifying Year following satisfaction of those hurdles.

(4) Mr Ken Wong, Managing Director US has resigned from the Westfield Group. His last day of employment was 27 February 2008. Mr Wong's PIP Plan awards lapsed on 27 February 2008 as a result of his resigning from the Westfield Group.

NOTE 42 EMPLOYEES

At 31 December 2007 the Group employed 1,946 (31 December 2006: 2,063) staff, including full time, part time and casual staff on a full time equivalent basis.

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	Beneficial* Parent Entity %	Consolidated or Equity accounted %	Beneficial* Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust				
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
1801 Avenue of the Stars, LP	**100.0**	**100.0**	100.0	100.0
21919 Erwin Street, LLC	**100.0**	**100.0**	100.0	100.0
21945 Erwin Street, LLC	**100.0**	**100.0**	100.0	100.0
Agoura Hills Acquisition, LLC	**100.0**	**100.0**	100.0	100.0
Anita Associates	**100.0**	**100.0**	100.0	100.0
Annapolis Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Land II, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Land, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Mall, LP	**100.0**	**100.0**	100.0	100.0
Annapolis Mall, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Manager, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Parcel, LLC	**100.0**	**100.0**	100.0	100.0
Annapolis Shoppingtown, LLC	**100.0**	**100.0**	100.0	100.0
Avenue of the Stars, LLC (formerly Avenue of the Stars GP, Inc)	**100.0**	**100.0**	100.0	100.0
Arch Real Estate, LLC	**100.0**	**100.0**	100.0	100.0
Bellweather Properties of Florida (Limited)	**100.0**	**100.0**	100.0	100.0
Beverly Park Corporation	**100.0**	**100.0**	–	–
Brandon Land Partners, Ltd	**100.0**	**100.0**	100.0	100.0
Brandon Partners, Ltd.	**100.0**	**100.0**	–	–
Brandon Shopping Center Partners, Ltd	**100.0**	**100.0**	100.0	100.0
Broward Mall II LLC	**100.0**	**100.0**	–	–
Broward Mall LLC	**100.0**	**100.0**	–	–
Bulletin Building Owner, LLC	**100.0**	**100.0**	100.0	100.0
Bunworth Enterprises, LLC	**100.0**	**100.0**	–	–
Bunworth Holdings, LLC	**100.0**	**100.0**	–	–
Capital Mall Company	**100.0**	**100.0**	100.0	100.0
Capital Mall GP, LLC	**100.0**	**100.0**	100.0	100.0
Capital Mall Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Capital Mall Land, LLC	**100.0**	**100.0**	100.0	100.0
Capital Mall I LLC	**100.0**	**100.0**	–	–
Capital Shopping Center, LLC	**100.0**	**100.0**	100.0	100.0
CC Building GP, LLC	**100.0**	**100.0**	100.0	100.0
CC Building, LP	**100.0**	**100.0**	100.0	100.0
Century City Mall, LLC	**100.0**	**100.0**	100.0	100.0
Century City Task Force LLC	**100.0**	**100.0**	–	–
Chesterfield Mall, LLC	–	–	100.0	100.0
Chesterfield Parcel, LLC	–	–	100.0	100.0
Citrus Park Venture, LP	**100.0**	**100.0**	100.0	100.0
City Task Force LLC	**100.0**	**100.0**	–	–
CMF Fox Hills, LLC	**100.0**	**100.0**	100.0	100.0
CMF MP North, LLC	**100.0**	**100.0**	100.0	100.0
CMF MP South, LLC	**100.0**	**100.0**	100.0	100.0
CMF NCF North, LLC	**100.0**	**100.0**	100.0	100.0
CMF NCF South, LLC	**100.0**	**100.0**	100.0	100.0
CMF PCR, LLC	**100.0**	**100.0**	100.0	100.0
CMF PWC, LLC	**100.0**	**100.0**	100.0	100.0
CMF Richland, LLC	**100.0**	**100.0**	100.0	100.0
CMF Santa Anita, LLC	**100.0**	**100.0**	100.0	100.0
CMF UTC North, LLC	**100.0**	**100.0**	100.0	100.0
CMF UTC South, LLC	**100.0**	**100.0**	100.0	100.0
CMF Wheaton Borrower, LLC	**100.0**	**100.0**	100.0	100.0
CMF Wheaton, LLC	**100.0**	**100.0**	100.0	100.0
CMF, Inc	**100.0**	**100.0**	100.0	100.0
CMF LLC	**100.0**	**100.0**	–	–

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

Name of entity	**31 Dec 07 – Interest Beneficial* Parent Entity %**	**31 Dec 07 – Interest Consolidated or Equity accounted %**	31 Dec 06 – Interest Beneficial* Parent Entity %	31 Dec 06 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN UNITED STATES (CONTINUED)				
Consolidated Controlled Entities (continued)				
Connecticut Post Mall, LLC	**100.0**	**100.0**	100.0	100.0
Crestwood Holdings, LLC	–	–	100.0	100.0
Crestwood Plaza MM, LLC	–	–	100.0	100.0
Downtown Plaza, LLC	**100.0**	**100.0**	100.0	100.0
Eagle Rock Holdings, LLC	–	–	100.0	100.0
Eastland Holdings, LLC	–	–	100.0	100.0
Eastland Manager, LLC	**100.0**	**100.0**	100.0	100.0
Eastland Shopping Center, LP	**100.0**	**100.0**	100.0	100.0
EWH Escondido Associates, LP	**100.0**	**100.0**	100.0	100.0
Fashion Square, LLC	**100.0**	**100.0**	100.0	100.0
FH Financing, LLC	**100.0**	**100.0**	100.0	100.0
Fox Hills GP, LLC (formerly Fox Hills Mall, Inc)	**100.0**	**100.0**	100.0	100.0
Fox Hills Mall, LP	**100.0**	**100.0**	100.0	100.0
Fox Valley Mall, LLC	**100.0**	**100.0**	100.0	100.0
Fox Valley Parcel, LLC	**100.0**	**100.0**	100.0	100.0
Franklin Park Parcel, LLC	**100.0**	**100.0**	100.0	100.0
Franklin Residential Parcel, LLC	**100.0**	**100.0**	100.0	100.0
Great Northern Partnership	**100.0**	**100.0**	100.0	100.0
Growth Head GP, LLC	**100.0**	**100.0**	100.0	100.0
GSP Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Hahn UPI	**100.0**	**100.0**	100.0	100.0
Hawthorn Theatre, LLC	**100.0**	**100.0**	100.0	100.0
Hawthorn, LP	**100.0**	**100.0**	100.0	100.0
Hawthorn Furniture LLC	**100.0**	**100.0**	–	–
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
HEX Holding LLC	**100.0**	**100.0**	100.0	100.0
Horton Land, LLC	**100.0**	**100.0**	100.0	100.0
Horton Plaza GP, LLC (formerly Horton Plaza, Inc)	**100.0**	**100.0**	100.0	100.0
Horton Plaza, LP	**100.0**	**100.0**	100.0	100.0
Independence Mall Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Kravco Acquisition Class A LLC	**100.0**	**100.0**	100.0	100.0
Kravco Acquisition I LLC	**100.0**	**100.0**	100.0	100.0
Louis Joliet Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Louis Joliet Shoppingtown, LP	**100.0**	**100.0**	100.0	100.0
MainPlace Shoppingtown, LLC	**100.0**	**100.0**	100.0	100.0
MerchantWired LLC	**100.0**	**100.0**	100.0	100.0
Meriden Square #2, LLC	**100.0**	**100.0**	100.0	100.0
Meriden Square #3, LLC	**100.0**	**100.0**	100.0	100.0
Meriden Square Partnership	**100.0**	**100.0**	100.0	100.0
Mid Rivers Holdings, LLC	–	–	100.0	100.0
Mid Rivers Land Holdings, LLC	–	–	100.0	100.0
Mid Rivers Land, LLC	–	–	100.0	100.0
Mid Rivers Land II, LLC	–	–	100.0	100.0
Mid Rivers Land, Inc	–	–	100.0	100.0
Mid Rivers Mall, LLC	–	–	100.0	100.0
Mid Rivers MM, LLC	–	–	100.0	100.0
Mid Rivers Office Development I, Inc	–	–	100.0	100.0
Midway Manager LLC	**100.0**	**100.0**	100.0	100.0
Mission Valley Center, LLC	**100.0**	**100.0**	100.0	100.0
Mission Valley Finance, Inc	**100.0**	**100.0**	100.0	100.0
Mission Valley Partnership	**100.0**	**100.0**	100.0	100.0
Mission Valley Service, LLC (formerly Mission Valley Service, Inc)	**100.0**	**100.0**	100.0	100.0
Mission Valley No. 1 LLC	**100.0**	**100.0**	100.0	100.0
Mission Valley No. 2 LLC	**100.0**	**100.0**	100.0	100.0

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	Beneficial* Parent Entity %	Consolidated or Equity accounted %	Beneficial* Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN UNITED STATES (CONTINUED)				
Consolidated Controlled Entities (continued)				
Mission Valley Shoppingtown LLC	**100.0**	**100.0**	100.0	100.0
Montgomery Mall Properties, Inc	**100.0**	**100.0**	100.0	100.0
Nauthiz XRS, LLC	–	–	100.0	100.0
North County Fair, LP	**100.0**	**100.0**	100.0	100.0
Oakridge Mall GP, LLC (formerly Oakridge Mall, Inc)	**100.0**	**100.0**	100.0	100.0
Oakridge Mall, LP	**100.0**	**100.0**	100.0	100.0
Old Orchard Urban, LP	**100.0**	**100.0**	100.0	100.0
Old Orchard License Holdings LLC	**100.0**	**100.0**	100.0	100.0
Oregon Aviation, Inc.	**100.0**	**100.0**	–	–
Owensmouth Office Associates Ltd.	**100.0**	**100.0**	100.0	100.0
Plaza Bonita Parking GP, LLC	**100.0**	**100.0**	100.0	100.0
Parkway Plaza GP, LLC	**100.0**	**100.0**	100.0	100.0
Parkway Plaza, LP	**100.0**	**100.0**	100.0	100.0
PCRGP, LP	**100.0**	**100.0**	100.0	100.0
Plaza Bonita GP, LLC (formerly Plaza Bonita, Inc)	**100.0**	**100.0**	100.0	100.0
Plaza Bonita II, LP	**100.0**	**100.0**	100.0	100.0
Plaza Bonita IV LLC	**100.0**	**100.0**	100.0	100.0
Plaza Bonita, LP	**100.0**	**100.0**	100.0	100.0
Plaza Camino Real, LLC	**100.0**	**100.0**	100.0	100.0
Plaza Camino Real, LP	**100.0**	**100.0**	100.0	100.0
Plaza Camino Service, LLC (formerly Plaza Camino Service, Inc)	**100.0**	**100.0**	100.0	100.0
Plaza West Covina GP, LLC (formerly Plaza West Covina, Inc)	**100.0**	**100.0**	100.0	100.0
Plaza West Covina, LP	**100.0**	**100.0**	100.0	100.0
Promenade, LP	**100.0**	**100.0**	100.0	100.0
R A Hotel, Inc.	**100.0**	**100.0**	–	–
R A West, Inc.	**100.0**	**100.0**	–	–
RNA–NY LLC	**100.0**	**100.0**	100.0	100.0
Rolim Real Estate Investments, Inc.	**100.0**	**100.0**	100.0	100.0
Rolim West, LLC	**100.0**	**100.0**	100.0	100.0
RoPro TRS, Inc.	**100.0**	**100.0**	100.0	100.0
Residential Real Estate I, LLC	**100.0**	**100.0**	100.0	100.0
Residential Rental and Investments, Inc	**100.0**	**100.0**	100.0	100.0
Roseville Parcel, LLC	**100.0**	**100.0**	100.0	100.0
Roseville Shoppingtown, LLC	**100.0**	**100.0**	100.0	100.0
S.F. Shopping Centre Associates, LP	**100.0**	**100.0**	100.0	100.0
S.F. Centre Limited Partnership	**100.0**	**100.0**	100.0	100.0
S.F. Centre LLC	**100.0**	**100.0**	100.0	100.0
Santa Ana Venture	**100.0**	**100.0**	100.0	100.0
Santa Anita Fashion Park, LP	**100.0**	**100.0**	100.0	100.0
Santa Anita GP, LLC	**100.0**	**100.0**	100.0	100.0
Santa Anita Service, LLC (formerly Santa Anita Service, Inc)	**100.0**	**100.0**	100.0	100.0
Santa Anita Shoppingtown LP	**100.0**	**100.0**	100.0	100.0
Sarasota Property LLC	**100.0**	**100.0**	–	–
Sarasota Shoppingtown, LLC	**100.0**	**100.0**	100.0	100.0
Sargent Drive Acquisition, LLC	–	–	100.0	100.0
Sargent Drive Holding, LLC	**100.0**	**100.0**	100.0	100.0
Solano Mall, LP	**100.0**	**100.0**	100.0	100.0
South County Center, LLC	–	–	100.0	100.0
South County Holdings, LLC	–	–	100.0	100.0
South County Post Office, LLC	–	–	100.0	100.0
South County Properties, Inc	–	–	100.0	100.0
South County Shoppingtown, LLC	–	–	100.0	100.0
South Shore Mall Holdings, LLC	**100.0**	**100.0**	100.0	100.0
South Shore Mall, LLC	**100.0**	**100.0**	100.0	100.0
South Shore Manager, LLC	**100.0**	**100.0**	100.0	100.0
Southgate Plaza, LLC	**100.0**	**100.0**	100.0	100.0
Southlake Indiana LLC	**100.0**	**100.0**	–	–
Southpark Mall LLC	**100.0**	**100.0**	–	–

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	**Beneficial* Parent Entity %**	**Consolidated or Equity accounted %**	Beneficial* Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN UNITED STATES (CONTINUED)				
Consolidated Controlled Entities (continued)				
SSM Land, LLC	**100.0**	**100.0**	100.0	100.0
St. Louis Assets, LLC	**100.0**	**100.0**	100.0	100.0
Sunrise Mall, LLC	**100.0**	**100.0**	100.0	100.0
The Connecticut Post, LP	**100.0**	**100.0**	100.0	100.0
Topanga Center, Inc	**100.0**	**100.0**	100.0	100.0
Topanga Plaza, LP	**100.0**	**100.0**	100.0	100.0
Topanga Plaza Owner, LLC	**100.0**	**100.0**	100.0	100.0
Trumbull Department Stores, Inc	–	–	100.0	100.0
Trumbull Mall, LLC	–	–	100.0	100.0
Trumbull Shopping Center # 1, LLC	**100.0**	**100.0**	100.0	100.0
Trumbull Shopping Center # 2, LLC	**100.0**	**100.0**	100.0	100.0
UC Century Genpar, LLC	**100.0**	**100.0**	100.0	100.0
UPI Associates	**100.0**	**100.0**	100.0	100.0
Urban Roseville, LLC	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	–	–	100.0	100.0
Vancouver Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Vancouver Mall II, LP	**100.0**	**100.0**	100.0	100.0
Vancouver Mall II, LLC	**100.0**	**100.0**	100.0	100.0
Vancouver Mall III LLC	**100.0**	**100.0**	100.0	100.0
Vancouver Mall, LLC	**100.0**	**100.0**	100.0	100.0
WALP Service, LLC (formerly WALP Service, Inc)	**100.0**	**100.0**	100.0	100.0
WAP HC, Inc	**100.0**	**100.0**	100.0	100.0
WCI Finance, LLC	**100.0**	**100.0**	100.0	100.0
WCM (BOS), LLC	**100.0**	**100.0**	100.0	100.0
WCMI (Texas), LLC	**100.0**	**100.0**	100.0	100.0
WEA Belden, LLC	**100.0**	**100.0**	100.0	100.0
WEA Brandon I GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Brandon II GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Chesterfield, LLC	**–**	**–**	100.0	100.0
WEA Chicago Ridge, LLC	**100.0**	**100.0**	100.0	100.0
WEA Citrus GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Countryside GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Crestwood Plaza, LLC	**–**	**–**	100.0	100.0
WEA CT Houses, LLC	**100.0**	**100.0**	100.0	100.0
WEA Eastridge GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Eastridge, LP	**100.0**	**100.0**	100.0	100.0
WEA Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Fox Valley GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Garden State Plaza GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Gateway, LLC	**100.0**	**100.0**	100.0	100.0
WEA Great Northern GP II, LLC	**100.0**	**100.0**	100.0	100.0
WEA Great Northern GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Great Northern Mall, LLC	**100.0**	**100.0**	100.0	100.0
WEA GSP, Inc	**100.0**	**100.0**	100.0	100.0
WEA Hawthorn Shopping Center GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Hawthorn Theatre MM, LLC	**100.0**	**100.0**	100.0	100.0

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

	31 Dec 07 – Interest		31 Dec 06 – Interest	
Name of entity	**Beneficial* Parent Entity %**	**Consolidated or Equity accounted %**	Beneficial* Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN UNITED STATES (CONTINUED)				
Consolidated Controlled Entities (continued)				
WEA HRE– Abbey, Inc.	**100.0**	**100.0**	100.0	100.0
WEA Meriden Square, LLC	**100.0**	**100.0**	100.0	100.0
WEA Meriden Square No.2, LLC	**100.0**	**100.0**	100.0	100.0
WEA Meriden Square No.3, LLC	**–**	**–**	100.0	100.0
WEA Meriden Square, Inc	**100.0**	**100.0**	100.0	100.0
WEA North Bridge, LLC	**–**	**–**	100.0	100.0
WEA North County Fair, LLC	**–**	**–**	100.0	100.0
WEA Northwest Indiana Holdings LLC 1	**100.0**	**100.0**	100.0	100.0
WEA NY Houses, LLC	**100.0**	**100.0**	100.0	100.0
WEA NY, Inc	**100.0**	**100.0**	100.0	100.0
WEA Old Orchard GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA Palm Desert, LP	**100.0**	**100.0**	100.0	100.0
WEA Solano BB, LLC	**100.0**	**100.0**	100.0	100.0
WEA Southcenter, LLC	**100.0**	**100.0**	100.0	100.0
WEA Southlake, LLC	**100.0**	**100.0**	100.0	100.0
WEA Southpark, LLC	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair, LP	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair UTC, LP	**100.0**	**100.0**	100.0	100.0
WEA VTC GP, LLC	**100.0**	**100.0**	100.0	100.0
WEA VTC LP, LLC	**–**	**–**	100.0	100.0
West County Center, LLC	**–**	**–**	100.0	100.0
West County Holdings, LLC	**–**	**–**	100.0	100.0
West County Parcel, LLC	**–**	**–**	100.0	100.0
West County Shoppingtown, LLC	**–**	**–**	100.0	100.0
West Valley Development, LLC	**100.0**	**100.0**	100.0	100.0
West Valley, LP	**100.0**	**100.0**	100.0	100.0
West Valley Partnership	**100.0**	**100.0**	100.0	100.0
Westfield 816–818 Mission Street LLC	**100.0**	**100.0**	–	–
Westfield America GP, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America GP, LLC	**100.0**	**100.0**	100.0	100.0
Westfield America Investor, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, LP	**100.0**	**100.0**	100.0	100.0
Westfield America M.S., Inc.	**100.0**	**100.0**	100.0	100.0
Westfield America of Annapolis, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America of Bonita, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America of Meriden Square, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America of Missouri, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America of Vancouver, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America of West Covina, Inc	**100.0**	**100.0**	100.0	100.0
Westfield America Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Aviation, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Beneficiary 1, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Beneficiary 2, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Beverage, Inc.	**100.0**	**100.0**	–	–
Westfield Branding, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Bulletin Building, LLC	**100.0**	**100.0**	100.0	100.0
Westfield BTW Sponsor, LLC, (formerly WEA NY II, Inc)	**100.0**	**100.0**	100.0	100.0
Westfield Centers, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Century City, LLC (formerly Westfield Century City TRS, Inc)	**100.0**	**100.0**	100.0	100.0
Westfield Concession Management II LLC (formerly Independence Service, LLC)	**100.0**	**100.0**	100.0	100.0
Westfield Concession Management, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Development Inc. (formerly Westfield Merchantwired, Inc.)	**100.0**	**100.0**	–	–

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

Name of entity	31 Dec 07 – Interest Beneficial* Parent Entity %	31 Dec 07 – Interest Consolidated or Equity accounted %	31 Dec 06 – Interest Beneficial* Parent Entity %	31 Dec 06 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN UNITED STATES (CONTINUED)				
Consolidated Controlled Entities (continued)				
Westfield Emporium, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Franklin Park II, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Franklin Park Mall, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Franklin Park Mezz II, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Garden State, LLC	**100.0**	**100.0**	100.0	100.0
Westfield GEX LLC	**100.0**	**100.0**	100.0	100.0
Westfield Gift Card Management, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Growth II, LP	**100.0**	**100.0**	100.0	100.0
Westfield Growth, LP	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield Independence, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Independence Mall, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Louis Joliet, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Management Acquisition, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Management Company	**100.0**	**100.0**	100.0	100.0
Westfield Management, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Metreon, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Mission Valley, Inc	**100.0**	**100.0**	100.0	100.0
Westfield North Bridge, Inc	**–**	**–**	100.0	100.0
Westfield Project Management, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Sacramento Acquisition Associates, LP	**100.0**	**100.0**	100.0	100.0
Westfield San Francisco I, LLC	**100.0**	**100.0**	100.0	100.0
Westfield San Francisco, LLC (formerly Westfield San Francisco TRS, Inc)	**100.0**	**100.0**	100.0	100.0
Westfield SF, LP	**100.0**	**100.0**	100.0	100.0
Westfield Subsidiary REIT 1, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Subsidiary REIT 2, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Topanga Owner, LP	**100.0**	**100.0**	100.0	100.0
Westfield U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Urban Preferred, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Urban, LLC (formerly Westfield Urban TRS, Inc)	**100.0**	**100.0**	100.0	100.0
Westfield USA Centres, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield WRI, Inc	**100.0**	**100.0**	100.0	100.0
Westfield WTC Holding, LLC	**100.0**	**100.0**	100.0	100.0
Westland Mall LLC	**100.0**	**100.0**	–	–
Westland Milford Properties, Inc	**100.0**	**100.0**	100.0	100.0
Westland Partners, Inc	**100.0**	**100.0**	100.0	100.0
Westland Properties, Inc	**100.0**	**100.0**	100.0	100.0
Westland Realty Beneficiary, Inc.	**100.0**	**100.0**	100.0	100.0
Westland Shopping Center L.P., A California Limited Partnership	**100.0**	**100.0**	100.0	100.0
Westland Shopping Center, LP	**100.0**	**100.0**	100.0	100.0
Westland South Shore Mall, LP	**100.0**	**100.0**	100.0	100.0
Westland Town Center, LLC	**–**	**–**	100.0	100.0
Wheaton Plaza No.1, LLC	**100.0**	**100.0**	100.0	100.0
Wheaton Plaza Regional Shopping Center, LLP	**100.0**	**100.0**	100.0	100.0
WHL (USA), Inc.	**100.0**	**100.0**	100.0	100.0
WPI Meriden Square, Inc	**100.0**	**100.0**	100.0	100.0
WTC Retail LLC	**100.0**	**100.0**	100.0	100.0

NOTE 43 DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

Name of entity	**31 Dec 07 – Interest** Beneficial* Parent Entity %	**31 Dec 07 – Interest** Consolidated or Equity accounted %	31 Dec 06 – Interest Beneficial* Parent Entity %	31 Dec 06 – Interest Consolidated or Equity accounted %
Equity Accounted Entities				
Abbey Acquisition, LLC	**43.3**	**43.3**	43.3	43.3
Bulletin Building, LLC	**50.0**	**50.0**	50.0	50.0
DTA Holding, LLC	**43.3**	**43.3**	43.3	43.3
DTA Acquisition LLC	**43.3**	**43.3**	43.3	43.3
Emporium Development, LLC	**–**	**–**	50.0	50.0
Emporium Mall, LLC	**50.0**	**50.0**	50.0	50.0
Fashion Square Service TRS, Inc	**50.0**	**50.0**	50.0	50.0
GSP Service TRS, Inc	**50.0**	**50.0**	50.0	50.0
Horton Plaza Venture, LLC	**50.0**	**50.0**	50.0	50.0
Mid Rivers, LP	**–**	**–**	33.3	33.3
Montgomery Mall Borrower, LLC	**50.0**	**50.0**	50.0	50.0
Montgomery Mall Condo, LLC	**50.0**	**50.0**	50.0	50.0
Montgomery Mall, LLC	**50.0**	**50.0**	50.0	50.0
Montgomery Mall of Maryland, LLC	**50.0**	**50.0**	50.0	50.0
Montgomery Service, Inc	**50.0**	**50.0**	50.0	50.0
North Bridge Service TRS, Inc	**–**	**–**	33.3	33.3
Northbridge Retail Company, LLC	**–**	**–**	33.3	33.3
RN 116 Company, LLC	**–**	**–**	33.3	33.3
RN 120 Company, LLC	**–**	**–**	33.3	33.3
RN 124/125 Company, LLC	**–**	**–**	33.3	33.3
RN 540 Hotel Company, LLC	**–**	**–**	33.3	33.3
Sherman Oaks Fashion Associates, LP	**50.0**	**50.0**	50.0	50.0
Tri–Party Miscellaneous, LLC	**–**	**–**	43.3	43.3
Tri–Party Non–856 Assets, LLC	**43.3**	**43.3**	43.3	43.3
University Towne Center, LLC	**50.0**	**50.0**	50.0	50.0
UTC Venture LLC	**50.0**	**50.0**	50.0	50.0
V F Mall, LLC	**50.0**	**50.0**	50.0	50.0
Valencia Town Center Associates, LP	**50.0**	**50.0**	50.0	50.0
Valencia Town Center Venture, G.P., LLC	**50.0**	**50.0**	50.0	50.0
Valencia Town Center Venture, LP	**50.0**	**50.0**	50.0	50.0
Valley Fair UTC, LLC	**50.0**	**50.0**	50.0	50.0
VF/UTC Service, Inc	**50.0**	**50.0**	50.0	50.0
Westfield Paramus 1, Inc	**50.0**	**50.0**	50.0	50.0
Westfield Paramus 2, Inc	**50.0**	**50.0**	50.0	50.0
Westfield Paramus Holdings 1, LLC	**50.0**	**50.0**	50.0	50.0
Westfield Paramus Holdings 2, LLC	**50.0**	**50.0**	50.0	50.0
Westfield Paramus Holdings 3, LLC	**50.0**	**50.0**	50.0	50.0
Westfield Valencia, LLC (formerly Westfield Valencia TRS, Inc)	**50.0**	**50.0**	50.0	50.0
Westland Garden State Plaza, LP	**50.0**	**50.0**	50.0	50.0

* Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Entity's ownership interest as determined under Australian Accounting Standards excluding certain convertible redeemable preference shares and other redeemable preference shares/units which have been accounted for as other financial liabilities in these financial statements.

Directors' Declaration

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

(a) 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;

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 14 March 2008 in accordance with a resolution of the Board of Directors.

F P Lowy, AC
Executive Chairman

F G Hilmer, AO
Director

Independent Audit Report

TO THE MEMBERS OF WESTFIELD AMERICA TRUST

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
Fax 61 2 9248 5959

Independent auditor's report to the members of Westfield America Trust

We have audited the accompanying financial report of Westfield America Trust (the trust), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Westfield America Management Limited, the Responsible Entity of the trust, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(b), the directors also state that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of Westfield America Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Westfield America Trust is in accordance with 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 31 December 2007 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the financial report also complies with International Financial Reporting Standards.

Ernst & Young

Ernst & Young

Chris Westworth
Partner

Sydney, 14 March 2008

Liability limited by a scheme approved under Professional Standards Legislation.

The Directors of Westfield America Management Limited ("Responsible Entity"), the responsible entity of Westfield America Trust ("Trust") submit the following Report for the year ended 31 December 2007 ("Financial Year").

Review of Operations and State of Affairs

The Trust reported a net profit of $799.2 million and a distribution of $862.7 million for the Financial Year. Basic earnings per unit are 41.04 cents and the distribution per unit is 44.50 cents.

As at 31 December 2007, the Trust had a $19.3 billion (consolidated properties $16.7 billion and share of equity accounted properties: $2.6 billion) interest in 55 shopping centres, comprising 8,735 retail outlets and approximately 5.8 million square of retail space.

The Trust contributed net property income of $1,136.4 million for the Financial Year with comparable mall income growth of 2.7%.

Retail sales on the Group's 55 US centres totalled US$7.2 billion for the Financial Year. Total sales per square foot increased 3.1% with comparable sales up 1.2%.

At 31 December 2007, the portfolio of 55 centres was 94.1% leased. New leases totalling 2.9 million square feet were completed during the Financial Year. The average specialty store rent across the portfolio at December 2007 was US$44.98 per square foot, up 5.2% for the Financial Year (on a comparable basis).

Property transactions

During the Financial Year the Group acquired two assets in the growing Florida market for US$400 million. The Group also divested five assets for US$1.2 billion as part of a strategic realignment of the United States portfolio. In addition, the Group sold Westfield North Bridge in Chicago for US$172 million.

Development projects

During the Financial Year the Group successfully completed the US$150 million redevelopment of Annapolis in Maryland. The Group also completed the US$100 million redevelopment of Garden State Plaza, New Jersey, the US$60 million redevelopment of Brandon in Florida, the US$60 million redevelopment of Southpark in Ohio and the US$60 million redevelopment of Sarasota in Florida.

Construction continues on the US$90 million expansion of Plaza Bonita in San Diego, California which is due for completion in the first and second quarters of 2008; the US$50 million expansion of Topanga, California and the US$240 million redevelopment of Southcenter in Seattle, Washington are both scheduled for completion in the fourth quarter of 2008; the US$260 million redevelopment of Galleria at Roseville, the US$120 million expansion of Santa Anita, the US$170 million redevelopment of Fox Hills and the US$120 million redevelopment of Valencia are scheduled for completion in the fourth quarter of 2009.

Except as may be stated elsewhere in the Annual Report, the Directors are not aware of any matter or circumstance since 31 December 2007 that has significantly affected or may significantly affect the operations of the Group, the results of those operations or state of affairs of the Group for future financial years.

There were no significant changes in the Trust's state of affairs during the Financial Year.

Principal Activities

The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and State of Affairs above. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

Environmental Performance

Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

Distributions

The following distributions were paid to members during the Financial Year:

The distribution for the six months ended 31 December 2006 [(1)], paid 28 February 2007:

– 29.40 cents per unit final distribution for ordinary units;	
– 19.50 cents per unit final distribution for ordinary units issued on 31 August 2006 pursuant to the Group's Distribution Reinvestment Plan	$544,451,181

The distribution for the six months ended 30 June 2007 [(2)], paid 31 August 2007:

– 24.25 cents per unit interim distribution for all ordinary units;	
– 16.34 cents per unit interim distribution for ordinary units issued on 28 February 2007 pursuant to the Group's Distribution Reinvestment Plan	$452,555,573

The following final distribution [(3)] was declared for payment to members with respect to the Financial Year, and paid on 29 February 2008:

– 20.25 cents per unit final distribution for all ordinary units	$410,119,195

(1) The Trust distribution of 29.40 cents per ordinary unit and 19.50 cents (per August 2006 DRP unit) formed part of the distribution of 52.0 cents per ordinary WDC stapled security and 34.48 cents (per August 2006 DRP stapled security) paid on 28 February 2007. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

(2) The Trust distribution of 24.25 cents per ordinary unit and 16.34 cents (per February 2007 DRP unit) formed part of the distribution of 53.25 cents per ordinary WDC stapled security and 35.89 cents (per February 2007 DRP stapled security) paid on 31 August 2007. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

(3) The Trust distribution of 20.25 cents per ordinary unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security paid on 29 February 2008. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

Directors' Report (continued)

The Directors

The following Directors served on the Board for the Financial Year: Mr F P Lowy AC, Mr D H Lowy AM, Professor F G Hilmer AO, Mr R L Furman, Mr D M Gonski AC, Mr S P Johns, Mr P S Lowy, Mr S M Lowy, Mr J B Studdy AM, Mr F T Vincent, Dr G H Weiss, Mr D R Wills AO and Ms C M Zampatti AM.

The composition of the Board changed during the Financial Year with the retirements of Mr John B Studdy AM and Mr Francis T Vincent on 2 May 2007. In addition, Professor Hilmer AO stepped down as Deputy Chairman of the Board in April 2007 but continues to serve as the lead independent director.

Subsequent to the end of the Financial Year, Mr Dean Wills AO advised that he will not stand for re–election at the annual general meeting of Westfield Holdings Limited, scheduled to be held on 23 May 2008. Mr Wills will retire from the Board at the conclusion of that meeting. On 26 February 2008, Professor Judith Sloan and Mr John McFarlane were appointed to the Board.

The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in the Westfield Group as at the date of this Report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Holdings Limited and units in Westfield Trust. The stapled securities trade on the Australian Securities Exchange under the code WDC.

Director	Number of Stapled Securities
F P Lowy, AC	
D H Lowy, AM	179,598,368
P S Lowy	
S M Lowy	
R L Furman	–
D M Gonski, AC	223,918
F G Hilmer, AO	205,904
S P Johns	1,522,267
J McFarlane	–
J Sloan	1,000
G H Weiss	21,739
D R Wills, AO	20,000
C M Zampatti, AM	338,922

Messrs Studdy and Vincent retired from the Board on 2 May 2007. On the date of retirement, Messrs Studdy and Vincent held 38,573 and 10,000 ordinary stapled securities in the Westfield Group respectively.

None of the Directors hold options over any issued or unissued units in the Trust or stapled securities in the Westfield Group. No options over any issued or unissued units in the Trust or stapled securities in the Westfield Group have been issued to the Specified Executives as defined in Note 41 in the Notes to the Financial Statements. None of the Directors hold debentures of the Westfield Group.

None of the Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests in the Trust or the Group.

Options

Details of the unissued ordinary units in the Trust under options as at the date of this Report are provided in Note 21 in the Notes to the Financial Statements (page 18).

Details of fully paid ordinary units in the Trust which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued units are provided in Note 20 in the Notes to the Financial Statements (page 18).

Indemnities and Insurance Premiums

No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Constitution and the Corporations Act, they remain fully indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

Special rules for Registered Schemes

- $2.7 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 107,944,604 units as at the end of the Financial Year. Associates of the Responsible Entity also hold 27,661,209 options in the Trust.
- Details of units issued in the Trust during the Financial Year are set out on Note 20 on page 18.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(b), 12 and 13 on pages 7, 13 and 14 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 20 on page 18.

Audit and Compliance Committee

As at the date of this Report, the Responsible Entity had an Audit and Compliance Committee of the Board of Directors.

ERNST & YOUNG

Auditor's Independence Declaration to the Directors of Westfield America Management Limited

In relation to our audit of the financial report of Westfield America Trust and the consolidated entity for the financial year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Chris Westworth
Partner

Sydney, 14 March 2008

Liability limited by a scheme approved under Professional Standards Legislation.

This Report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.

F P Lowy, AC
Executive Chairman

F.G. Hilmer

F G Hilmer, AO
Director

14 March 2008

Corporate Governance

The Corporate Governance statement for Westfield America Trust for the financial year ended 31 December 2007 has been incorporated into the Corporate Governance statement prepared for the stapled Westfield Group. This statement can be found in the 2007 Westfield Group Annual Report, after the Directors' Report.

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2007

Twenty Largest Holders of Stapled Securities in Westfield Group[1]		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	401,972,403	20.70
2.	J P Morgan Nominees Australia Limited	306,627,790	15.79
3.	National Nominees Limited	234,489,015	12.07
4.	Citicorp Nominees Pty Limited	108,020,763	5.56
5.	Cordera Holdings Pty Limited	100,724,953	5.19
6.	ANZ Nominees Limited <Cash Income A/C>	58,664,422	3.02
7.	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	39,517,724	2.03
8.	Cogent Nominees Pty Limited	39,230,313	2.02
9.	AMP Life Limited	35,886,894	1.85
10.	Cogent Nominees Pty Limited <SMP Account>	23,056,007	1.19
11.	Queensland Investment Corporation	18,924,676	0.97
12.	Bond Street Custodians Limited <ENH Property Securities A/C>	17,345,020	0.89
13.	Franley Holdings Pty Limited	16,975,434	0.87
14	UBS Nominees Pty Ltd <116C A/C>	13,440,000	0.69
15	Perpetual Trustee Company Limited	12,738,784	0.66
16	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	10,750,830	0.55
17	Citicorp Nominees Pty Limited <CFSIL CWLTH Property 1 A/C>	9,764,953	0.50
18	Bond Street Custodians Limited <Property Securities A/C>	9,676,664	0.50
19.	Mr Frank P Lowy	8,817,391	0.45
20.	Citicorp Nominees Pty Limited <CFSIL CFS WS INDX Prop A/C>	8,246,619	0.42
		1,474,870,655	**75.92**

(1) Ordinary shares in the Company were stapled to units in Westfield Trust and Westfield America Trust as part of the Merger. The stapled securities trade on the ASX under the code WDC.

Voting Rights

The Company: At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

Westfield Trust and Westfield America Trust: At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

	No. of Options[1]	No. of Option Holders	No. of Stapled securities[2]	No. of Security–holders	% of securities in each Category
1–1,000	2,415	2	32,639,167	65,374	1.68
1,001–5,000	5,000	1	121,515,205	56,485	6.26
5,001–10,000	10,000	1	43,004,094	6,265	2.21
10,001–100,000	222,550	5	76,467,810	3,315	3.94
100,001 and over	531,029	2	1,668,576,561	288	85.91
Total	**770,994**	**11**	**1,942,202,837**	**131,727**	**100.00**

As at 28 February 2008, 3,034 members held less than a marketable parcel of quoted securities in the Westfield Group.

The number of options on issue include options on issue by each of the Company, Westfield Trust and Westfield America Trust. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities.

(1) In addition, there are 27,661,209 options on issue to four subsidiaries of the Company. Due to the stapling structure of the Westfield Group, these options could not be exercised by these subsidiaries. The total number of options on issue at 28 February 2008 is 28,432,203

(2) Subsidiaries of the Company also hold 83,084,363 units in Westfield America Trust which units are not stapled. There are 2,025,287,200 units in Westfield America Trust on issue.

Substantial Securityholders

The names of the Group's substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Group, are as follows:

Members of the Lowy family and associates	166,450,338
Barclay's Group	97,541,941
Commonwealth Bank of Australia	97,098,630