28 March 2012

Westfield Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
GPO Box 4004
Sydney NSW 2001
Australia
Telephone **02 9358 7000**
Facsimile **02 9358 7077**
Internet **www.westfield.com**

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 2011; and

2. Annual Financial Report for Westfield America Trust for the financial year ended 31 December 2011.

The Annual Financial Reports will be despatched to members on or around 28 March 2012.

The reports may also be accessed on the Westfield website – www.westfield.com/corporate.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

Westfield Trust
Financial Report
31 December 2011

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)

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7000
Facsimile: +61 2 9358 7077

United States Office
12th Floor
11601 Wilshire Boulevard
Los Angeles California 90025

Telephone: +1 310 478 4456
Facsimile: +1 310 478 1267

New Zealand Office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023

Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

United Kingdom Office
6th Floor, MidCity Place
71 High Holborn
London WC1V 6EA

Telephone: +44 20 7061 1400
Facsimile: +44 20 7061 1401

Secretaries
Simon J Tuxen
Maureen T McGrath

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

Investor Information
Westfield Group
Level 30
85 Castlereagh Street
Sydney NSW 2000

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: web.queries@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

Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SGS-COC-003898
© 1996 Forest Stewardship Council
FSC

The papers used in the production of this years Westfield Group reports are produced using environmentally responsible papers produced from FSC (mixed sources) certified pulp from well managed forests. Sumo Offset Laser is an environmentally responsible paper manufactured under the environmental management system ISO 14001 using Elemental Chlorine Free (ECF) pulp sourced from certified, well managed forests. Sumo Offset Laser is FSC Chain of Custody (CoC) certified (mixed sources), and both Novatech and Nordset are environmentally responsible papers produced from FSC (mixed sources) certified pulp from well managed forests and are Elemental Chlorine Free (ECF). They are manufactured by Nordland Papier, a company certified with environmental management systems ISO 14001 and EMAS, the EU Eco-management & Audit Scheme (Reg. No.D-162-00007). Nordset and Novatech have also been awarded the EU "Flower" Eco-label certification.

TYPESETTING: MONCHOCREATIVE.COM.AU PRODUCTION: OCTOPUS SOLUTIONS

Financial Report

WESTFIELD TRUST
For the financial year ended 31 December 2011

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Revenue			
Property revenue	3	**490.5**	1,757.5
		490.5	1,757.5
Share of after tax profits of equity accounted entities			
Property revenue		**576.2**	149.2
Property revaluations		**103.9**	167.0
Property expenses, outgoings and other costs		**(151.1)**	(39.5)
Net interest expense		**(0.6)**	(1.2)
Tax expense		**(16.4)**	–
	13(a)	**512.0**	275.5
Expenses			
Property expenses, outgoings and other costs		**(130.5)**	(450.8)
Property and funds management costs		**(8.9)**	(16.0)
Corporate costs		**(3.9)**	(4.5)
		(143.3)	(471.3)
Gain/(loss) from capital transactions	4	**49.5**	(991.7)
Interest income	5(a)	**107.9**	18.1
Currency derivatives and exchange differences		**(56.0)**	74.0
Financing costs	5(b)	**(485.2)**	(499.0)
Revaluations and other income	6	**667.9**	713.7
Profit before tax and non controlling interests		**1,143.3**	876.8
Tax expense	7	**(1.9)**	(205.2)
Profit after tax for the period		**1,141.4**	671.6
Profit after tax for the period attributable to:			
– Members of Westfield Trust (WT)		**1,136.7**	660.8
– External non controlling interests		**4.7**	10.8
Profit after tax for the period		**1,141.4**	671.6

	Note	cents	cents
Basic earnings per unit	8	**49.23**	28.63
Diluted earnings per unit	8	**48.43**	27.77

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	31 Dec 11 $million	31 Dec 10 $million
Profit after tax for the period	**1,141.4**	671.6
Other comprehensive income/(loss)		
Movements in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**(0.2)**	(29.3)
– Accumulated exchange differences on distribution of New Zealand interests to Westfield Retail Trust [(i)]	**–**	(8.5)
Movements in asset revaluation reserve		
– Revaluation increment/(decrement)	**433.3**	(89.2)
Total comprehensive income for the period	**1,574.5**	544.6
Total comprehensive income attributable to:		
– Members of WT	**1,569.8**	533.8
– Non controlling interests	**4.7**	10.8
Total comprehensive income for the period	**1,574.5**	544.6

(i) The accumulated exchange differences relating to the New Zealand interests distributed to Westfield Retail Trust has been derecognised from foreign currency translation reserve and transferred to the income statement in accordance with AASB 121 The Effects of Changes in Foreign Exchange Rates.

Distribution Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Final Distribution paid	24(a)	**402.9**	415.6
Interim Distribution paid	24(b)	**351.0**	484.6
Total Distribution		**753.9**	900.2
Weighted average number of units entitled to distribution at 31 December (millions)		**2,309.0**	2,308.4
		cents	cents
6 months ended 31 December			
Distribution paid per ordinary unit		**17.45**	18.00
6 months ended paid 30 June			
Distribution paid per ordinary unit		**15.20**	21.00

Balance Sheet

AS AT 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Current assets			
Cash and cash equivalents	23(a)	**26.3**	21.3
Trade debtors		**0.9**	0.4
Derivative assets	9	**66.6**	79.8
Receivables	10	**3,615.4**	3,394.1
Prepayments and deferred costs	11	**17.2**	18.5
Total current assets		**3,726.4**	3,514.1
Non current assets			
Investment properties	12	**6,767.1**	6,157.4
Equity accounted investments	13	**6,639.8**	6,657.8
Other investments	14	**1,120.1**	1,055.3
Derivative assets	9	**43.8**	146.0
Receivables	10	**–**	500.0
Prepayments and deferred costs	11	**17.6**	28.2
Total non current assets		**14,588.4**	14,544.7
Total assets		**18,314.8**	18,058.8
Current liabilities			
Trade creditors		**60.1**	59.5
Payables and other creditors	15	**213.7**	1,054.9
Interest bearing liabilities	16	**528.1**	216.6
Tax payable		**0.9**	–
Derivative liabilities	18	**37.8**	37.9
Total current liabilities		**840.6**	1,368.9
Non current liabilities			
Interest bearing liabilities	16	**3,668.7**	3,683.1
Other financial liabilities	17	**1,328.0**	1,288.0
Derivative liabilities	18	**570.4**	609.9
Total non current liabilities		**5,567.1**	5,581.0
Total liabilities		**6,407.7**	6,949.9
Net assets		**11,907.1**	11,108.9
Equity attributable to members of WT			
Contributed equity	19	**7,568.0**	7,568.0
Reserves	21	**352.4**	(80.7)
Retained profits	22	**3,796.6**	3,426.5
Total equity attributable to members of WT		**11,717.0**	10,913.8
Equity attributable to non controlling interests			
Contributed equity		**94.0**	94.0
Retained profits		**96.1**	101.1
Total equity attributable to non controlling interests		**190.1**	195.1
Total equity		**11,907.1**	11,108.9

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	*Comprehensive Income 31 Dec 11 $million*	*Movement in Equity 31 Dec 11 $million*	**Total 31 Dec 11 $million**	Total 31 Dec 10 $million
Changes in equity attributable to members of WT					
Opening balance of contributed equity		–	*7,568.0*	**7,568.0**	10,549.7
– Capital distribution to Westfield Retail Trust (i)	19(b)				
Book value of net assets distributed		–	–	**–**	(7,280.7)
Less: market value adjustment included in the income statement		–	–	**–**	934.3
Less: accumulated property revaluation gains distributed		–	–	**–**	3,355.8
– Conversion of options/rights	19(b)	–	–	**–**	8.9
Closing balance of contributed equity		–	*7,568.0*	**7,568.0**	7,568.0
Opening balance of reserves		–	*(80.7)*	**(80.7)**	46.3
– Movements in foreign currency translation reserve (ii)	21(a)	*(0.2)*	–	**(0.2)**	(37.8)
– Movements in asset revaluation reserve	21(b)	*433.3*	–	**433.3**	(89.2)
Closing balance of reserves		*433.1*	*(80.7)*	**352.4**	(80.7)
Opening balance of retained profits		–	*3,426.5*	**3,426.5**	7,252.3
– Profit after tax for the period		*1,136.7*	–	**1,136.7**	660.8
– Accumulated property revaluation gains distributed to Westfield Retail Trust (i)	22	–	–	**–**	(3,355.8)
– Distributions paid	22	–	*(766.6)*	**(766.6)**	(1,130.8)
Closing balance of retained profits		*1,136.7*	*2,659.9*	**3,796.6**	3,426.5
Closing balance of equity attributable to members of WT		*1,569.8*	*10,147.2*	**11,717.0**	10,913.8
Changes in equity attributable to non controlling interests					
Opening balance of equity		–	*195.1*	**195.1**	194.1
– Total comprehensive income attributable to non controlling interests (iii)		*4.7*	–	**4.7**	10.8
– Distributions paid or provided for		–	*(9.7)*	**(9.7)**	(9.8)
Closing balance of equity attributable to non controlling interests		*4.7*	*185.4*	**190.1**	195.1
Total equity		*1,574.5*	*10,332.6*	**11,907.1**	11,108.9

(i) In the comparative period 31 December 2010, the net assets distributed to Westfield Retail Trust amount to $7,280.7 million of which $2,990.6 million has been debited to contributed equity, $3,355.8 million (representing accumulated property revaluation gains) has been debited to retained profits and $934.3 million has been charged to the income statement. The charge of $934.3 million represents the difference between the market value and book value of net assets distributed to Westfield Retail Trust.

(ii) Movements in foreign currency translation reserve consists of the net exchange loss on translation of foreign operations of $0.2 million (31 December 2010: loss of $29.3 million and the accumulated exchange differences of 8.5 million relating to the New Zealand interests distributed to Westfield Retail Trust that have been derecognised from the foreign currency translation reserve and transferred to the income statement in accordance with AASB 121 The Effects of Changes in Foreign Exchange Rates).

(iii) Total comprehensive income for the period amounts to a gain of $1,574.5 million (31 December 2010: $544.6 million). The comparative period consists of a gain attributable to non controlling interests of $10.8 million and a gain attributable to WT members of $533.8 million.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Cash flows from operating activities			
Receipts in the course of operations (including GST)		**553.1**	2,049.8
Payments in the course of operations (including GST)		**(149.2)**	(559.1)
Settlement of income hedging currency derivatives		**1.4**	12.0
Distributions/dividends received from equity accounted entities and other investments		**365.7**	95.7
Interest received from equity accounted entities		**20.8**	–
Income and withholding taxes paid		**(1.0)**	(17.1)
Goods and services taxes paid		**(39.3)**	(158.0)
Net cash flows from operating activities	23(b)	**751.5**	1,423.3
Cash flows from/(used in) investing activities			
Payments of capital expenditure for property investments		**(370.9)**	(575.2)
Payments for the acquisition of other investments		**(45.4)**	(6.0)
Proceeds from the sale of property and other investments		**262.7**	16.0
Proceeds from realisation of unlisted investments in group entities		**795.7**	–
Net outflows for investments in and loans to equity accounted entities		**(77.8)**	(7.7)
Settlement of asset hedging currency derivatives		**26.0**	(286.3)
Financing costs capitalised		**(33.6)**	(118.5)
Cash in shopping centre interests transferred to Westfield Retail Trust	23(c)	**–**	(35.9)
Cash in shopping centre interests transferred to equity accounted entities		**–**	(21.8)
Net cash flows from/(used in) investing activities		**556.7**	(1,035.4)
Cash flows used in financing activities			
Proceeds from the establishment of Westfield Retail Trust	23(c)	**–**	3,500.0
Termination of surplus interest rate swaps upon repayment of interest bearing liabilities with the proceeds from the Westfield Retail trust capital restructure		**(13.8)**	(16.2)
Termination of surplus interest rate swaps upon the restructure of Westfield Trust's interest rate hedge portfolio		**(42.5)**	(15.0)
Financing costs excluding interest capitalised		**(406.8)**	(453.4)
Net proceeds from/(repayments of) interest bearing liabilities		**93.5**	(981.6)
Loans advanced to related entities		**(224.6)**	(1,342.6)
Interest received		**67.3**	17.5
Distributions paid		**(766.6)**	(1,130.8)
Distributions paid by controlled entities to non controlling interests		**(9.7)**	(9.8)
Net cash flows used in financing activities		**(1,303.2)**	(431.9)
Net increase/(decrease) in cash and cash equivalents held		**5.0**	(44.0)
Add opening cash and cash equivalents brought forward		**21.3**	66.0
Effects of exchange rate changes on cash and cash equivalents		**–**	(0.7)
Cash and cash equivalents at the end of the year	23(a)	**26.3**	21.3

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield Trust (WT) and its controlled entities (collectively the WT Group) for the year ended 31 December 2011 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 2012.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards board. The accounting policies adopted are consistent with those of the previous financial year except that the WT Group has adopted the following new or amended standards which became applicable on 1 January 2011.

– AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*;

– AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;

– Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;

– AASB 124 *Related Party Disclosures (December 2009)*;

– AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*;

– AASB 2010-5 *Amendments to Australian Accounting Standards*;

– AASB 2010-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements*.

For the year, the adoption of these amended standards has no material impact on the financial statements of the WT Group.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the WT Group for the year ended 31 December 2011. The impact of these new standards (to the extent relevant to the WT Group) and interpretations are as follows:

– AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (applicable from 1 January 2012)

  This amendment requires deferred tax to be determined on the basis that the asset is disposed of, rather than the asset being retained and tax recognised through the continued use of the asset. The final amount of tax actually paid on the disposal of any of the WT Group's assets may be different, depending on the circumstances of the disposal. The WT Group has estimated that based on current capital gains tax rates, a reduction in deferred tax liabilities of approximately $154.7 million would be required with a corresponding entry recorded against retained earnings upon implementation of the amended standard;

– AASB 9 *Financial Instruments* (effective from 1 January 2013)

  This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The WT Group is currently assessing the impact of this standard;

– AASB 10 *Consolidated Financial Statements* (effective from 1 January 2013)

  This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard may lead to some entities that are currently being equity accounted to be consolidated into the WT Group's financial results when they are restated on application of this accounting standard;

– AASB 11 *Joint Arrangements* (effective from 1 January 2013)

  This standard uses the principle of control in AASB 10 to define joint control and removes the option to account for jointly controlled entities using the proportionate consolidation method. Joint operations that give the joint venture parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. This standard is not expected to have a significant impact on the WT Group's financial results;

– AASB 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

  The standard introduces new disclosures about judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The WT Group is currently assessing the impact of this standard;

– AASB 13 *Fair value measurement* (effective from 1 January 2013)

  The standard establishes a single source of guidance for determining the fair value of assets and liabilities. The WT Group is currently assessing the impact of this standard.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

– AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (applicable from 1 January 2013);

– AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (applicable from 1 July 2011);

– AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (applicable from 1 January 2013);

– AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable from 1 July 2013);

– AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income* (applicable from 1 July 2012);

– AASB 1053 *Application of Tiers of Australian Accounting Standards* (applicable from 1 July 2013);

– AASB 1054 *Australian Additional Disclosures* (applicable from 1 July 2011).

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards, except where disclosed above.

(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), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. 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 which have been measured at fair value. 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) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 12: Investment properties and Note 35: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position in future periods.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

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 Securities 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 WT 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 WT 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) Synchronisation of Financial Year

By an order dated 5 November 2001, made by the 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 Carindale Property Trust (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 WT 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 WT 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 WT 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 WT 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 WT Group's share of net assets of the joint venture entities. The consolidated income statement reflects the WT Group's share of the results of operations of the joint venture entities.

iii) Associates

Where the WT Group exerts significant influence but not control, equity accounting is applied. The WT 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 WT Group's share of net assets of the associates. The consolidated income statement reflects the WT 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 WT 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. Non controlling interests are shown as a separate item in the consolidated financial statements.

In December 2010, the WT Group established Westfield Retail Trust. As a result, the WT Group distributed 50% interest in a number of its Australia and New Zealand controlled entities to Westfield Retail Trust (refer to Note 40). Where the remaining interests are directly held by the WT Group, the relevant interests are consolidated. Where the remaining interests are held through interposed entities, these entities are equity accounted.

(c) Investment properties

The WT Group's investment properties include shopping centre investments, development projects and construction in progress.

i) Shopping centre investments

The WT 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.

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the WT 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. The carrying amount of investment properties also includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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 takes into account the latest independent valuation, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. 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 and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. Capitalisation rates in the range of 5.13% to 8.75% have been applied.

ii) Development projects and construction in progress

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

Development projects and construction in progress are carried at fair value based on Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress 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, development projects and construction in progress are significant estimates that can change based on WT Group's continuous process of assessing the factors affecting each property.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other investments

i) Listed investments

Listed investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair values based on their quoted market values. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

ii) Unlisted investments

Unlisted investments are designated investments available for sale and are stated at fair value of the WT Group's interest in the underlying assets which approximate fair value. Fair values for unlisted investments are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to market value of similar investments. 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 as revaluation gains or losses.

(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 WT 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 entities are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries and equity accounted entities 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 entities 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 WT 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 a receivable and carried at its recoverable amount. 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 part of investment properties and amortised over the term of the lease. The amortisation is recorded against property income.

Revenue is recognised from the sale of properties, 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 are brought to account on an accruals basis.

(h) Taxation

The WT 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 capital gains tax as detailed below:

(i) Under current Australian income tax legislation Australian Trusts forming part of the WT Group are 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. The WT Group's New Zealand entities are subject to New Zealand tax on their earnings. Dividends paid by those entities to WT may be subjected 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 income tax offset 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.

(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 WT Group for the acquisition or construction of a qualifying asset, the 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases (continued)

(ii) Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the WT 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 WT 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 financial instruments and other financial instruments

The WT Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate 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 WT 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 WT Group's treasury policy and hedging program. Derivative instruments 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, 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 and interest rate 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 and loan receivables 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 WT 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 WT Group prior to the end of the financial year that are unpaid and arise when the WT 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. The fair value of property linked notes is determined by reference to the fair value of the underlying linked property investments.

(n) Recoverable amount of assets

At each reporting date, the WT Group assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the WT 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 adjusted for any profit recognised in the period relating to dilutive potential ordinary units and divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(p) Distributions of non-cash assets

Distribution of non-cash assets are recorded at market value in the financial statements. The market value of net assets distributed is charged to contributed equity and retained profits. The difference between the carrying amount and the market value of the assets at the time of the distribution is recognised in the income statement on the date of settlement.

(q) 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.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	**496.5**	1,781.1
Amortisation of tenant allowances	**(6.0)**	(23.6)
	490.5	1,757.5
NOTE 4 GAIN/(LOSS) FROM CAPITAL TRANSACTIONS		
Asset sales and other capital costs		
– proceeds from asset sales	**262.7**	16.0
– less: carrying value of assets sold and other capital costs	**(213.2)**	(15.6)
Charges in respect of the establishment of the Westfield Retail Trust		
– market value adjustment on Westfield Retail Trust distribution (i)	**–**	(934.3)
– exchange differences on distribution of New Zealand interests to Westfield Retail Trust	**–**	8.5
– net fair value financing costs on the termination of surplus interest rate swaps in respect of the repayment of interest bearing liabilities with the proceeds from Westfield Retail Trust	**–**	(12.5)
– deferred borrowing costs in respect of the termination of surplus facilities and transaction costs	**–**	(53.8)
	49.5	(991.7)

(i) In the comparative period 31 December 2010, the net assets distributed to Westfield Retail Trust amount to $7,280.7 million of which $2,990.6 million has been debited to contributed equity, $3,355.8 million (representing accumulated property revaluation gains) has been debited to retained profits and $934.3 million has been charged to the income statement. The charge of $934.3 million represents the difference between the market value and book value of net assets distributed to Westfield Retail Trust.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 5 INTEREST INCOME AND FINANCING COSTS		
(a) Interest income		
Interest income	**3.2**	8.4
Interest income from related entities	**104.7**	9.7
	107.9	18.1
(b) Financing costs		
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		
– External	**(267.4)**	(401.7)
– Related entities	**(73.9)**	(94.7)
Financing costs capitalised to development projects and construction in progress	**33.6**	118.5
Financing costs	**(307.7)**	(377.9)
Finance leases interest expense	**(0.3)**	(3.7)
Net fair value (loss)/gain on interest rate hedges that do not qualify for hedge accounting	**(47.1)**	19.4
Interest expense on other financial liabilities	**(75.1)**	(75.0)
Net fair value loss on other financial liabilities	**(40.0)**	(34.4)
Net fair value loss on termination of surplus interest rate swaps upon the restructure of WT Group's interest rate hedge portfolio	**(15.0)**	(27.4)
	(485.2)	(499.0)
NOTE 6 REVALUATIONS AND OTHER INCOME		
Revaluation of property investments	**283.3**	716.8
Revaluation of listed investments	**(10.4)**	(3.1)
Dividends and distributions on realisation of unlisted investments in group entities	**395.0**	–
	667.9	713.7

	31 Dec 11 $million	31 Dec 10 $million

NOTE 7 TAXATION

Tax expense		
Current – underlying tax	**(1.9)**	(17.6)
Deferred tax	**–**	(187.6)
	(1.9)	(205.2)

The prima facie tax on profit before tax is reconciled to the income tax expense provided in the income statement as follows:		
Profit before income tax	**1,143.3**	876.8
Share of after tax profit of equity accounted entities	**(512.0)**	(275.5)
Profit before income tax – consolidated	**631.3**	601.3
Prima facie tax expense at 30%	**(189.4)**	(180.4)
Permanent differences	**–**	(2.1)
Australian trust income not assessable	**196.6**	441.0
Market value adjustment on Westfield Retail Trust distribution not deductible	**–**	(280.3)
Change in New Zealand tax legislation removing depreciation deduction	**–**	(203.2)
Prior year over provision	**1.9**	–
Differential on tax rates on New Zealand foreign income	**(0.5)**	–
Tax on intra-group transactions	**(10.5)**	(1.0)
Benefit from reduction in tax rate	**–**	20.8
Tax expense	**(1.9)**	(205.2)

	cents	cents

NOTE 8 EARNINGS PER UNIT

(a) Attributable to members of WT		
Basic earnings per unit	**49.23**	28.63
Diluted earnings per unit	**48.43**	27.77

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit (i)	**2,308,988,539**	2,307,806,424
Bonus element of options which if issued, would be dilutive	**37,883,679**	71,572,964
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit (ii)	**2,346,872,218**	2,379,379,388

	$million	$million
Earnings used in calculating basic earnings per unit	**1,136.7**	660.8
Adjustment to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**1,136.7**	660.8

(i) 2,309 million (31 December 2010: 2,307.8 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(ii) The weighted average number of converted, lapsed or cancelled potential ordinary units used in calculating diluted earnings per unit was nil (31 December 2010: nil).

(b) Conversions, calls, subscription or issues after 31 December 2011

There have been no conversions to, calls of, or subscriptions for, or issuance of new or potential ordinary units since the reporting date and before the completion of this report. Since the end of the financial year, the Westfield Group has announced the intention to commence an on-market buy back of securities for up to 10% of issued capital.

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 9 DERIVATIVE ASSETS			
Current			
Receivables on currency derivatives		**65.7**	79.3
Receivables on interest rate derivatives		**0.9**	0.5
		66.6	79.8
Non Current			
Receivables on currency derivatives		**3.8**	68.2
Receivables on interest rate derivatives		**27.2**	6.3
Receivables on interest rate derivatives with related entities		**12.8**	71.5
		43.8	146.0
NOTE 10 RECEIVABLES			
Current			
Sundry debtors		**93.5**	64.2
Amount receivable from Westfield Retail Trust	40	**942.0**	442.0
Interest bearing loans receivable from related entities		**2,579.9**	1,594.6
Non interest bearing loans receivable from related entities		**–**	1,293.3
		3,615.4	3,394.1
Non Current			
Amount receivable from Westfield Retail Trust	40	**–**	500.0
		–	500.0
NOTE 11 PREPAYMENTS AND DEFERRED COSTS			
Current			
Prepayments and deposits		**6.7**	7.0
Deferred costs – other		**10.5**	11.5
		17.2	18.5
Non Current			
Deferred costs – other		**17.6**	28.2
		17.6	28.2
NOTE 12 INVESTMENT PROPERTIES			
Shopping centre investments		**6,329.8**	6,012.7
Development projects and construction in progress		**437.3**	144.7
		6,767.1	6,157.4
Movements in investment properties			
Balance at the beginning of the year		**6,157.4**	22,133.3
Disposal of properties		**(2.3)**	(15.2)
Distribution of properties to Westfield Retail Trust		**–**	(11,419.3)
Transfer to equity accounted investment properties		**–**	(5,860.1)
Redevelopment costs		**328.7**	735.4
Net revaluation increment		**283.3**	716.8
Retranslation of foreign operations		**–**	(133.5)
Balance at the end of the year [(i)]		**6,767.1**	6,157.4

(i) The fair value of investment properties at the end of the year of $6,767.1 million (31 December 2010: $6,157.4 million) comprises of investment properties at market value of $6,763.7 million (31 December 2010: $6,153.9 million) and ground leases included as finance leases of $3.4 million (31 December 2010: $3.5 million).

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground lease, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with International Valuation Standards Committee for Australian and New Zealand properties. The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their net present value method. The property capitalisation rates range from 5.13% to 8.75%. Refer to Note 15(a) and (b) of the Westfield Group Financial Report for details of property capitalisation rates by shopping centre.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS		
(a) Details of WT's aggregate share of equity accounted entities net profit		
Shopping centre base rent and other property income	**585.7**	150.5
Amortisation of tenant allowances	**(9.5)**	(1.3)
Property revenue	**576.2**	149.2
Interest income	**1.2**	0.5
Revenue	**577.4**	149.7
Property expenses, outgoings and other costs	**(151.1)**	(39.5)
Borrowing costs	**(1.8)**	(1.7)
Expenses	**(152.9)**	(41.2)
Share of profit from equity accounted entities before property revaluations and tax expense	**424.5**	108.5
Property revaluations	**103.9**	167.0
Share of profit before tax of equity accounted entities	**528.4**	275.5
Current – underlying tax	**(14.2)**	–
Deferred tax	**(2.2)**	–
Share of after tax profits of equity accounted entities	**512.0**	275.5
(b) Details of WT's aggregate share of equity accounted entities assets and liabilities		
Cash	**28.8**	29.8
Receivables	**13.9**	17.1
Shopping centre investments	**6,815.0**	6,912.6
Development projects and construction in progress	**153.7**	67.4
Other assets	**3.7**	3.2
Total assets	**7,015.1**	7,030.1
Payables	**(108.0)**	(126.5)
Interest bearing liabilities	**(30.0)**	(10.0)
Deferred tax liabilities	**(237.3)**	(235.8)
Total liabilities	**(375.3)**	(372.3)
Net assets	**6,639.8**	6,657.8

The WT Group's investment in its New Zealand equity accounted entities is represented by equity of $335.2 million and long term loans of $528.8 million.

(c) Equity accounted entities tax expense		
Current – underlying tax	**(14.2)**	–
Deferred tax	**(2.2)**	–
	(16.4)	–
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	**528.4**	275.5
Prima facie tax expense at 30%	**(158.5)**	(82.7)
Australian trust income not assessable	**137.5**	82.7
Differential on tax rates on New Zealand foreign income	**1.2**	–
Tax on intra-group transactions	**6.7**	–
Other	**(3.3)**	–
Net tax expense	**(16.4)**	–
(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	**434.7**	456.7
Due between one and five years	**1,073.4**	1,130.4
Due after five years	**680.3**	711.3
	2,188.4	2,298.4
(e) Capital expenditure commitments		
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	**79.6**	–
	79.6	–

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 11 $million	31 Dec 10 $million
(f) Contingent liabilities		
Performance guarantees	**7.0**	7.0
	7.0	7.0

Name of investments	Type of equity	Balance Date	Economic Interest 31 Dec 11	Economic Interest 31 Dec 10
(g) Equity accounted entities economic interest				
Australian investments (i)				
Bondi Junction	Trust units	31 Dec	**50.0%**	50.0%
Booragoon	Trust units	31 Dec	**12.5%**	12.5%
Cairns (ii) (iii)	Trust units	30 Jun	**–**	50.0%
Chatswood	Trust units	31 Dec	**50.0%**	50.0%
Doncaster	Trust units	31 Dec	**25.0%**	25.0%
Fountain Gate	Trust units	31 Dec	**50.0%**	50.0%
Hornsby	Trust units	31 Dec	**50.0%**	50.0%
Karrinyup (ii)	Trust units	30 Jun	**16.7%**	16.7%
Knox	Trust units	31 Dec	**15.0%**	15.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Macquarie	Trust units	31 Dec	**27.5%**	27.5%
Mount Druitt (ii)	Trust units	30 Jun	**25.0%**	25.0%
Mt Gravatt	Trust units	31 Dec	**37.5%**	37.5%
North Rocks	Trust units	31 Dec	**50.0%**	50.0%
Pacific Fair	Trust units	31 Dec	**22.0%**	22.0%
Southland (ii)	Trust units	30 Jun	**25.0%**	25.0%
Sydney Central Plaza	Trust units	31 Dec	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**31.3%**	31.3%
Tuggerah	Trust units	31 Dec	**50.0%**	50.0%
Warringah Mall	Trust units	31 Dec	**12.5%**	12.5%
New Zealand investments (i)				
Albany	Shares	31 Dec	**50.0%**	50.0%
Chartwell	Shares	31 Dec	**50.0%**	50.0%
Downtown	Shares	31 Dec	**50.0%**	50.0%
Glenfield	Shares	31 Dec	**50.0%**	50.0%
Manukau	Shares	31 Dec	**50.0%**	50.0%
Newmarket	Shares	31 Dec	**50.0%**	50.0%
Pakuranga	Shares	31 Dec	**50.0%**	50.0%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton	Shares	31 Dec	**50.0%**	50.0%
Shore City	Shares	31 Dec	**50.0%**	50.0%
St Lukes	Shares	31 Dec	**50.0%**	50.0%
WestCity	Shares	31 Dec	**50.0%**	50.0%

(i) All equity accounted property 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 the Parent Entity being 31 December.
(iii) In October 2011, WT Group sold its 50% interest in Cairns Central, Queensland to Australian Prime Property Fund (APPF).

NOTE 14 OTHER INVESTMENTS

	31 Dec 11 $million	31 Dec 10 $million
Unlisted investments	**1,036.5**	958.5
Listed investments	**83.6**	96.8
	1,120.1	1,055.3
Movements in other investments		
Balance at the beginning of the year	**1,055.3**	1,144.9
Additions	**45.4**	6.0
Realisation of unlisted investments in group entities	**(400.7)**	(0.4)
Net revaluation increment/(decrement)	**420.1**	(95.2)
Balance at the end of the year	**1,120.1**	1,055.3

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 15 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**213.7**	309.8
Non interest bearing loans payable to related entities	38(b)	**–**	745.1
		213.7	1,054.9

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 16 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Bank loans [(i)]			
– NZ$ denominated		**–**	138.8
Notes payable			
– € denominated [(iv)]		**237.5**	–
Finance leases		**0.2**	–
Loans payable to related entities	38(b)	**290.4**	77.8
		528.1	216.6
Non Current			
Unsecured			
Bank loans [(i)]			
– US$ denominated		**344.0**	343.9
– A$ denominated		**40.0**	–
– NZ$ denominated		**520.5**	398.9
Notes payable			
– US$ denominated [(ii)]		**1,966.6**	1,965.0
– £ denominated [(iii)]		**668.0**	669.5
– € denominated [(iv)]		**–**	245.3
Finance leases		**3.2**	3.5
Secured			
Bank loans [(v)]			
– A$ denominated		**126.4**	57.0
		3,668.7	3,683.1
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**528.1**	216.6
Due between one and five years		**2,902.4**	2,915.3
Due after five years		**766.3**	767.8
		4,196.8	3,899.7

The WT 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 31 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$7,700.0 million were issued in the US 144A bond market by the Westfield Group. The issues comprised US$600.0 million, US$2,100.0 million, US$750.0 million, US$900.0 million, US$1,100.0 million, US$1,250.0 million and US$1,000.0 million of fixed rate notes maturing 2012, 2014, 2015, 2016, 2018, 2019 and 2021 respectively. WT Group was assigned US$2,000.0 million comprising US$1,150.0 million, US$750.0 million and US$100.0 million of fixed rate notes maturing 2014, 2015 and 2019 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 Group 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 €560.0 million were issued in the European bond market by the Westfield Group. The issue comprised €560.0 million of fixed rate notes maturing 2012 of which WT Group was assigned €186.7 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(v) Secured liabilities
Non current secured liabilities are $126.4 million (31 December 2010: $57.0 million). Secured liabilities are borrowings secured by mortgages and loans over the Carindale property and development project with a fair value of $511.4 million (31 December 2010: $443.2 million).

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.

NOTE 16 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 11 $million	31 Dec 10 $million
Financing facilities		
Committed financing facilities available to the WT Group:		
Total financing facilities at the end of the year	**9,201.5**	10,045.3
Amounts utilised [(i)]	**(4,211.3)**	(3,914.0)
Available financing facilities	**4,990.2**	6,131.3
Cash	**26.3**	21.3
Financing resources available at the end of the year [(ii)]	**5,016.5**	6,152.6
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**603.1**	731.7
Due between one year and five years	**7,832.1**	8,545.8
Due after five years	**766.3**	767.8
	9,201.5	10,045.3

(i) Amounts utilised include $4,196.8 million (31 December 2010: $3,899.7 million) borrowings and $14.5 million (31 December 2010: $14.3 million) bank guarantees.

(ii) Total available financing facilities at the end of the financial year of $5,016.5 million (31 December 2010: $6,152.6 million) is in excess of WT Group's net current assets of $2,885.8 million (31 December 2010: $2,145.2 million). Net current assets comprises current assets less current liabilities.

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 property linked notes set out in Note 17. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

WT Group as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $4,990.2 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

NOTE 17 OTHER FINANCIAL LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Non Current		
Property linked notes	**1,328.0**	1,288.0
	1,328.0	1,288.0
The maturity profile in respect of other financial liabilities is set out below:		
Due within one year	**–**	–
Due between one year and five years	**1,328.0**	–
Due after five years	**–**	1,288.0
	1,328.0	1,288.0

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 WT Group. The Notes are guaranteed (on a subordinated basis) by 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.

	31 Dec 11 $million	31 Dec 10 $million

NOTE 18 DERIVATIVE LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Current		
Payables on currency derivatives	**3.4**	21.2
Payables on currency derivatives with related entities	**29.9**	–
Payables on interest rate derivatives	**3.9**	16.7
Payables on interest rate derivatives with related entities	**0.6**	–
	37.8	37.9
Non Current		
Payables on currency derivatives	**184.0**	180.9
Payables on currency derivatives with related entities	**353.6**	377.6
Payables on interest rate derivatives	**30.9**	50.2
Payables on interest rate derivatives with related entities	**1.9**	1.2
	570.4	609.9

NOTE 19 CONTRIBUTED EQUITY

	31 Dec 11 No. of units	31 Dec 10 No. of units
(a) Number of units on issue		
Balance at the beginning of the year	**2,308,988,539**	2,307,773,663
Conversion of options/rights	**–**	1,214,876
Balance at the end of the year	**2,308,988,539**	2,308,988,539

Stapled securities have the right to receive declared 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). The stapled securities have no par value.

	31 Dec 11 $million	31 Dec 10 $million
(b) Movements in contributed equity attributable to Members of WT		
Balance at the beginning of the year	**7,568.0**	10,549.7
Capital distribution to Westfield Retail Trust		
– Book value of net assets distributed	**–**	(7,280.7)
– Less: market value adjustment included in the income statement	**–**	934.3
– Less: accumulated property revaluation gains distributed	**–**	3,355.8
Conversion of options/rights	**–**	8.9
Balance at the end of the year	**7,568.0**	7,568.0

	Note	No. of options and rights 31 Dec 11	Weighted average exercise price $ 31 Dec 11	No. of options and rights 31 Dec 10	Weighted average exercise price $ 31 Dec 10
NOTE 20 SHARE BASED PAYMENTS					
Options and rights on issue					
– Series F Special options [i]	20(i)	**52,500**	**2.34**	52,500	2.65
– Series G1 Special options [i]	20(ii)	**277,778**	**1.75**	277,778	0.93
– Series H Special options [i]	20(iii)	**11,805,862**	**1.99**	11,805,862	1.06
– Series I Special options [i]	20(iv)	**13,260,859**	**1.92**	13,260,859	1.02
– Executive Performance and Partnership Incentive Rights	20(v)	**4,573,405**	**–**	4,401,980	–
		29,970,404	**1.96**	29,798,979	1.16
Movements in options and rights on issue					
Balance at the beginning of the year		**29,798,979**	**1.16**	29,923,206	2.10
Movement in Executive performance rights					
– rights issued during the year		**2,699,163**		159,088	
– adjustment to rights upon the establishment of Westfield Retail Trust [iii]		**–**		877,030	
– rights exercised during the year		**(2,005,118)**		(1,084,304)	
– rights forfeited during the year		**(75,291)**		(156,902)	
Movement in Partnership incentive rights					
– rights issued during the year		**–**		–	
– adjustment to rights upon the establishment of Westfield Retail Trust [iii]		**–**		407,039	
– rights exercised during the year		**(447,329)**		(201,540)	
– rights forfeited during the year		**–**		(124,638)	
Balance at the end of the year [ii]		**29,970,404**	**1.96**	29,798,979	1.16

(i) These special options are issued to WHL entities.

(ii) At 31 December 2011 the 29,970,404 options and rights (31 December 2010: 29,798,979 options and rights) on issue were convertible to 100,385,261 (31 December 2010: 100,213,836) Westfield Group stapled securities.

(iii) As a result of the Westfield Retail Trust transaction, the rights over Westfield Group stapled securities have been increased by applying the adjustment factor of 1.28 to the rights on issue with a vesting date post 15 December 2010. The adjustment factor is calculated using the formula as follows:
(Value of Westfield stapled security post transaction = $9.7927 + Offer price of stapled units under the offer = $2.75) / Value of Westfield stapled security post transaction = $9.7927

(i) Series F Special Options

The WAT 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 Westfield Group stapled securities in exchange for either US$1,000 ($983.28) or 1 Series F preferred share in WEA. As at 31 December 2011 and 31 December 2010, there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 Westfield Group stapled securities.

WT and WHL 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 Options on exercise of those options. Where the exercise of a Series F Special Option is satisfied by delivery of US$1,000, WAT must pay WT 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 WT US$375.00 being 37.5% of US$1,000 (being the value of the Series F Preferred Share under the Option).

(ii) 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 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 Westfield Group 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 2011 and 31 December 2010, there were 277,778 Series G1 Special Options on issue which are exchangeable for 9,628,674 Westfield Group stapled securities.

WT and WHL 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 those options. Where the exercise of a Series G1 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 WT 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.

(iii) 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 elivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049065 Westfield Group stapled securities. As at 31 December 2011 and 31 December 2010 there were 11,805,862 Series H Special Options on issue which are exchangeable for 35,996,841 Westfield Group stapled securities.

WT and WHL have each granted 11,805,862 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver stapled securities to the holder of the Series H Special Options on exercise of those options. Where the exercise of a Series H Special Option is satisfied by delivery of a WEA common share WAT must pay WT 37.5% of the value of a WEA common share at the time of exercise.

NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

(iv) 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 Westfield Group stapled securities. As at 31 December 2011 and 31 December 2010, there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 Westfield Group stapled securities.

WT 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 stapled securities to the holder of the Series I Special Options on exercise of those options. Where the exercise of a Series I Special Option is satisfied by delivery of a WEA common share WAT must pay WT 37.5% of the value of a WEA common share at the time of exercise.

(v) Executive Performance & Partnership Incentive Rights Issued to Employees of Related Parties

As at 31 December 2011, there were 4,573,405 (31 December 2010: 4,401,980) Executive performance and partnership incentive rights issued to employees of related parties of the Westfield Group. Under the stapling arrangement each of WT, WHL and WAT are required to issue securities/units on the vesting of an Executive performance and partnership incentive right. At 31 December 2011, the 4,573,405 (31 December 2010: 4,401,980) Executive performance and partnership incentive rights issued to employees of related parties were convertible to 4,573,405 (31 December 2010: 4,401,980) Westfield Group stapled securities.

	31 Dec 11 No. of rights	31 Dec 10 No. of rights
Vesting profile – Executive Performance & Partnership Incentive Rights (Issued to employees of related parties)		
2011	**–**	2,527,738
2012	**1,246,110**	1,246,110
2013	**424,499**	424,499
2014	**265,393**	203,633
2015	**2,637,403**	–
	4,573,405	4,401,980

	$million	$million

NOTE 21 RESERVES

Foreign currency translation reserve	**8.3**	8.5
Asset revaluation reserve	**344.1**	(89.2)
	352.4	(80.7)

(a) Movements 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 operations and the net investments hedged in these entities.		
Balance at the beginning of the year	**8.5**	46.3
Foreign exchange movement		
– translation of foreign entities	**(0.2)**	(29.3)
– derecognition of accumulated exchange differences on distribution of net assets to Westfield Retail Trust [(i)]	**–**	(8.5)
Balance at the end of the year	**8.3**	8.5

(i) In December 2010, the accumulated exchange differences of $8.5 million relating to the New Zealand interest distributed to Westfield Retail Trust have been derecognised from foreign currency translation reserve and transferred to the income statement in accordance with AASB 121 The Effects of Changes in Foreign Exchange Rates.

(b) Movements 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	**(89.2)**	–
Revaluation of unlisted investments in group entities	**433.3**	(89.2)
Balance at the end of the year	**344.1**	(89.2)

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 22 RETAINED PROFITS			
Movements in retained profits			
Balance at the beginning of the year		**3,426.5**	7,252.3
Profit after tax attributable to members		**1,136.7**	660.8
Accumulated property revaluation gains distributed to Westfield Retail Trust		**–**	(3,355.8)
Distributions paid	24(b)	**(766.6)**	(1,130.8)
Balance at the end of the year		**3,796.6**	3,426.5
NOTE 23 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**26.3**	21.3
Total cash and cash equivalents		**26.3**	21.3
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**1,141.4**	671.6
Revaluations and other income		**(665.1)**	(710.8)
Deferred tax benefit		**–**	187.6
Financing costs		**485.2**	499.0
Interest income		**(107.9)**	(18.1)
Currency derivatives and exchange differences		**57.4**	(62.0)
Share of associate's profit in excess of distribution		**(149.1)**	(172.2)
(Gain)/loss from capital transactions		**(49.5)**	991.7
Increase in other assets attributable to operating activities		**39.1**	36.5
Net cash flows from operating activities		**751.5**	1,423.3
(c) Transfer of shopping centre interests to Westfield Retail Trust (refer to Note 40)			
Assets			
Cash and cash equivalents		**–**	35.9
Trade debtors		**–**	6.7
Investment properties		**–**	11,419.3
Equity accounted investments		**–**	656.2
Other assets		**–**	512.7
Total assets		**–**	12,630.8
Liabilities			
Trade creditors and other payables		**–**	134.7
Interest bearing liabilities		**–**	537.7
Deferred tax liabilities		**–**	235.7
Total liabilities		**–**	908.1
Net assets		**–**	11,722.7
Consideration received and receivable			
Loan repaid		**–**	3,500.0
Loan receivable		**–**	942.0
Total consideration		**–**	4,442.0
Net assets transferred		**–**	7,280.7
Net cash effect			
Cash consideration received		**–**	3,500.0
Less: Cash and cash equivalents included in net assets of interests transferred		**–**	(35.9)
Net cash flows from the interests transferred		**–**	3,464.1

	31 Dec 11 $million	31 Dec 10 $million

NOTE 24 DISTRIBUTIONS

(a) Final distribution paid

60% estimated tax deferred (31 December 2010: 80% tax deferred)	**402.9**	415.6
	402.9	415.6

Interim distributions of 15.20 cents were paid on 31 August 2011. Final distributions were paid on 29 February 2012. The record date for the final distributions was 5pm, 15 February 2012.

The Westfield Group Distribution Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP was not in operation for the distribution paid on 29 February 2012.

(b) Distributions paid during the year

Distribution in respect of the 6 months to 30 June 2011	**351.0**	–
Distribution in respect of the 6 months to 31 December 2010	**415.6**	–
Distribution in respect of the 6 months to 30 June 2010	**–**	484.6
Distribution in respect of the 6 months to 31 December 2009	**–**	646.2
Total distribution paid	**766.6**	1,130.8

NOTE 25 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the properties 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	**427.6**	392.6
Due between one and five years	**1,164.4**	971.7
Due after five years	**663.3**	562.1
	2,255.3	1,926.4

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 26 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	**105.4**	230.5
Due between one and five years	**–**	114.4
	105.4	344.9

NOTE 27 CONTINGENT LIABILITIES

Performance guarantees	**0.1**	0.3
Guaranteed borrowings of associates of the Responsible Entity	**7,281.8**	6,523.2
	7,281.9	6,523.5

WT Group's obligation in respect of performance guarantees may be called on at anytime dependent upon the performance or non performance of certain third parties. From time to time, in the normal course of business, WT Group 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 Group.

NOTE 28 SEGMENT REPORTING

Geographic segments

The WT Group has investments in a portfolio of shopping centres across Australia and New Zealand.

The WT Group's income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format on a geographic basis. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues, expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the WT Group, as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Trust considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar, that most of the centres are under common management, and that, therefore, the drivers of their results are similar, the proportionate format income statement provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 28 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

	Australia		New Zealand		Total	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
Revenue						
Property revenue	**943.0**	1,661.8	**123.7**	244.9	**1,066.7**	1,906.7
	943.0	1,661.8	**123.7**	244.9	**1,066.7**	1,906.7
Expenses						
Property expenses, outgoings and other costs	**(246.9)**	(423.8)	**(34.7)**	(66.5)	**(281.6)**	(490.3)
Property and funds management costs	**(8.9)**	(16.0)	**–**	–	**(8.9)**	(16.0)
Corporate costs	**(3.9)**	(3.9)	**–**	(0.6)	**(3.9)**	(4.5)
	(259.7)	(443.7)	**(34.7)**	(67.1)	**(294.4)**	(510.8)
Realised gains on income hedging currency derivatives	**–**	–	**8.1**	–	**8.1**	–
Segment result	**683.3**	1,218.1	**97.1**	177.8	**780.4**	1,395.9
Segment revaluations and other income						
– Consolidated	**667.9**	723.3	**–**	(9.6)	**667.9**	713.7
– Equity accounted	**122.2**	167.1	**(18.3)**	(0.1)	**103.9**	167.0
	790.1	890.4	**(18.3)**	(9.7)	**771.8**	880.7
Currency derivatives and exchange differences					**(64.1)**	74.0
Gain/(loss) from capital transactions					**49.5**	(991.7)
Interest income					**109.1**	18.6
Financing costs					**(487.0)**	(500.7)
Current – underlying tax					**(16.1)**	(17.6)
Deferred tax					**(2.2)**	(187.6)
Non controlling interest					**(4.7)**	(10.8)
Net profit attributable to members of WT					**1,136.7**	660.8

(b) Assets and liabilities

	Australia		New Zealand		Total	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
Cash	**49.7**	45.4	**5.4**	5.7	**55.1**	51.1
Receivables	**3,630.0**	3,911.4	**0.2**	0.2	**3,630.2**	3,911.6
Shopping centre investments	**12,042.0**	11,804.5	**1,102.8**	1,120.8	**13,144.8**	12,925.3
Development projects and construction in progress	**550.2**	179.0	**40.8**	33.1	**591.0**	212.1
Other assets	**37.5**	49.6	**1.0**	0.3	**38.5**	49.9
Segment assets	**16,309.4**	15,989.9	**1,150.2**	1,160.1	**17,459.6**	17,150.0
Group assets – unallocated					**1,230.5**	1,281.1
Total assets					**18,690.1**	18,431.1
Payables and other liabilities	**345.7**	1,207.2	**36.1**	33.7	**381.8**	1,240.9
Segment liabilities	**345.7**	1,207.2	**36.1**	33.7	**381.8**	1,240.9
Group liabilities – unallocated					**6,401.2**	6,081.3
Total liabilities					**6,783.0**	7,322.2
Total segment net assets	**15,963.7**	14,782.7	**1,114.1**	1,126.4	**17,077.8**	15,909.1
Total group net assets					**(5,170.7)**	(4,800.2)
Net assets					**11,907.1**	11,108.9
Other segment information						
Investment in equity accounted entities included in segment assets	**5,865.6**	5,870.6	**1,149.5**	1,159.5	**7,015.1**	7,030.1
Investment in equity accounted entities included in segment liabilities	**(78.2)**	(93.8)	**(29.8)**	(32.7)	**(108.0)**	(126.5)
Additions to segment non current assets	**362.2**	697.9	**11.9**	43.5	**374.1**	741.4

NOTE 28 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results

The WT Group's segment income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the WT Group's consolidated and equity accounted details are provided below:

31 December 2011	Consolidated $million	Equity Accounted $million	**Total $million**
Revenue			
Property revenue	490.5	576.2	**1,066.7**
	490.5	576.2	**1,066.7**
Expenses			
Property expenses, outgoings and other costs	(130.5)	(151.1)	**(281.6)**
Property and funds management costs	(8.9)	–	**(8.9)**
Corporate costs	(3.9)	–	**(3.9)**
	(143.3)	(151.1)	**(294.4)**
Realised gains on income hedging currency derivatives	8.1	–	**8.1**
Segment result	355.3	425.1	**780.4**
Segment revaluations and other income			
– Consolidated	667.9	–	**667.9**
– Equity accounted	–	103.9	**103.9**
	667.9	103.9	**771.8**
Currency derivatives and exchange differences	(64.1)	–	**(64.1)**
Net gain from capital transactions	49.5	–	**49.5**
Interest income	107.9	1.2	**109.1**
Financing costs	(485.2)	(1.8)	**(487.0)**
Current – underlying tax	(1.9)	(14.2)	**(16.1)**
Deferred tax	–	(2.2)	**(2.2)**
Non controlling interests	(4.7)	–	**(4.7)**
Net profit attributable to members of WT	624.7	512.0	**1,136.7**
Cash	26.3	28.8	**55.1**
Receivables	3,616.3	13.9	**3,630.2**
Shopping centre investments	6,329.8	6,815.0	**13,144.8**
Development projects and construction in progress	437.3	153.7	**591.0**
Other assets	34.8	3.7	**38.5**
Group assets – unallocated	1,230.5	–	**1,230.5**
Total assets	11,675.0	7,015.1	**18,690.1**
Payables and other liabilities	273.8	108.0	**381.8**
Group liabilities – unallocated	6,133.9	267.3	**6,401.2**
Total liabilities	6,407.7	375.3	**6,783.0**
Net assets	5,267.3	6,639.8	**11,907.1**

NOTE 28 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2010	Consolidated $million	Equity Accounted $million	**Total $million**
Revenue			
Property revenue	1,757.5	149.2	**1,906.7**
	1,757.5	149.2	**1,906.7**
Expenses			
Property expenses, outgoings and other costs	(450.8)	(39.5)	**(490.3)**
Property and funds management costs	(16.0)	–	**(16.0)**
Corporate costs	(4.5)	–	**(4.5)**
	(471.3)	(39.5)	**(510.8)**
Segment result	1,286.2	109.7	**1,395.9**
Segment revaluations and other income			
– Consolidated	713.7	–	**713.7**
– Equity accounted	–	167.0	**167.0**
	713.7	167.0	**880.7**
Currency derivatives and exchange differences	74.0	–	**74.0**
Loss from capital transactions	(991.7)	–	**(991.7)**
Interest income	18.1	0.5	**18.6**
Financing costs	(499.0)	(1.7)	**(500.7)**
Current – underlying tax	(17.6)	–	**(17.6)**
Deferred tax	(187.6)	–	**(187.6)**
Non controlling interests	(10.8)	–	**(10.8)**
Net profit attributable to members of WT	385.3	275.5	**660.8**
Cash	21.3	29.8	**51.1**
Receivables	3,894.5	17.1	**3,911.6**
Shopping centre investments	6,012.7	6,912.6	**12,925.3**
Development projects and construction in progress	144.7	67.4	**212.1**
Other assets	46.7	3.2	**49.9**
Group assets – unallocated	1,281.1	–	**1,281.1**
Total assets	11,401.0	7,030.1	**18,431.1**
Payables and other liabilities	1,114.4	126.5	**1,240.9**
Group liabilities – unallocated	5,835.5	245.8	**6,081.3**
Total liabilities	6,949.9	372.3	**7,322.2**
Net assets	4,451.1	6,657.8	**11,108.9**

NOTE 29 CAPITAL RISK MANAGEMENT

The WT Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that WT 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 WT Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. The WT Group continuously reviews its capital structure to ensure:

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

The WT Group is able to alter its capital mix by issuing new units and hybrid units, activating its distribution reinvestment plan, electing to have the distribution 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 WT Group also protects its equity in assets by taking out insurance.

NOTE 30 FINANCIAL RISK MANAGEMENT

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

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

The Westfield Group's treasury risk management policies are established to identify and analyse the risks faced by the WT 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 WT Group's activities. The Westfield 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 WT Group's treasury management objectives.

The Westfield 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 Board Risk Management Committee comprising three directors. The Board Risk Management Committee reviews and oversees management's compliance with these policies, procedures and limits. The Board Risk Management Committee is assisted in the oversight role by the Westfield Group's Executive Risk Management Committee and internal audit function.

The WT 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 WT Group enters into derivative financial instruments, principally interest rate swaps, interest rate options, 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 WT Group's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. The WT 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 31 INTEREST RATE RISK MANAGEMENT

The WT Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the WT 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 approved by the Board. These activities are evaluated regularly to determine that the WT Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The WT Group has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	16	**528.1**	216.6
Non current interest bearing liabilities	16	**3,668.7**	3,683.1
Share of equity accounted entities interest bearing liabilities	13(b)	**30.0**	10.0
Cross currency swaps			
– A$	32(i)	**2,912.5**	2,912.5
– £121.1 million (31 December 2010: £121.1 million)	32(i)	**183.9**	184.3
Foreign currency swaps			
– A$	32(ii)	**–**	289.8
– US$350.0 million (31 December 2010: nil)	32(ii)	**344.1**	–
– £nil (31 December 2010: £912.0 million)	32(ii)	**–**	1,387.7
Principal amounts subject to interest rate payable exposure		**7,667.3**	8,684.0
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	10	**1,303.7**	149.1
– £614.0 million (31 December 2010: £950.0 million)	10	**932.1**	1,445.5
– US$350.0 million (31 December 2010: nil)	10	**344.1**	–
Cross currency swaps			
– US$2,360.0 million (31 December 2010: US$2,360.0 million)	32(i)	**2,320.6**	2,318.7
– €186.7 million (31 December 2010: €186.7 million)	32(i)	**237.5**	245.3
Foreign currency swaps			
– A$	32(ii)	**348.3**	1,463.9
– £nil (31 December 2010: £180.0 million)	32(ii)	**–**	273.9
Cash	23(a)	**26.3**	21.3
Share of equity accounted entities cash	13(b)	**28.8**	29.8
Amount receivable from Westfield Retail Trust	10,40	**500.0**	500.0
Principal amounts subject to interest rate receivable exposure		**6,041.4**	6,447.5
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**1,625.9**	2,236.5

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– €186.7 million (31 December 2010: €186.7 million)	31(ii)	**237.5**	245.3
– £440.0 million (31 December 2010: £440.0 million)	31(ii)	**668.0**	669.5
– US$2,000.0 million (31 December 2010: US$2,000.0 million)	31(ii)	**1,966.6**	1,965.0
Fixed rate derivatives			
– A$	31(ii)	**2,800.4**	2,599.9
– £121.1 million (31 December 2010: £413.6 million)	31(ii)	**183.9**	629.3
– NZ$260.0 million (31 December 2010: nil)	31(ii)	**197.7**	–
Interest rate caps			
– A$	31(iii)	**1,000.0**	1,700.0
– NZ$240.0 million (31 December 2010: nil)	31(iii)	**182.5**	–
Foreign currency swaps			
– A$	32(ii)	**–**	289.8
– US$350.0 million (31 December 2010: nil)	32(ii)	**344.1**	–
– £nil (31 December 2010: £912.0 million)	32(ii)	**–**	1,387.7
Principal amounts on which interest rate payable exposure has been hedged		**7,580.7**	9,486.5
Principal amounts of fixed interest rate assets:			
Fixed rate loan receivables			
– US$350.0 million (31 December 2010: nil)	10	**344.1**	–
– £nil (31 December 2010: £950.0 million)	10	**–**	1,445.5
Fixed rate derivatives			
– US$1,900.0 million (31 December 2010: US$1,900.0 million)	31(ii)	**1,868.2**	1,866.8
– €186.7 million (31 December 2010: €186.7 million)	31(ii)	**237.5**	245.3
Foreign currency swaps			
– A$	32(ii)	**348.3**	1,463.9
– £nil (31 December 2010: £180.0 million)	32(ii)	**–**	273.9
Amount receivable from Westfield Retail Trust	10,40	**500.0**	500.0
Principal amounts on which interest rate receivable exposure has been hedged		**3,298.1**	5,795.4
Principal amounts on which net interest rate payable exposure has been hedged		**4,282.6**	3,691.1

At 31 December 2011, the WT Group has hedged 263% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations, comprising 99% hedged on gross payable exposure and 55% on gross receivable exposure (31 December 2010: 165% hedged). Changes to the fair value of derivatives due to interest rate movements are set out in Note 31(ii).

Interest rate sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	–2.0%	**(53.1)**	(29.1)
	–1.0%	**(26.6)**	(14.5)
	–0.5%	**(13.3)**	(7.3)
	0.5%	**13.3**	7.3
	1.0%	**26.6**	14.5
	2.0%	**53.1**	29.1

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average rate**	**31 Dec 11 Principal amount million**	**31 Dec 11 Average rate including margin**	31 Dec 10 Notional principal amount million	31 Dec 10 Average rate	31 Dec 10 Principal amount million	31 Dec 10 Average rate including margin
A$ (payable)/receivable								
31 December 2010	**–**	**–**	**–**	**–**	A$(2,599.9)	7.18%	–	–
31 December 2011	**A$(2,800.4)**	**6.27%**	**–**	**–**	A$(2,000.4)	7.47%	–	–
31 December 2012	**A$(2,127.9)**	**7.38%**	**–**	**–**	A$(2,322.9)	7.44%	–	–
31 December 2013	**A$(1,827.9)**	**7.39%**	**–**	**–**	A$(1,962.9)	7.74%	–	–
31 December 2014	**A$(324.0)**	**4.69%**	**–**	**–**	A$(38.0)	5.80%	–	–
31 December 2015	**A$(294.5)**	**4.60%**	**–**	**–**	A$(8.5)	6.65%	–	–
31 December 2016	**A$(289.5)**	**4.57%**	**–**	**–**	A$(3.5)	7.28%	–	–
31 December 2017	**A$(3.5)**	**7.28%**	**–**	**–**	A$(3.5)	7.28%	–	–
€ receivable/(payable)								
31 December 2010	**–**	**–**	**–**	**–**	€186.7	3.58%	€(186.7)	3.58%
31 December 2011	**€186.7**	**3.58%**	**€(186.7)**	**3.58%**	€186.7	3.58%	€(186.7)	3.58%
£ (payable)/receivable								
31 December 2010	**–**	**–**	**–**	**–**	£(413.6)	5.13%	£(440.0)	5.39%
31 December 2011	**£(121.1)**	**5.48%**	**£(440.0)**	**5.39%**	£(313.6)	5.18%	£(440.0)	5.39%
31 December 2012	**–**	**–**	**£(440.0)**	**5.39%**	£(192.5)	4.99%	£(440.0)	5.39%
31 December 2013	**–**	**–**	**£(440.0)**	**5.39%**	£(192.5)	4.99%	£(440.0)	5.39%
31 December 2014	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
31 December 2015	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
31 December 2016	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
US$ receivable/(payable)								
31 December 2010	**–**	**–**	**–**	**–**	US$1,900.0	4.83%	US$(2,000.0)	6.11%
31 December 2011	**US$1,900.0**	**4.83%**	**US$(2,000.0)**	**6.11%**	US$1,900.0	4.83%	US$(2,000.0)	6.11%
31 December 2012	**US$1,900.0**	**4.83%**	**US$(2,000.0)**	**6.11%**	US$1,900.0	4.83%	US$(2,000.0)	6.11%
31 December 2013	**US$1,900.0**	**4.83%**	**US$(2,000.0)**	**6.11%**	US$1,900.0	4.83%	US$(2,000.0)	6.11%
31 December 2014	**US$750.0**	**2.55%**	**US$(850.0)**	**5.83%**	US$750.0	2.55%	US$(850.0)	5.83%
31 December 2015	**–**	**–**	**US$(100.0)**	**6.69%**	–	–	US$(100.0)	6.69%
31 December 2016	**–**	**–**	**US$(100.0)**	**6.69%**	–	–	US$(100.0)	6.69%
31 December 2017	**–**	**–**	**US$(100.0)**	**6.69%**	–	–	US$(100.0)	6.69%
31 December 2018	**–**	**–**	**US$(100.0)**	**6.69%**	–	–	US$(100.0)	6.69%
NZ$ (payable)/receivable								
31 December 2011	**NZ$(260.0)**	**4.07%**	**–**	**–**	–	–	–	–
31 December 2012	**NZ$(260.0)**	**4.07%**	**–**	**–**	–	–	–	–
31 December 2013	**NZ$(260.0)**	**4.07%**	**–**	**–**	–	–	–	–
31 December 2014	**NZ$(180.0)**	**4.23%**	**–**	**–**	–	–	–	–
31 December 2015	**NZ$(105.0)**	**4.38%**	**–**	**–**	–	–	–	–
31 December 2016	**NZ$(35.0)**	**4.53%**	**–**	**–**	–	–	–	–

The WT Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is a receivable of $6.4 million (31 December 2010: $18.5 million). The change in fair value for the year ended 31 December 2011 was $12.1 million (31 December 2010: $44.1 million).

NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps (continued)

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	–2.0%	**(22.5)**	(20.5)
	–1.0%	**(11.1)**	(10.3)
	–0.5%	**(5.5)**	(5.3)
	0.5%	**5.4**	5.4
	1.0%	**10.8**	11.1
	2.0%	**21.0**	20.8

All fixed rate borrowings are carried at amortised cost, therefore increases or decreases arising from changes in fair value have not been recorded in these financial statements.

(iii) Interest rate caps

Notional principal of the WT Group's consolidated and equity accounted interest rate caps:

	Interest rate caps		Interest rate caps	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average strike rate**	31 Dec 10 Notional principal amount million	31 Dec 10 Average strike rate
A$ payable				
31 December 2010	**–**	**–**	A$(1,700.0)	6.52%
31 December 2011	**A$(1,000.0)**	**6.53%**	A$(1,700.0)	6.52%
31 December 2012	**A$(300.0)**	**6.60%**	A$(1,700.0)	6.52%
NZ$ payable				
31 December 2011	**NZ$(240.0)**	**3.37%**	–	–
31 December 2012	**NZ$(140.0)**	**3.68%**	–	–

The WT Group's interest rate caps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is a payable of $2.7 million (31 December 2010: $8.1 million). The change in fair value for the year ended 31 December 2011 was $5.4 million (31 December 2010: $3.2 million).

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate caps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	–2.0%	**(0.5)**	(4.8)
	–1.0%	**(0.4)**	(3.9)
	–0.5%	**(0.3)**	(2.5)
	0.5%	**0.6**	4.1
	1.0%	**1.6**	10.4
	2.0%	**4.9**	32.3

NOTE 32 EXCHANGE RATE RISK MANAGEMENT

The WT 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 WT 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 WT Group's foreign exchange exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures are as follows:

	31 Dec 11 million	31 Dec 10 million
Foreign currency net investments		
The WT Group had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:		
New Zealand Dollar		
NZ$ net assets	**NZ$443.0**	NZ$453.8
NZ$ denominated net assets	**NZ$443.0**	NZ$453.8

The WT Group's foreign currency net investments are subject to exchange rate risk. Gains and losses arising from changes in fair value of the WT Group's foreign currency denominated shopping centre and other assets together with associated hedging instruments are reflected in the foreign currency translation reserve where the WT Group has satisfied the accounting requirements to qualify for hedge accounting treatment.

Where the WT Group does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		**31 Dec 11 million**	31 Dec 10 million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.3151 rate is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	– 20 cents	**60.4**	62.3
	– 10 cents	**27.7**	28.6
	– 5 cents	**13.3**	13.7
	+ 5 cents	**(12.3)**	(12.7)
	+ 10 cents	**(23.8)**	(24.5)
	+ 20 cents	**(44.5)**	(45.8)

(i) Cross currency swaps in respect of the WT 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 11**	Weighted average exchange rate 31 Dec 10	**31 Dec 11 million**	**Amount receivable/(payable) 31 Dec 11 million**	31 Dec 10 million	31 Dec 10 million
£						
Contracts to receive €(i) and pay £						
31 December 2010	**–**	0.6488	**–**	**–**	€186.7	£(121.1)
31 December 2011	**0.6488**	0.6488	**€186.7**	**£(121.1)**	€186.7	£(121.1)
US$						
Contracts to receive US$ and pay A$						
31 December 2010	**–**	0.8103	**–**	**–**	A$(2,912.5)	US$2,360.0
31 December 2011	**0.8103**	0.8103	**A$(2,912.5)**	**US$2,360.0**	A$(2,912.5)	US$2,360.0
31 December 2012	**0.8035**	0.8035	**A$(2,675.7)**	**US$2,150.0**	A$(2,675.7)	US$2,150.0
31 December 2013	**0.8035**	0.8035	**A$(2,675.7)**	**US$2,150.0**	A$(2,675.7)	US$2,150.0
31 December 2014	**0.8273**	0.8273	**A$(906.6)**	**US$750.0**	A$(906.6)	US$750.0

(i) The receive € exposure is matched with a pay € exposure in the income statement.

At 31 December 2011, none of the above described cross currency swaps qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a payable of $512.4 million (31 December 2010: $497.1 million). The change in fair value for the year ended 31 December 2011 was $15.3 million (31 December 2010: $140.6 million).

NOTE 32 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Cross currency swaps in respect of the WT Group's foreign currency assets and liabilities (continued)

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of cross currency swaps to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	– 20 pence	**(80.1)**	(80.6)
	– 10 pence	**(32.9)**	(33.1)
	– 5 pence	**(15.1)**	(15.2)
	+ 5 pence	**13.0**	13.0
	+ 10 pence	**24.2**	24.3
	+ 20 pence	**42.8**	43.0
The sensitivity of cross currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**542.8**	533.9
	– 10 cents	**241.9**	237.4
	– 5 cents	**114.6**	112.5
	+ 5 cents	**(104.1)**	(102.0)
	+ 10 cents	**(198.8)**	(194.8)
	+ 20 cents	**(364.8)**	(357.6)

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

The following table details the other financial derivatives in respect of the WT 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 maturing during the year ended	**Weighted average exchange rate 31 Dec 11**	31 Dec 10	**Amount receivable/(payable) 31 Dec 11 million**	**31 Dec 11 million**	31 Dec 10 million	31 Dec 10 million
US$						
Contracts to sell US$ and buy A$						
31 December 2012	**1.0049**	–	**A$348.3**	**US$(350.0)**	–	–
£						
Contracts to sell £ and buy A$						
31 December 2011	**–**	0.6230	**–**	**–**	A$1,463.9	£(912.0)
	–	0.6211	**–**	**–**	A$(289.8)	£180.0

At 31 December 2011, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $3.8 million (31 December 2010: $54.6 million). The change in fair value for the year ended 31 December 2011 was $50.8 million (31 December 2010: $54.2 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of foreign currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**(84.2)**	–
	– 10 cents	**(37.5)**	–
	– 5 cents	**(17.7)**	–
	+ 5 cents	**16.2**	–
	+ 10 cents	**30.8**	–
	+ 20 cents	**56.5**	–
The sensitivity of foreign currency swaps to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	– 20 pence	**–**	(487.4)
	– 10 pence	**–**	(199.9)
	– 5 pence	**–**	(91.7)
	+ 5 pence	**–**	78.9
	+ 10 pence	**–**	147.3
	+ 20 pence	**–**	260.1

NOTE 32 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

These derivatives manage the impact of exchange rate movements on the WT Group's foreign currency denominated earnings and the WT 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 WT 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** **31 Dec 11**	31 Dec 10	**Amount receivable/(payable)** **31 Dec 11 million**	**31 Dec 11 million**	31 Dec 10 million	31 Dec 10 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2011	–	1.2084	–	–	A$154.9	NZ$(187.2)
	–	1.2752	–	–	A$(146.8)	NZ$187.2
31 December 2012	**1.2172**	1.2172	**A$135.8**	**NZ$(165.3)**	A$135.8	NZ$(165.3)
	1.2697	1.2697	**A$(130.2)**	**NZ$165.3**	A$(130.2)	NZ$165.3
31 December 2013	**1.2245**	1.2245	**A$78.2**	**NZ$(95.7)**	A$78.2	NZ$(95.7)
	1.2563	1.2563	**A$(76.2)**	**NZ$95.7**	A$(76.2)	NZ$95.7
US$						
Contracts to buy US$ and sell A$						
31 December 2011	–	0.9027	–	–	US$41.5	A$(46.0)

At 31 December 2011, none of the above described forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $7.2 million (31 December 2010: $10.1 million). The change in fair value for the year ended 31 December 2011 was $2.9 million (31 December 2010: $1.3 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of forward exchange contracts to changes in the year end A$/NZ$1.3151 rate is as follows:	A$/NZ$ Currency movement		Gain/(loss) to income statement
	– 20 cents	–	0.6
	– 10 cents	–	0.2
	– 5 cents	–	0.1
	+ 5 cents	–	0.2
	+ 10 cents	–	0.3
	+ 20 cents	–	0.6
The sensitivity of forward exchange contracts to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement		Gain/(loss) to income statement
	– 20 cents	–	10.1
	– 10 cents	–	4.5
	– 5 cents	–	2.1
	+ 5 cents	–	(1.9)
	+ 10 cents	–	(3.7)
	+ 20 cents	–	(6.7)

NOTE 33 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 WT Group. Credit limits have been established to ensure that the WT 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 WT 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.

At 31 December 2011, the aggregate credit risk in respect of cash and cash equivalents is $26.3 million (31 December 2010: $21.3 million).

At 31 December 2011, the aggregate credit risk in respect of derivative financial instruments is $110.4 million (31 December 2010: $225.8 million). In accordance with WT Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The WT Group had 72% of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A– 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.

At 31 December 2011, the WT Group had aggregate credit risk of $942.0 million (31 December 2010: $942.0 million) in respect of the receivable from Westfield Retail Trust (refer Note 40).

The WT Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The WT 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 are set out in Note 16.

NOTE 34 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 11 $million	31 Dec 10 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer Note 16) together with the aggregate future estimated interest thereon, is set out below:		
Due within one year	**(719.3)**	(295.2)
Due between one and five years	**(3,348.2)**	(3,464.8)
Due after five years	**(802.0)**	(843.7)
	(4,869.5)	(4,603.7)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(4,196.8)**	(3,899.7)
– aggregate future estimated interest	**(672.7)**	(704.0)
	(4,869.5)	(4,603.7)
Derivatives		
Maturity profile of the estimated future cash flows in respect of interest and currency derivative contracts, is set out below:		
Due within one year	**(43.6)**	(32.2)
Due between one and five years	**(676.8)**	(762.7)
Due after five years	**(0.5)**	(0.5)
	(720.9)	(795.4)

Contingent liabilities are set out in Note 27 and are not included in the amounts shown above.

NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		**Carrying amount**	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
Consolidated assets				
Cash and cash equivalents	**26.3**	21.3	**26.3**	21.3
Trade debtors (i)	**0.9**	0.4	**0.9**	0.4
Other investments (ii)	**1,120.1**	1,055.3	**1,120.1**	1,055.3
Receivables	**3,615.4**	3,894.1	**3,615.4**	3,894.1
Derivative assets (ii)	**110.4**	225.8	**110.4**	225.8
Consolidated liabilities				
Trade creditors (i)	**60.1**	59.5	**60.1**	59.5
Payables and other creditors (i)	**213.7**	1,054.9	**213.7**	1,054.9
Interest bearing liabilities (ii)				
– Fixed rate debt	**3,060.6**	3,088.4	**2,872.1**	2,879.8
– Floating rate debt	**1,324.2**	1,010.1	**1,324.7**	1,019.9
Other financial liabilities (ii)	**1,328.0**	1,288.0	**1,328.0**	1,288.0
Derivative liabilities (ii)	**608.2**	647.8	**608.2**	647.8

(i) These financial assets and liabilities are not subject to interest rate risk.

(ii) These financial assets and liabilities are subjected to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Determination of Fair Value

The WT Group uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices);

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 11 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	**69.5**	–	69.5	–
– Interest rate derivatives	**40.9**	–	40.9	–
Other investments				
– Listed investments	**83.6**	83.6	–	–
– Unlisted investments	**1,036.5**	–	–	1,036.5
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**3,060.6**	–	3,060.6	–
– Floating rate debt	**1,324.2**	–	1,324.2	–
Derivative liabilities				
– Currency derivatives	**570.9**	–	570.9	–
– Interest rate derivatives	**37.3**	–	37.3	–
Other financial liabilities				
– Property linked notes	**1,328.0**	–	–	1,328.0

	31 Dec 10 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	147.5	–	147.5	–
– Interest rate derivatives	78.3	–	78.3	–
Other investments				
– Listed investments	96.8	96.8	–	–
– Unlisted investments	958.5	–	–	958.5
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	3,088.4	–	3,088.4	–
– Floating rate debt	1,010.1	–	1,010.1	–
Derivative liabilities				
– Currency derivatives	579.7	–	579.7	–
– Interest rate derivatives	68.1	–	68.1	–
Other financial liabilities				
– Property linked notes	1,288.0	–	–	1,288.0

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Unlisted investments[i] 31 Dec 11 $million	Property linked notes[ii] 31 Dec 11 $million
Level 3 fair value movements		
Balance at the beginning of the year	**958.5**	1,288.0
Additions	**45.4**	–
Realisation of unlisted investments in group entities	**(400.7)**	–
Net revaluation increment	**433.3**	40.0
Balance at the end of the year	**1,036.5**	1,328.0

(i) The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

(ii) The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (refer Note 17).

NOTE 36 PARENT ENTITY

The Parent Entity financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity is disclosed as follows:

	31 Dec 11 $million	31 Dec 10 $million
(a) Assets		
Current assets	**3,729.4**	3,117.4
Non current assets	**14,085.3**	14,480.2
Total assets	**17,814.7**	17,597.6
(b) Liabilities		
Current liabilities	**1,188.1**	1,165.2
Non current liabilities	**4,909.6**	5,518.6
Total liabilities	**6,097.7**	6,683.8
(c) Total equity		
Contributed equity	**7,568.0**	7,568.0
Reserves	**3,806.1**	3,189.9
Retained profits	**342.9**	155.9
Total equity	**11,717.0**	10,913.8
(d) Comprehensive income		
Profit after tax for the period	**953.6**	82.3
Other comprehensive income	**616.2**	451.5
Total comprehensive income for the period	**1,569.8**	533.8
(e) Contingent liabilities		
Performance guarantees	**0.1**	0.3
Guaranteed borrowings of controlled entities	**3,776.6**	3,761.5
Guaranteed borrowings of associates of the Responsible Entity	**7,281.8**	6,523.2
	11,058.5	10,285.0

NOTE 37 AUDITOR'S REMUNERATION

	31 Dec 11 $000	31 Dec 10 $000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the WT Group for:		
– Audit or review of the financial reports	**2,110**	2,120
– Assurance and compliance services	**–**	156
– Other services	**185**	46
	2,295	2,322
Amounts received or due and receivable by Affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**204**	212
	204	212
	2,499	2,534

NOTE 38 RELATED PARTY DISCLOSURES

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

The WT 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 Trust.

(a) Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 39.

Other Related Parties

Westfield Retail Trust is considered to be a related party of the Westfield Group as subsidiaries of WHL are the responsible entities of the Trust and also manage the shopping centres held by Westfield Retail Trust. Details of transactions with Westfield Retail Trust are set out in Note 40.

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 Steven Lowy and Mr Peter Lowy. Mr David Lowy retired as an Executive Director of the Westfield Group on 25 May 2011.

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 Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

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

Transactions with Other Related Parties

The Westfield Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Westfield Group and LFG entered into an aircraft interchange agreement, effective from 1 January 2011, whereby the Westfield Group provides its aircraft (when the aircraft are not required for Westfield Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG.

The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. Those terms have been reviewed and confirmed as arm's length by an independent expert. During the financial year, LFG utilised 40 hours of the Westfield Group's aircraft which was offset by the Westfield Group's business use of the LFG aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Westfield Group and LFG in relation to the use of the Westfield Group's aircraft by LFG and use of LFG's aircraft by the Westfield Group. These arrangements, including rates, have been reviewed by an independent expert and determined to be at arm's length.

In 2010, (prior to the interchange agreement) the Lowy family hired the Westfield aircraft for personal use and was charged by the Westfield Group. The Lowy family did not hire the Westfield aircraft in the 2011 financial year (31 December 2010: $462,190). The reduction in the charge in the financial year was offset by the Westfield Group's usage of the LFG plane under the interchange agreement.

The Westfield Group incurred costs in the financial year amounting to $1,347,000 (31 December 2010: $1,694,551) in relation to the use of the LFG aircraft in excess of interchange agreement. Amounts charged were payable on 30 day terms.

The Westfield Group also 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 financial year, the Westfield Group charged LFG $571,000 (31 December 2010: $430,851) in relation to the provision of aircrew, aircraft maintenance and use of the hangar facility, which amounts were payable on seven day terms. Also during the period, the Westfield Group was charged $58,449 (31 December 2010: $93,459) for use of aircraft crew employed by LFG, which amounts were payable on 30 day terms.

LFG subleased premises from the Westfield Group at Westfield Towers. During the period $364,620 (31 December 2010: $429,584) 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 is payable on seven day terms.

The Westfield Group and Westfield Retail Trust have entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commences in the 2012 financial year and is on commercial arm's length terms.

During the financial year the Westfield Group charged LFG amounts totalling $282,938 (31 December 2010: nil) for design and construction services on arm's length terms and conditions relating to the office relocation.

During the financial year the Westfield Group charged The Lowy Institute amounts totalling nil (31 December 2010: $72,937) for design and construction services.

During the financial year the Westfield Group charged The Lowy Institute $20,000 (31 December 2010: $485) for service costs in relation to the provision of communication and security services.

During the financial year the Westfield Group charged LFG $552,980 (31 December 2010: $420,592) for service costs in relation to the provision of communication and security services.

During the financial year the Westfield Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

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

Nature	Type	2011	2010
Owing to LFG	Current payable	**$17,055**	$2,598
Owing from LFG	Current receivable	**nil**	nil

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.

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

Property management fee

Property management fee of $48.9 million (31 December 2010: $87.6 million) of which $3.0 million (31 December 2010: $7.6 million) was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed and payable of $8.9 million (31 December 2010: $16.0 million) of which $1.5 million (31 December 2010: $1.4 million) was payable to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhed expenses of $17.7 million (31 December 2010: $27.8 million)

Tenancy coordination fees

Tenancy coordination fee of $5.0 million (31 December 2010: $6.9 million).

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $404.4 million (31 December 2010: $590.5 million).

Other

During the year New Zealand tax losses ceded by the Westfield Group to the St Lukes Group in respect of the 31 December 2010 tax year amounted to $17.4 million (NZ$22.6 million) of which the WT Trust's share was $8.7 million (NZ$11.3 million). Tax losses ceded were paid in full as at 31 December 2011.

NOTE 38 RELATED PARTY DISCLOSURES (CONTINUED)

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

Loans and financial derivatives

Cross currency swaps with WAT

WT and WAT entered into the following cross currency swaps with terms, interest and principal amounts as follows:

i) 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 cross currency swap has a start date of November 2004 and continues until November 2014.

ii) 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$762.7 million. The cross currency swap has a start date of June 2009 and continues until June 2014.

iii) 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$236.9 million. The cross currency swap has a start date of February 2010 and continues until November 2012.

The interest expense for the year in respect of cross currency swaps with WAT was $61.9 million (31 December 2010: $70.6 million).

Foreign currency contracts with WAT

i) WT and WAT entered into a foreign currency contract on 1 February 2011. WT received US$400,000 from WAT in exchange for WT paying A$399,162 to WAT. The foreign currency contract matured on 7 February 2011 and the loss from the contract was $4,801.

ii) WT and WAT entered into a foreign currency contract on 13 May 2011. WT received A$13.3 million from WAT in exchange for WT paying US$14.1 million to WAT. The foreign currency contract matured on 16 May 2011 and the loss from the contract was $26,584.

iii) WT and WAT entered into a foreign currency contract on 13 May 2011. WT received A$21.2 million from WAT in exchange for WT paying US$22.5 million to WAT. The foreign currency contract matured on 2 June 2011 and the gain from the contract was $110,479.

iv) WT and WAT entered into a foreign currency contract on 17 August 2011. WT received US$3.5 million from WAT in exchange for WT paying A$3.3 million to WAT. The foreign currency contract matured on 19 August 2011 and the gain from the contract was $35,994.

Foreign currency contracts with WHL entities

i) WT and a WHL entity entered into foreign currency contracts during the year. WT paid net £21.5 million to the WHL entity in exchange for the WHL entity paying net A$34.3 million to WT. The foreign currency contracts matured during the year and the net gain from the contracts was $961,335.

ii) WT and a WHL entity entered into foreign currency contracts during the year. WT paid net US$2.1 million to the WHL entity in exchange for the WHL entity paying net A$2.1 million to WT. The foreign currency contracts matured during the year and the net gain from the contracts was $3,958.

iii) WT and a WHL entity entered into foreign currency contracts during the year. WT paid A$3.0 million to the WHL entity in exchange for the WHL entity paying NZ$3.9 million to WT. The foreign currency contracts matured during the year and the net loss from the contracts was $12,209.

iv) WT and a WHL entity entered into foreign currency contracts during the year. WT paid €109,000 to the WHL entity in exchange for the WHL entity paying A$149,157 to WT. The foreign currency contracts matured during the year and the net gain from the contracts was $1,565.

Loans to/from WHL

During the year, WT had A$ interest bearing loans to WHL. The balance of these loans at year end is a receivable of $1,101.8 million (31 December 2010: non-interest bearing loans of $1,293.3 million), with accrued interest receivable of $6.7 million (31 December 2010: nil). Interest accrues on these loans on a quarterly basis based on a floating rate. The interest income for the year in respect of the loans to WHL was $38.4 million (31 December 2010: nil).

During the year, WT had A$ interest bearing loans from WHL. The balance of these loans at year end is a payable of $290.4 million (31 December 2010: an interest bearing loan of $77.8 million and non-interest bearing loans of $745.1 million), with accrued interest payable of $2.3 million (31 December 2010: $78,432). Interest accrues on these loans on a quarterly basis based on a floating rate. The interest expense for the year in respect of the loans from WHL was $12.0 million (31 December 2010: $23.1 million).

During the year, WT had a £ interest bearing loan to WHL. The balance of this loan at year end is a receivable of $932.1 million (31 December 2010: nil), with accrued interest receivable of $1.2 million (31 December 2010: nil). 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 WHL was $1.2 million (31 December 2010: nil).

Loans to WAT

During the year, WT had an A$ interest bearing loan to WAT. The balance of this loan at year end is a receivable of $201.9 million (31 December 2010: $149.1 million), with accrued interest receivable of $0.9 million (31 December 2010: $0.8 million). 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 WAT was $12.1 million (31 December 2010: $6.1 million).

During the year, WT had a US$ interest bearing loan to WAT. The balance of this loan at year end is a receivable of $344.1 million (31 December 2010: nil), with accrued interest receivable of $98,474 (31 December 2010: nil). Interest accrues on this loan based on a fixed rate. The interest income for the year in respect of the loan to WAT was $95,759 (31 December 2010: nil).

Loans to Westfield UK Finance Limited (WUKFIN)

During the year, WT had a £ interest bearing loan to WUKFIN. The balance of this loan was repaid at year end (31 December 2010: a receivable of $1,445.5 million). Interest accrued on this loan on a quarterly basis based on a fixed rate. The interest income for the year in respect of the loan to WUKFIN was $16.6 million (31 December 2010: $1.4 million).

NOTE 39 DETAILS OF KEY MANAGEMENT PERSONNEL

The WT Group forms part of the Westfield Group. The disclosures under the Westfield Group's remuneration policies and practices apply to the WT Group.

The Responsible Entity does not have any employees. Key management personnel of the WT Group are paid by related entities within the Westfield Group.

(i) Directors

The Directors of Westfield Management Limited, the Responsible Entity of the WT Group are considered to be key management personnel.

Frank Lowy	Chairman
Brian Schwartz	Deputy Chairman – Non-Executive Director
Peter Allen	Group Chief Financial Officer – Executive Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith	Non-Executive Director
Fred Hilmer	Non-Executive Director
Stephen Johns	Non-Executive Director
Mark Johnson	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer – Executive Director
Steven Lowy	Co-Chief Executive Officer – Executive Director
John McFarlane	Non-Executive Director
Judith Sloan	Non-Executive Director

During the Financial Period, the composition of the Board changed. At the WHL Annual General Meeting on 25 May 2011, the following changes took effect:

- Mr Frank Lowy assumed the role of non-executive Chairman;
- Mr Peter Lowy and Mr Steven Lowy were appointed Co-Chief Executive Officers;
- Mr David Lowy and Mr David Gonski retired from the Board;
- Mr Brian Schwartz was appointed Deputy Chairman; and
- Mr Peter Allen and Ms Ilana Atlas were elected by members to the Board.

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following Key Management Personnel are responsible for the strategic direction and management of the WT Group.

Peter Allen	Group Chief Financial Officer
Robert Jordan	Managing Director, Australia, New Zealand and United States

There were no changes to Key Management Personnel between the end of the reporting period and the date the financial report was authorised for issue.

Compensation of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity.

These amounts are paid directly by WHL, the parent entity of the Westfield Group, of which the Responsible Entity is part of. Other Key Management Personnel are paid by Westfield Limited, a wholly owned subsidiary of WHL.

The Manager's service charge payable by the WT Group to the Responsible Entity covers all costs in relation to the management of the WT Group. The remuneration of the Key Management Personnel is not set by the WT Group nor is it able to be influenced by the WT Group. The remuneration of the Key Management Personnel is set by the Remuneration Committee of WHL.

NOTE 40 WESTFIELD RETAIL TRUST

(a) Background Overview – Establishment of Westfield Retail Trust

On 3 November 2010, the Westfield Group which includes the WT Group as a stapled entity, announced a restructuring whereby $7.3 billion of capital was proposed to be distributed to its security holders through the creation of a new separately listed property trust – Westfield Retail Trust (WRT).

The restructure was approved by the Westfield Group's securityholders on 9 December 2010 and as a result of the restructuring, WRT owned half of the WT Group's interests in 54 Australia and New Zealand retail shopping centres (excluding Westfield Carindale and Cairns) with a gross asset value of $12.1 billion at 31 December 2010, offset by $0.4 billion of liabilities and $4.4 billion paid and payable to the WT Group. As at 31 December 2010, the WT Group received $3.5 billion from WRT with the remaining balance disclosed as $442.0 million current and $500.0 million non current receivables.

The $4.4 billion received and receivable by the WT Group from WRT was applied to retire the Westfield Group's interest bearing liabilities at 31 December 2010 and over the next 18 months. As a result of the reduction in the Westfield Group's interest bearing liabilities, the Westfield Group had terminated its interest rate hedges in respect of the borrowings retired and new loans extended. The fair value of excess swaps terminated and the deferred borrowing costs written off amounted to a financing cost of $66.3 million and was recognised as a charge to the income statement within gain/loss from capital transactions in the year ended 31 December 2010 .

(b) Accounting for WT Group – post restructure

The effective date of the restructure for accounting purposes was 21 December 2010 being the date WRT stapled units were destapled from the Westfield Group.

The restructure was accounted for as a distribution of non-cash assets in accordance with AASB Interpretation 17 'Distributions of non-cash assets to Owners'. The fair value of the distribution as determined by the initial offer price of WRT units was charged to contributed equity and retained profits. The difference between the market value and book value of assets distributed at 31 December 2010 amounted to $934.3 million which was recognised as a charge to the income statement within gain/loss from capital transactions.

Following implementation of the restructure, 15 Australian and all 12 New Zealand properties that were previously consolidated are now equity accounted. Certain equity accounted investments where WT Group continues to have significant influence or joint control continue to be equity accounted.

(c) WT Group – after establishment of WRT

Westfield Group which includes the WT Group as a stapled entity, and WRT are partners in the ownership of 54 Australian and New Zealand shopping centres and maintain a close ongoing relationship having regard to the Westfield Group's property management and development roles as well as the provision by the Westfield Group of corporate services to WRT. In addition, the WT Group and WRT have also agreed to, where possible, cooperate on future retail property acquisition and growth opportunities in Australia and New Zealand together.

NOTE 40 WESTFIELD RETAIL TRUST (CONTINUED)

(d) Arrangements with WRT

These primary arrangements between the Westfield Group which includes the WT Group as a stapled entity, and WRT are summarised as follows:

- Westfield Group and WRT directly and indirectly co-own the properties including properties where there are existing third party joint venture partners;
- the Westfield Group act in most cases as the property manager;
- the Westfield Group act in most cases as the property developer;
- the Westfield Group and WRT co-operate to source new investment opportunities in Australia and New Zealand;
- the Westfield Group own the WRT responsible entities and WRT will have access to the Westfield brand; and
- the Westfield Group initially provide corporate services to WRT.

Various agreements have been entered into in order to manage and develop this relationship. Additional summary of the agreements is set out in section 10 of the PDS. The following is a high level summary only. These comprise:

(i) Co-operation Deed

The Co-operation deed governs the relationship between the Westfield Group and WRT in connection with any new investment opportunities to acquire an interest in a retail property or a retail development site in Australia or New Zealand. The deed also governs the use of Westfield trade marks and will provide the Westfield Group with rights in relation to certain properties in circumstances where the Westfield Group wishes to dispose of its interest.

(ii) Co-ownership arrangements

The Co-ownership arrangements are regulated by Co-ownership agreements, Unitholder agreements and Shareholder agreements. In general terms, these agreements have the following features:

- proportionate sharing of income and expenses;
- the establishment of committees having proportionate representation and voting rights to deal with major decisions and the resolution of disputes;
- pre-emptive rights in relation to dealings with specified exceptions; and
- remedies where defaults in obligations occur.

(iii) Property management agreement

The Westfield Group which includes the WT Group as a stapled entity, is entitled to a management fee equal to 5% of the annual gross income of the property and is entitled to be reimbursed for its out of pocket expenses and other costs agreed upfront. The Westfield Group is also entitled to recover WRT's share of the tenancy, design and co-ordination fees of up to $7,000 per specialty store (increasing by CPI).

(iv) Development framework agreements

Where a development project is undertaken with WRT, the following fees are charged:

- a development fee of 3% of the project price payable in stages;
- a design fee of 10% of the project price payable in stages;
- a project leasing fee of up to 15% of the tenant's first year net rent payable for leases of new specialty shops created by the development;
- a tenancy, design and co-ordination fee of $7,000 per specialty store lease entered into in respect of a project (increasing by CPI); and
- major tenant new and renewal lease fee and market rent review fee.

(v) Corporate services agreement

The Westfield Group which includes the WT Group as a stapled entity provides corporate services to WRT at a cost commensurate with the Westfield Group's cost in providing those services. These services, including accounting, tax, treasury, corporate, human resources, information technology and compliance are provided at the direction of the Board and management of WRT. As disclosed in the EM, the cost for these services for the first 12 months from listing of WRT was $23.0 million, payable in quarterly instalments. The continued provision of these services is at the discretion of WRT and the agreement may be terminated by either party with twelve months notice following the initial twelve month term. The scope and cost of the services is reviewed annually by WRT and the Westfield Group.

(vi) Westfield Sydney arrangements

WRT is a 50% joint venture owner with the WT Group in Westfield Sydney, which is currently under redevelopment. The total investment by WRT is expected to be $1.340 billion when the redevelopment is completed. Stage one of the redevelopment was completed in October 2010 and the overall redevelopment is expected to be completed in 2012.

On 20 December 2010, the WT Group advanced $942.0 million under the Westfield Sydney facility to WRT in order to fund the acquisition of a 50% interest in stage one of Westfield Sydney. There are two separate loans comprising $500.0 million at an interest rate of 6.75% repayable seven days after practical completion of the development and an interest free loan of $442.0 million repayable on demand.

WRT also entered into a Project Design and Construction Agreement for the completion of the Westfield Sydney redevelopment. WRT's share of the project payments payable under the agreement is $398.0 million (plus accrued interest and any variations). Project payments of $280.0 million were charged in 2011 with payment deferred until 7 days after practical completion of the project and interest accruing at the rate of 6.75% per annum. These amounts and a final payment of $118.0 million (plus any variations) will be repayable in full at the completion date.

The Westfield Group will provide WRT with an income guarantee for each of the three years commencing after practical completion of the redevelopment which will ensure that WRT receives a minimum annual yield of 5.6% of its total investment in Westfield Sydney.

(e) Transactions with WRT in respect of the arrangements set out above

During the financial year, transactions with WRT were as follows:

Property management fee

During the financial year, the Westfield Group charged WRT property management fee of $46.1 million (31 December 2010: $1.4 million).

Tenancy coordination fee

During the financial year, the Westfield Group charged WRT tenancy coordination fee of $4.8 million (31 December 2010: nil).

Reimbursement of expenses

During the financial year, the Westfield Group charged WRT $16.8 million (31 December 2010: nil) for the reimbursement of shopping centre indirect overhead expenses. In addition, the Westfield Group also recharged WRT for direct expenses of shopping centre employees (salaries, wages and all on-costs).

Corporate services agreement

During the financial year, the Westfield Group charged WRT corporate services fee of $23.0 million (31 December 2010: $0.7 million).

Development framework agreements

During the financial year, the Westfield Group charged WRT property development progress billings and fees of $128.7 million (31 December 2010: nil).

NOTE 40 WESTFIELD RETAIL TRUST (CONTINUED)

(e) Transactions with WRT (continued)

Westfield Sydney redevelopment arrangements

During the financial year, the Westfield Group charged WRT $280.0 million (31 December 2010: nil) for progress billings under the Project Design and Construction Agreement.

During the financial year, the Westfield Group charged WRT interest of $42.4 million (31 December 2010: $1.0 million) on the $942.0 million loan under the Westfield Sydney Facility and on progress billings.

Other

During the financial year, the WT Group charged WRT $8.7 million for New Zealand tax losses ceded by a WT Group entity to the St Lukes Group in respect of the 31 December 2010 tax year.

During the financial year, the WT Group charged WRT $0.1 million (31 December 2010: nil) for the lease of office space.

During the financial year, the WT Group paid WRT $1.7 million (31 December 2010: nil) for the lease of office space.

At 31 December 2011 the following amounts were recorded in the Westfield Group's balance sheet as payable/receivable with WRT:

– $442.0 million (31 December 2010: $442.0 million) interest free loan receivable from WRT under the Westfield Sydney facility.
– $500.0 million (31 December 2010: $500.0 million) interest bearing loan receivable from WRT under the Westfield Sydney facility.
– $280.0 million (31 December 2010: nil) receivable for progress billings under the Project Design and Construction Agreement and related GST receivable of $7.0 million (31 December 2010: nil).
– $43.4 million (31 December 2010: $1.0 million) of interest receivable on the $500.0 million loan under the Westfield Sydney Facility Agreement and on progress billings.
– $29.4 million (31 December 2010: nil) receivable for property development progress billings and fees.
– $12.9 million (31 December 2010: nil) receivable relating to property management fees, tenancy coordination fee and reimbursement of shopping centre indirect expenses.
– $4.7 million (31 December 2010: nil) payable relating to property related advertising and promotional income collected by the Westfield Group on behalf of WRT.

NOTE 41 DETAILS OF MATERIAL AND SIGNIFICANT CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES

	31 Dec 11 – Interest		31 Dec 10 – Interest	
Name of entity	**Beneficial Parent Entity %**	**Consolidated or Equity accounted %**	Beneficial Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Company				
Westfield Trust	**100.0**	**100.0**	100.0	100.0
Consolidated Controlled Entities				
Carindale Property Trust	**50.0**	**100.0**	50.0	100.0
Westfield Sub Trust G	**100.0**	**100.0**	100.0	100.0
WT Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
Equity Accounted Entities				
Bondi Junction Trust	**50.0**	**50.0**	50.0	50.0
WestArt Trust	**50.0**	**50.0**	50.0	50.0
ENTITIES INCORPORATED IN NEW ZEALAND				
Consolidated Controlled Entities				
WT Finance (NZ) Limited	**100.0**	**100.0**	100.0	100.0
Equity Accounted Entities				
Westfield NZ Holdings Limited	**50.0**	**50.0**	50.0	50.0

NOTE 42 SUBSEQUENT EVENTS

Since the end of the financial year the Westfield Group (of which WT Group is a part of) has announced the intention to commence an on-market buyback of securities for up to 10% of issued capital.

Directors' Declaration

The Directors of Westfield Management Limited, the Responsible Entity of Westfield Trust (WT) 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 the International Financial Reporting Standards issued by the International Accounting Standards Board; and

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

Made on 14 March 2012 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

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
www.ey.com/au

Independent auditor's report to the members of Westfield Trust

Report on the financial report

We have audited the accompanying financial report of Westfield Trust (the Trust), which comprises the consolidated balance sheet as at 31 December 2011, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with 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.

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position at 31 December 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

S J Ferguson
Partner

Sydney, 14 March 2012

Liability limited by a scheme approved under Professional Standards Legislation

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 2011 (Financial Year).

In this report, the Trust and its controlled entities are referred to as the WT Group.

1. Operations and Activities

1.1 Review of Operations and Results of Operations

The Trust reported a net profit of $1,136.7 million and a distribution of $753.9 million for the Financial Year. Basic earnings per unit is 49.23 cents and the distribution per unit is 32.65 cents.

As at 31 December 2011, the Trust had a $13.7 billion (consolidated properties of $6.8 billion and share of equity accounted properties of $6.9 billion) interest in 55 shopping centres, comprising 13,596 retail outlets and approximately 4.0 million square metres of retail space.

The Australian and New Zealand operations contributed net property income of $785.1 million for the year ended 31 December 2011 with an underlying comparable net operating income growth of 4.3%. This performance reflects the steady retail conditions in Australia which prevailed during the period as well as the quality of the portfolios in both regions.

At 31 December 2011 occupancy rates continue to be in excess of 99.5% and average specialty store rent per square metre increased by 3.5% over the same time last year.

Retail sales in the Trust's 43 Australian centres totalled $21.3 billion for the 12 months to 31 December 2011. On a comparable basis, total retail sales increased 0.6% with specialty store sales increasing 1.5%.

Retail sales at the Trust's 12 shopping centres in New Zealand totalled NZ$2.2 billion for the 12 months to 31 December 2011. On a comparable basis, total retail sales increased 3.9% with specialty store sales increasing 1.9%.

Development projects

In Australia the $125 million Belconnen redevelopment project was completed during the period and the Westfield Sydney project is scheduled for completion in 2012. The $320 million Westfield Fountain Gate redevelopment and the $300 million Westfield Carindale redevelopment have commenced and are scheduled for completion in 2012.

The current target weighted average yield range for the projects under construction is 8.0% to 8.5%. This reflects the Trust's incremental income yield on the Trust's project cost.

There were no significant changes in the Trust's state of affairs during the Financial Period.

The WT Group is part of the Westfield Group which is a triple stapled entity. The Westfield Group operates as a single coordinated economic entity.

The review of operations and results of operations for the Westfield Group are described in the Directors' Report in the Westfield Group Annual Report.

1.2 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.

1.3 Subsequent Events

Since the end of the financial year the Westfield Group (of which WT Group is a part of) has announced the intention to commence an on-market buyback of securities for up to 10% of issued capital. The buyback commenced in March 2012.

Other than the aforementioned, no other matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect the Trust's operations in future financial years, the results of those operation in future financial years or the Trust's state of affairs in future financial years.

1.4 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 Results of Operations above. The likely developments in the Westfield Group's operations in future financial years and the expected results of those operations are described in the Co-Chief Executive Officers' review at pages 6 to 14 of the Westfield Group Annual Report.

1.5 Environmental Performance

Environmental laws and regulations in force in the various jurisdictions in which the Westfield Group operates are applicable to areas of the Westfield Group's operations and, in particular, to its development, construction and shopping centre management activities. The Westfield 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.

In the Financial Year, the Westfield Group published its first comprehensive Sustainability Report which is available at www.westfield.com/corporate.

2. Distributions

The distribution for the six months ended 31 December 2010[(1)], paid 28 February 2011:

– 18.00 cents per unit final distribution for ordinary units	$415,617,937

The distribution for the six months ended 30 June 2011[(2)], paid 31 August 2011:

– 15.20 cents per unit interim distribution for ordinary units;	$350,966,258

The following final distribution[(3)] was declared for payment to Members with respect to the Financial Year, and paid on 29 February 2012:

– 17.45 cents per unit final distribution for ordinary units	$402,918,500

(1) The Trust distribution of 18.00 cents per ordinary unit formed part of the distribution of 31.56 cents per ordinary WDC stapled security paid on 28 February 2011. 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 15.20 cents per ordinary unit formed part of the distribution of 24.20 cents per ordinary WDC stapled security paid on 31 August 2011. 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 17.45 cents per ordinary unit formed part of the distribution of 24.20 cents per ordinary WDC stapled security paid on 29 February 2012. This distribution is 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 Directors

Directors of the Company are as follows:

Frank Lowy	Chairman
Brian Schwartz	Deputy Chairman – Non–Executive Director
Peter Allen	Group Chief Financial Officer – Executive Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith	Non-Executive Director
Fred Hilmer	Non-Executive Director
Stephen Johns	Non-Executive Director
Mark Johnson	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer – Executive Director
Steven Lowy	Co-Chief Executive Officer – Executive Director
John McFarlane	Non-Executive Director
Judith Sloan	Non-Executive Director

During the Financial Period, the composition of the Board changed. At the WHL Annual General Meeting on 25 May 2011, the following changes took effect:

- Mr Frank Lowy assumed the role of non-executive Chairman;
- Mr Peter Lowy and Mr Steven Lowy were appointed Co-Chief Executive Officers;
- Mr David Lowy and Mr David Gonski retired from the Board;

– Mr Brian Schwartz was appointed Deputy Chairman; and
– Mr Peter Allen and Ms Ilana Atlas were elected by members to the Board.

Biographies of the Directors can be found in the 2011 Westfield Group Annual Report.

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
Frank Lowy Peter Lowy Steven Lowy	179,598,386
Peter Allen	385,911
Ilana Atlas	5,000
Roy Furman	50,000
Peter Goldsmith	5,000
Fred Hilmer	205,904
Stephen Johns	1,512,655
Mark Johnson	62,000
John McFarlane	51,951
Brian Schwartz	21,110
Judith Sloan	3,000

On the date of retirement, Mr David Lowy had a relevant interest in 179,598,386 stapled securities (as part of the Lowy family holding) and Mr David Gonski had a relevant interest in 243,057 stapled securities.

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 Directors. 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 Westfield Group.

4. Options And Unissued Interests

Details of the unissued ordinary units in the Trust under options as at the date of this report are provided in Note 20 in the Notes to the Financial Statements (page 20).

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 Notes 8(b) and 19 in the Notes to the Financial Statements (pages 13 and 19).

5. 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. As long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as Responsible Entity. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

6. Special Rules For Registered Schemes

– $57.8 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 18,306,011 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 19 on page 19.
– 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), 12, 13 and 14 on pages 9, 10, 14, 15 and 16.
– Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 19 on page 19.

7. Audit

7.1 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.

7.2 Audit Independence

The Directors have obtained the following independence declaration from the auditors, Ernst & Young.

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 2011, 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

S J Ferguson
Partner

Ernst & Young

Sydney

14 March 2012

Liability Limited by a scheme approved under Professional Standards Legislation

8.0 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.

Frank Lowy AC
Chairman

F.G. Hilmer

Fred Hilmer AO
Director

14 March 2012

Corporate Governance Statement

The Corporate Governance Statement for Westfield Trust for the financial year ended 31 December 2011 has been incorporated into the Corporate Governance Statement prepared for the stapled Westfield Group. This Statement can be found in the 2011 Westfield Group Annual Report.

Twenty Largest Holders of Stapled Securities in Westfield Group*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	725,987,840	31.44
2.	JP Morgan Nominees Australia Limited	486,309,701	21.06
3.	National Nominees Limited	292,399,136	12.66
4.	Cordera Holdings Pty Limited	145,835,168	6.32
5.	Citicorp Nominees Pty Limited	101,373,183	4.39
6.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	60,648,688	2.63
7.	AMP Life Limited	42,823,161	1.85
8.	JP Morgan Nominees Australia Limited <Cash Income A/C>	23,903,097	1.04
9.	Mr Frank P Lowy	14,107,391	0.61
10.	Cogent Nominees Pty Limited <SMP Accounts>	13,663,609	0.59
11.	Cogent Nominees Pty Limited	13,285,013	0.58
12.	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	11,362,128	0.49
13.	Bond Street Custodians Limited <ENH Property Securities A/C>	9,952,206	0.43
14.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.25
15.	Perpetual Trustee Company Ltd <HHH Superannuation Fund A/C 90>	4,739,738	0.21
16.	Australian Foundation Investment Company Limited	4,242,580	0.18
17.	Argo Investments Limited	4,070,335	0.18
18.	Suncorp Custodian Services Pty Limited <SGALPT>	4,052,535	0.18
19.	Bond Street Custodians Limited <Property Securities A/C>	3,808,440	0.16
20.	Queensland Investment Corporation	3,782,074	0.16
		1,972,215,448	85.41

* 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

Category	No. of Options*	No. of Option Holders	No. of Stapled Securities**	No. of Security Holders	% of Securities in each Category
1 – 1,000	0	0	28,210,425	58,258	1.22
1,001 – 5,000	0	0	110,725,632	50,445	4.80
5,001 – 10,000	0	0	41,000,228	5,912	1.78
10,001 – 100,000	52,500	1	68,819,272	3,048	2.98
100,001 and over	27,608,709	3	2,060,232,982	207	89.23
Total	27,661,209	4	2,308,988,539	117,870	100.00

As at 29 February 2012, 5,093 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, 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.

* In addition, there are 27,661,209 options on issue to four subsidiaries of Westfield Holdings Limited. 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 29 February 2012 is 27,661,209.

** There are 4,573,405 performance rights on issue to a total of 16 Westfield Group employees. Under the stapling arrangement each of Westfield Holdings Limited, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

The names of the Westfield 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 Westfield Group, are as follows:

Members of the Lowy family and associates	179,598,386
BlackRock Investment Management (Australia) Limited	147,243,880
Vanguard Investments Australia Ltd	140,169,212

Westfield

Westfield America Trust Financial Report 31 December 2011

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 30
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7000
Facsimile: +61 2 9358 7077

United States Office
12th Floor
11601 Wilshire Boulevard
Los Angeles California 90025

Telephone: +1 310 478 4456
Facsimile: +1 310 478 1267

New Zealand Office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023

Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

United Kingdom Office
6th Floor, MidCity Place
71 High Holborn
London WC1V 6EA

Telephone: +44 20 7061 1400
Facsimile: +44 20 7061 1401

Secretaries
Simon J Tuxen
Maureen T McGrath

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

Investor Information
Westfield Group
Level 30
85 Castlereagh Street
Sydney NSW 2000

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: web.queries@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

FSC
Mixed Sources
Product group from well-managed forests and other controlled sources
www.fsc.org Cert no. SGS-COC-003898
© 1996 Forest Stewardship Council

The papers used in the production of this years Westfield Group reports are produced using environmentally responsible papers produced from FSC (mixed sources) certified pulp from well managed forests. Sumo Offset Laser is an environmentally responsible paper manufactured under the environmental management system ISO 14001 using Elemental Chlorine Free (ECF) pulp sourced from certified, well managed forests. Sumo Offset Laser is FSC Chain of Custody (CoC) certified (mixed sources), and both Novatech and Nordset are environmentally responsible papers produced from FSC (mixed sources) certified pulp from well managed forests and are Elemental Chlorine Free (ECF). They are manufactured by Nordland Papier, a company certified with environmental management systems ISO 14001 and EMAS, the EU Eco-management & Audit Scheme (Reg. No.D-162-00007). Nordset and Novatech have also been awarded the EU "Flower" Eco-label certification.

TYPESETTING: MONCHOCREATIVE.COM.AU PRODUCTION: OCTOPUS SOLUTIONS

Financial Report

WESTFIELD AMERICA TRUST
For the financial year ended 31 December 2011

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Revenue			
Property revenue	3	**1,253.4**	1,387.8
Property development and project management revenue		**15.6**	10.0
Property and funds management income		**29.8**	34.5
		1,298.8	1,432.3
Share of after tax profits of equity accounted entities			
Property revenue		**177.5**	204.0
Property revaluations		**104.0**	68.5
Property expenses, outgoings and other costs		**(54.7)**	(68.6)
Overheads		**(2.8)**	(3.0)
Net interest expense		**(38.0)**	(47.1)
Tax expense		**(0.4)**	–
	13(a)	**185.6**	153.8
Expenses			
Property expenses, outgoings and other costs		**(426.5)**	(472.8)
Property development and project management costs		**(11.1)**	(8.5)
Property and funds management costs		**(17.9)**	(21.5)
Overheads		**(84.6)**	(76.4)
		(540.1)	(579.2)
Interest income		**62.4**	72.9
Currency derivatives	4	**28.6**	(105.5)
Financing costs	6	**(281.3)**	(486.7)
Loss from capital transactions	5	**(9.0)**	(18.9)
Property revaluations		**(88.7)**	107.9
Profit before tax and non controlling interests		**656.3**	576.6
Tax expense	7	**(110.2)**	(109.0)
Profit after tax for the period		**546.1**	467.6
Profit after tax for the period attributable to:			
– Members of the Westfield America Trust (WAT)		**521.0**	428.4
– Non controlling interests		**25.1**	39.2
Profit after tax for the period		**546.1**	467.6
		cents	cents
Basic earnings per unit	8(a)	**22.56**	18.56
Diluted earnings per unit	8(a)	**16.33**	12.29

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	31 Dec 11 $million	31 Dec 10 $million
Profit after tax for the period	**546.1**	467.6
Other comprehensive income		
Movements in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**7.9**	(500.6)
– Realised and unrealised gains/(losses) on asset hedging derivatives which qualify for hedge accounting	**(1.1)**	234.7
Total comprehensive income for the period	**552.9**	201.7
Total comprehensive income attributable to:		
– Members of WAT	**527.4**	205.2
– Non controlling interests	**25.5**	(3.5)
Total comprehensive income for the period	**552.9**	201.7

Distribution Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Final distribution paid	25(a)	**155.9**	197.6
Interim distribution paid	25(b)	**207.8**	253.9
Total distribution paid		**363.7**	451.5
Weighted average number of units entitled to distribution at 31 December (millions)		**2,309.0**	2,308.4
		cents	cents
6 months ended 31 December			
Distribution paid per ordinary unit		**6.75**	8.56
6 months ended 30 June			
Distribution paid per ordinary unit		**9.00**	11.00

Balance Sheet

AS AT 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Current assets			
Cash and cash equivalents	24(a)	**56.0**	49.8
Trade debtors		**21.0**	19.1
Derivative assets	9	**141.4**	91.8
Receivables	10	**77.7**	143.0
Inventories		**12.8**	11.4
Tax receivable		**15.0**	6.3
Prepayments and deferred costs	11	**46.7**	62.3
Total current assets		**370.6**	383.7
Non current assets			
Investment properties	12	**13,497.9**	13,174.7
Equity accounted investments	13	**1,478.5**	1,339.6
Other investments	14	**409.9**	409.5
Derivative assets	9	**964.1**	1,008.2
Plant and equipment	15	**78.4**	86.6
Prepayments and deferred costs	11	**68.7**	63.4
Total non current assets		**16,497.5**	16,082.0
Total assets		**16,868.1**	16,465.7
Current liabilities			
Trade creditors		**48.8**	42.3
Payables and other creditors	16	**471.5**	399.2
Interest bearing liabilities	17	**1,811.0**	863.1
Other financial liabilities	18	**108.6**	98.7
Tax payable		**2.7**	1.9
Derivative liabilities	19	**84.2**	271.8
Total current liabilities		**2,526.8**	1,677.0
Non current liabilities			
Payables and other creditors	16	**98.8**	53.2
Interest bearing liabilities	17	**7,339.6**	7,983.8
Other financial liabilities	18	**1,137.8**	1,177.0
Deferred tax liabilities	7	**1,076.9**	976.0
Derivative liabilities	19	**118.1**	156.7
Total non current liabilities		**9,771.2**	10,346.7
Total liabilities		**12,298.0**	12,023.7
Net assets		**4,570.1**	4,442.0
Equity attributable to members of WAT			
Contributed equity	20	**8,409.5**	8,409.5
Reserves	22	**(508.4)**	(514.5)
Accumulated losses	23	**(3,666.5)**	(3,782.0)
Total equity attributable to members of WAT		**4,234.6**	4,113.0
Equity attributable to non controlling interests			
Reserves		**(207.3)**	(207.7)
Retained profits		**542.8**	536.7
Total equity attributable to non controlling interests		**335.5**	329.0
Total equity		**4,570.1**	4,442.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

	Comprehensive Income 31 Dec 11 $million	*Movement in Equity 31 Dec 11 $million*	**Total 31 Dec 11 $million**	Total 31 Dec 10 $million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	*–*	*8,409.5*	**8,409.5**	8,406.9
– Issuance of units				
Conversion of options/rights	*–*	*–*	**–**	2.6
Closing balance of contributed equity	*–*	*8,409.5*	**8,409.5**	8,409.5
Opening balance of reserves	*–*	*(514.5)*	**(514.5)**	(291.5)
– Movement in foreign currency translation reserve [(1)] [(2)]	*6.4*	*–*	**6.4**	(223.2)
– Movement in employee share plan benefits reserve [(1)]	*–*	*(0.3)*	**(0.3)**	0.2
Closing balance of reserves	*6.4*	*(514.8)*	**(508.4)**	(514.5)
Opening balance of accumulated losses	*–*	*(3,782.0)*	**(3,782.0)**	(3,502.2)
– Profit after tax for the period [(2)]	*521.0*	*–*	**521.0**	428.4
– Distributions paid	*–*	*(405.5)*	**(405.5)**	(708.2)
Closing balance of accumulated losses	*521.0*	*(4,187.5)*	**(3,666.5)**	(3,782.0)
Closing balance of equity attributable to members of WAT	*527.4*	*3,707.2*	**4,234.6**	4,113.0
Changes in equity attributable to non controlling interests				
Opening balance of equity	*–*	*329.0*	**329.0**	346.7
Total comprehensive income attributable to non controlling interests [(2)]	*25.5*	*–*	**25.5**	(3.5)
Dividends paid or provided for	*–*	*(19.0)*	**(19.0)**	(14.2)
Closing balance of equity attributable to non controlling interests	*25.5*	*310.0*	**335.5**	329.0
Total equity	*552.9*	*4,017.2*	**4,570.1**	4,442.0

(1) Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of $6.4 million (31 December 2010: loss of $223.2 million) and net debit to the employee share plan benefits reserve of $0.3 million (31 December 2010: net credit of $0.2 million).

(2) Total comprehensive income for the period amounts to a gain of $552.9 million (31 December 2010: gain of $201.7 million). The comparative period consists of a loss attributable to non controlling interests of $3.5 million and a gain attributable to members of WAT of $205.2 million.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Cash flows from operating activities			
Receipts in the course of operations		**1,328.2**	1,443.3
Payments in the course of operations		**(553.3)**	(612.9)
Settlement of income hedging currency derivatives		**7.9**	26.4
Dividends/distributions received from equity accounted associates		**66.3**	72.8
Withholding taxes paid on underlying operations		**(18.4)**	(4.7)
Net cash flows from operating activities	24(b)	**830.7**	924.9
Cash flows used in investing activities			
Payments of capital expenditure for property investments		**(278.9)**	(279.5)
Payments for the acquisition of property investments		**–**	(37.6)
Net inflows/(outflows) for investments in equity accounted investments		**11.9**	(94.8)
Payments for the purchases of plant and equipment		**(9.8)**	(15.4)
Financing costs capitalised to qualifying development projects and construction in progress		**(16.9)**	(9.6)
Settlement of asset hedging currency derivatives		**3.9**	53.5
Net cash flows used in investing activities		**(289.8)**	(383.4)
Cash flows used in financing activities			
Termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio		**(224.5)**	(322.1)
Net proceeds from/(repayments of) interest bearing liabilities		**(63.3)**	568.8
Loans received from related entities		**443.0**	430.8
Financing costs excluding interest capitalised		**(327.9)**	(567.0)
Interest received		**62.4**	72.9
Dividends/distributions paid by controlled entities to non controlling interests		**(19.0)**	(14.2)
Distributions paid		**(405.5)**	(708.2)
Net cash flows used in financing activities		**(534.8)**	(539.0)
Net increase in cash and cash equivalents held		**6.1**	2.5
Add opening cash and cash equivalents brought forward		**49.8**	53.8
Net foreign exchange differences		**0.1**	(6.5)
Cash and cash equivalents at the end of the period	24(a)	**56.0**	49.8

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2011 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 2012.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards board. The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new or amended standards which became applicable on 1 January 2011.

- AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues*;
- AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*;
- Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*;
- AASB 124 *Related Party Disclosures (December 2009)*;
- AASB 2009 – 14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*;
- AASB 2010-5 *Amendments to Australian Accounting Standards*;
- AASB 2010-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements*.

For the year, the adoption of these amended standards has no material impact on the financial statements of the Group.

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 2011. The impact of these new standards (to the extent relevant to the Group) and interpretations are as follows:

- AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets* (applicable from 1 January 2012)

  This amendment requires deferred tax to be determined on the basis that the asset is disposed of, rather than the asset being retained and tax recognised through the continued use of the asset. The final amount of tax actually paid on the disposal of any of the Group's assets may be different, depending on the circumstances of the disposal.

  The Group has estimated that based on current capital gains tax rates an additional amount of approximately $1.4 billion would be required to be charged against retained earnings on the implementation of the amended standard;

- AASB 9 *Financial Instruments* (effective from 1 January 2013)

  This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The Group is currently assessing the impact of this standard;

- AASB 10 *Consolidated Financial Statements* (effective from 1 January 2013)

  This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard may lead to some entities that are currently being equity accounted to be consolidated into the Group's financial results when they are restated on application of this accounting standard;

- AASB 11 *Joint Arrangements* (effective from 1 January 2013)

  This standard uses the principle of control in AASB 10 to define joint control and removes the option to account for jointly controlled entities using the proportionate consolidation method. Joint operations that give the joint venture parties a right to the underlying assets and obligations are accounted for by recognising the share of those assets and obligations. This standard is not expected to have a significant impact on the Group's financial results;

- AASB 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

  The standard introduces new disclosures about judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group is currently assessing the impact of this standard;

- AASB 13 *Fair value measurement* (effective from 1 January 2013)

  The standard establishes a single source of guidance for determining the fair value of assets and liabilities. The Group is currently assessing the impact of this standard.

In addition to the above, further amendments to accounting standards have been proposed as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes). These amendments are set out below:

- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* (applicable from 1 January 2013);
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (applicable from 1 July 2011);
- AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)* (applicable from 1 January 2013);
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (applicable from 1 July 2013);
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income* (applicable from 1 July 2012);
- AASB 1053 *Application of Tiers of Australian Accounting Standards* (applicable from 1 July 2013);
- AASB 1054 *Australian Additional Disclosures* (applicable from 1 July 2011).

These recently issued or amended standards are not expected to have a significant impact on the amounts recognised in these financial statements when they are restated on application of these new accounting standards, except where disclosed above.

(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), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. 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 and loss 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) Significant accounting judgements, estimates and assumptions

The preparation of the financial report requires management to make judgements, estimates and assumptions. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and other various factors it believes to be reasonable under the circumstances, the results of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 12: Investment properties and Note 37: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

(e) Comparative information

Where applicable, certain comparative figures are restated in order to comply with the current period's presentation of the financial statements.

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 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.

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of WAT (the Parent Entity), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. 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. Non controlling interests represent the portion of profit or loss and net assets of Westfield America, Inc (WEA) that are not wholly-owned by the Group and held by WHL entities. The non controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the entity concept method, whereby, the transaction is treated as a transaction with other equity shareholders.

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. Non controlling interests are shown as a separate item in the consolidated financial statements.

In May 2002, the Group 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 in certain acquired assets under the Urban Shopping Centers, LP 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.

(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.

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. The carrying amount of investment properties also includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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 takes into account latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. 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 and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties.

ii) Development projects and construction in progress

The Group's development projects and construction in progress include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments, and are classified as inventories when intended for sale to third parties. Development projects and construction in progress include capitalised construction and development costs and where applicable, borrowing costs incurred on qualifying developments.

Development projects and construction in progress are carried at fair value based on Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and constuction in progress 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, development projects and construction in progress are significant estimates that can change based on the Group's continuous process of assessing the factors affecting each property.

(d) Other investments

i) Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. 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 reported as revaluation gains or losses 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 and reference to market value of similar investments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currency of WAT 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.

(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 its recoverable amount. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

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 part of investment properties and amortised over the term of the lease. The amortisation is recorded against property income.

Revenue is recognised from the sale of properties, 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.

Revenue for development and construction projects carried out for third parties is recognised on a percentage completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) 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.

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

(i) Goodwill

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.

(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 financing costs are capitalised.

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

(k) Inventories

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

(l) Depreciation and amortisation

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 plant and equipment ranges from three to ten years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) 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.

(n) 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. The liability for employees' benefits to long service leave is provided to balance date based on the present values of the estimated future cash flows to be paid by the Group resulting from the employees' services provided.

(o) 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.

(p) Derivative financial instruments and financial instruments

The Group utilises derivative financial instruments, including forward exchange contracts, currency and interest rate 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. Derivative instruments 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, 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 and interest rate 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 and loan receivables are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade, sundry and loan 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 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 designated at fair value through the income statement.

The fair value of 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.

(q) 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.

(r) 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 adjusted for any profit recognised in the period in relation to dilutive potential ordinary units divided by the weighted average number of ordinary units and dilutive potential ordinary units.

(s) 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.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	**1,299.0**	1,431.5
Amortisation of tenant allowances	**(45.6)**	(43.7)
	1,253.4	1,387.8
NOTE 4 CURRENCY DERIVATIVES		
Realised gains on income hedging currency derivatives	**3.2**	22.2
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	**25.4**	(127.7)
	28.6	(105.5)
NOTE 5 LOSS FROM CAPITAL TRANSACTIONS		
Carrying value of assets sold and other capital costs	**(9.0)**	(18.9)
	(9.0)	(18.9)
NOTE 6 FINANCING COSTS		
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		
– External	**(248.3)**	(484.3)
– Related entities	**(42.6)**	(34.8)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	**16.9**	9.6
Financing costs	**(274.0)**	(509.5)
Net fair value gain on interest rate hedges that do not qualify for hedge accounting	**5.0**	16.8
Finance leases interest expense	**(7.3)**	(7.4)
Interest expense on other financial liabilities	**(36.7)**	(33.2)
Net fair value gain on other financial liabilities	**31.7**	219.8
Net fair value gain/(loss) on termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio	**–**	(173.2)
	(281.3)	(486.7)

	31 Dec 11 $million	31 Dec 10 $million
NOTE 7 TAXATION		
(a) Tax expense		
Current	**(11.6)**	(13.2)
Deferred tax	**(98.6)**	(95.8)
	(110.2)	(109.0)
The prima facie tax on profit before tax is reconciled to the tax expense provided in the financial statements as follows:		
Profit before tax	**656.3**	576.6
Prima facie withholding tax expense at 15%	**(98.4)**	(86.5)
Profit/(loss) not assessable/deductible	**(11.8)**	(22.5)
Tax expense	**(110.2)**	(109.0)
(b) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**992.8**	921.4
Unrealised fair value gain on financial derivatives	**22.4**	7.9
Other timing differences	**61.7**	46.7
	1,076.9	976.0

	cents	cents
NOTE 8 EARNINGS PER UNIT		
(a) Summary of earnings per unit		
Basic earnings per unit attributable to members of WAT	**22.56**	18.56
Diluted earnings per unit attributable to members of WAT	**16.33**	12.29

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(1) (2)]	**2,308,988,539**	2,307,806,424
Weighted average of potential employee performance rights which, if issued would be dilutive [(3)]	**300,860**	495,120
Bonus element of unit options which are dilutive [(4)]	**37,883,679**	71,572,965
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit [(5)]	**2,347,173,078**	2,379,874,509

	$million	$million
Earnings used in calculating basic earnings per unit	**521.0**	428.4
Adjustment to earnings on unit options which are considered dilutive [(4)]	**(137.6)**	(136.0)
Earnings used in calculating diluted earnings per unit	**383.4**	292.4

(1) 2,309.0 million (31 December 2010: 2,307.8 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(2) On 9 April 2010, 83,084,363 units held by subsidiaries of WHL were redeemed for nil consideration. As required by AASB 133 Earnings per Share, these units have not been included in the calculation of earnings per unit for the current period and prior period.

(3) At 31 December 2011, 59,106 actual employee performance rights were on hand (31 December 2010: 537,043).

(4) Bonus element of unit options relating to other financial liabilities issued to WHL that are dilutive for the current period were 37,883,679 (31 December 2010: 71,572,965), earnings in respect of the unit options were $137.6 million (31 December 2010: $136.0 million).

(5) The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 238,969 (31 December 2010: 73,609).

(b) Conversions, calls, subscription or issues after 31 December 2011

There have been no conversions to, calls of, or subscriptions for, issuance of new or potential ordinary units since the reporting date and before the completion of this report. Since the end of the financial year, the Westfield Group has commenced an on-market buy back of securities for up to 10% of issued capital.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 9 DERIVATIVE ASSETS		
Current		
Receivables on interest rate derivatives	**43.5**	40.5
Receivables on interest rate derivatives with related entities	**0.6**	–
Receivables on currency derivatives	**67.4**	51.3
Receivables on currency derivatives with related entities	**29.9**	–
	141.4	91.8
Non Current		
Receivables on interest rate derivatives	**556.3**	524.4
Receivables on interest rate derivatives with related entities	**1.9**	1.2
Receivables on currency derivatives	**52.3**	105.0
Receivables on currency derivatives with related entities	**353.6**	377.6
	964.1	1,008.2
NOTE 10 RECEIVABLES		
Current		
Sundry debtors	**61.3**	77.7
Interest bearing loans and other receivables from related entities	**16.4**	65.3
	77.7	143.0
NOTE 11 PREPAYMENTS AND DEFERRED COSTS		
Current		
Prepayments and deposits	**23.6**	43.2
Deferred costs – other	**23.1**	19.1
	46.7	62.3
Non Current		
Deferred costs – other	**68.7**	63.4
	68.7	63.4
NOTE 12 INVESTMENT PROPERTIES		
Shopping centre investments	**12,908.5**	12,625.0
Development projects and construction in progress	**589.4**	549.7
	13,497.9	13,174.7
Movement in total investment properties		
Balance at the beginning of the year	**13,174.7**	14,496.2
Acquisition of properties	**–**	37.6
Transfer from equity accounted investment properties	**–**	22.6
Redevelopment costs	**397.0**	201.6
Net revaluation increment/(decrement)	**(88.7)**	107.9
Retranslation of foreign operations	**14.9**	(1,691.2)
Balance at the end of the year [(1)]	**13,497.9**	13,174.7

(1) The fair value of investment properties at the end of the year of $13,497.9 million (31 December 2010: $13,174.7 million) comprises investment properties at market value of $13,449.3 million (31 December 2010: $13,127.0) and ground leases included as finance leases of $48.6 million (31 December 2010: $47.7 million).

Investment properties are carried at the Directors' determination of fair value which take into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with Uniform Standards of Professional Appraisal Practice in the United States. The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method. The property capitalisation rates range between 5.36% and 9.80%. Refer to Note 15(d) of the Westfield Group's Financial Report for details of property capitalisation rates by shopping centre.

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	31 Dec 11 $million	31 Dec 10 $million
(a) Details of the Group's aggregate share of equity accounted entities' net profit		
Shopping centre base rent and other property income	**182.7**	208.6
Amortisation of tenant allowances	**(5.2)**	(4.6)
Property revenue	**177.5**	204.0
Property expenses, outgoings and other costs	**(54.7)**	(68.6)
Overheads	**(2.8)**	(3.0)
Borrowing costs	**(38.0)**	(47.1)
Share of profit from equity accounted entities before property revaluations and tax expense	**82.0**	85.3
Property revaluations	**104.0**	68.5
Share of profit before tax of equity accounted entities	**186.0**	153.8
Tax expense	**(0.4)**	–
Share of after tax profit of equity accounted entities	**185.6**	153.8
(b) Details of the Group's aggregate share of equity accounted entities' assets and liabilities		
Cash	**8.8**	9.9
Receivables	**3.7**	5.3
Shopping centre investments	**2,200.5**	2,018.5
Development projects and construction in progress	**56.5**	104.8
Other assets	**6.3**	5.1
Total assets	**2,275.8**	2,143.6
Payables	**(59.9)**	(73.0)
Interest bearing liabilities	**(737.4)**	(731.0)
Total liabilities	**(797.3)**	(804.0)
Net assets of equity accounted entities	**1,478.5**	1,339.6
(c) 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	**113.0**	110.2
Due between one year and five years	**347.1**	334.2
Due after five years	**204.8**	200.7
	664.9	645.1
(d) 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	**59.8**	–
	59.8	–
(e) Details of the Group's aggregate share of equity accounted entities' contingent liabilities		
Performance guarantees	**1.7**	1.7
	1.7	1.7

(f) Equity accounted entities' economic interest

Name of investments [1]	Type of equity	Balance Date	Economic Interest 31 Dec 11	Economic Interest 31 Dec 10
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%

(1) All equity accounted property partnerships operate solely as retail property investors in the United States.

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 14 OTHER INVESTMENTS			
Unlisted investments		**409.9**	409.5
		409.9	409.5
Movement in other investments			
Balance at the beginning of the year		**409.5**	462.3
Retranslation of foreign operations		**0.4**	(52.8)
Balance at the end of the year		**409.9**	409.5
NOTE 15 PLANT AND EQUIPMENT			
At cost		**139.8**	138.0
Accumulated depreciation		**(61.4)**	(51.4)
Total plant and equipment		**78.4**	86.6
Movement in plant and equipment			
Balance at the beginning of the year		**86.6**	98.3
Additions		**9.8**	15.4
Disposals/transfers		**(5.4)**	–
Depreciation expense		**(12.6)**	(16.7)
Retranslation of foreign operations		**–**	(10.4)
Balance at the end of the year		**78.4**	86.6
NOTE 16 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**463.3**	391.1
Payables to related entities		**8.2**	8.1
		471.5	399.2
Non Current			
Sundry creditors and accruals		**98.8**	53.2
		98.8	53.2
NOTE 17 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Notes payable			
– US$ denominated (2)		**590.0**	–
– € denominated (3)		**474.9**	–
Finance leases		**0.6**	0.5
Loans payable to related entities	39(b)	**546.1**	149.1
Secured			
Bank loans – US$ denominated (4)		**199.4**	713.5
		1,811.0	863.1
Non Current			
Unsecured			
Bank loans – US$ denominated (1)		**206.5**	648.5
Notes payable			
– US$ denominated (2)		**5,014.5**	4,617.8
– € denominated (3)		**–**	490.5
Finance leases		**48.5**	47.2
Secured			
Bank loans – US$ denominated (4)		**2,070.1**	2,179.8
		7,339.6	7,983.8

The maturity profile in respect of current and non current interest bearing liabilities is set out below:

Due within one year		**1,811.0**	863.1
Due between one and five years		**3,166.4**	3,766.9
Due after five years		**4,173.2**	4,216.9
		9,150.6	8,846.9

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

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

(2) Notes payable – US$

Guaranteed Senior Notes of US$7,700.0 million were issued in the US 144A bond market by the Westfield Group. The issues comprised US$600.0 million, US$2,100.0 million, US$750.0 million, US$900.0 million, US$1,100.0 million, US$1,250.0 million and US$1,000.0 million of fixed rate notes maturing 2012, 2014, 2015, 2016, 2018, 2019 and 2021 respectively. The Group was assigned US$5,700.0 million comprising US$600.0 million, US$950.0 million, US$900.0 million, US$1,100.0 million, US$1,150.0 million and US$1,000.0 million of fixed rate notes maturing 2012, 2014, 2016, 2018, 2019 and 2021 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(3) Notes payable – €

Guaranteed Notes of €560.0 million were issued in the European bond market by the Westfield Group. The issue comprised €560.0 million of fixed rate notes maturing 2012, of which the Group was assigned €373.3 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(4) Secured liabilities – US$

Current and non current secured liabilities are $2,269.5 million (31 December 2010: $2,893.3 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of $6.2 billion (31 December 2010: $7.9 billion). These properties and development projects are as follows: Belden Village, Brandon, Broward, Century City, Fox Valley, Galleria at Roseville, Gateway, Mainplace, Mission Valley, Mission Valley West, Old Orchard, Plaza Bonita, San Francisco Centre, Santa Anita, Southcenter, Southlake, Southpark, Vancouver 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.

	31 Dec 11 $million	31 Dec 10 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**14,054.6**	14,830.6
Amounts utilised [(1)]	**(9,168.0)**	(8,872.1)
Available financing facilities	**4,886.6**	5,958.5
Cash	**56.0**	49.8
Financing resources available at the end of the year [(2)]	**4,942.6**	6,008.3
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,886.0**	1,385.8
Due between one and five years	**7,995.4**	9,227.9
Due after five years	**4,173.2**	4,216.9
	14,054.6	14,830.6

(1) Amounts utilised include $9,150.6 million (31 December 2010: $8,846.9 million) borrowings and $17.4 million (31 December 2010: $25.2 million) bank guarantees.

(2) Total available financing facilities at the end of the financial year of $4,942.6 million (31 December 2010: $6,008.3 million) is in excess of the Group's net current liabilties of $2,156.2 million (31 December 2010: $1,293.3 million). Net current liabilities comprises current assets less current liabilities.

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 other financial liabilities set out in Note 18. 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 $4,886.6 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

NOTE 18 OTHER FINANCIAL LIABILITIES

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Current			
Convertible redeemable preference shares/units	18(a)	**17.4**	8.2
Other redeemable preference shares/units	18(b)	**91.2**	90.5
		108.6	98.7
Non Current			
Convertible redeemable preference shares/units	18(a)	**230.7**	108.9
Convertible redeemable preference shares/units held by WHL related entities	18(a)	**750.8**	920.3
Other redeemable preference shares/units	18(b)	**156.3**	147.8
		1,137.8	1,177.0

	31 Dec 11 $million	31 Dec 10 $million
NOTE 18 OTHER FINANCIAL LIABILITIES (CONTINUED)		
The maturity profile in respect of current and non current other financial liabilities is set out below:		
Current – within one year	**108.6**	98.7
Non current – after one year	**1,137.8**	1,177.0
	1,246.4	1,275.7

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series D convertible preference shares (Series D CPS); (ii) Series G partnership preferred units (Series G units) issued to the Jacobs Group; (iii) Series I partnership preferred units (Series I units); (iv) Series J partnership preferred units (Series J units); (v) Investor unit rights in the operating partnership; (vi) Series F preferred shares; (vii) Foreign currency denominated common shares convertible into Westfield Group stapled securities, and (viii) WEA common shares.

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of Westfield Group stapled securities into which the preference shares are then exchangeable.

   – 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 CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 2011, the Jacobs Group holds 10,442,688 (31 December 2010: 10,448,066) 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.

iii. As at 31 December 2011, the previous owners of the Sunrise Mall hold 1,401,426 Series I units (31 December 2010: 1,401,426). At any time after the earlier of (i) 21 July 2005; (ii) dissolution of the operating partnership; or (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 the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for Westfield Group stapled securities); or (iii) a combination of both.

iv. As at 31 December 2011, 1,538,481 (31 December 2010: 1,538,481) 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 the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for Westfield Group stapled securities); or (iii) a combination of both.

v. The investor unit rights in the operating partnership have a fixed life and are able to be redeemed at the Group's discretion, either for: (i) cash, (ii) shares in WEA; or (iii) a combination of both.

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Group stapled securities with the exercise of Series F – Special Options (refer Note 21).

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

viii. As at 31 December 2011, 764,205 (31 December 2010: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for: (i) cash; (ii) Westfield Group stapled securities, or (iii) a combination of both.

(b) Other redeemable preference shares/units

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

i. 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.

ii. The former partners in the San Francisco Centre hold 360,000 Series H-1 Units in the operating partnership. Each Series H-1 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-1 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the operating partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

iii. 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 LP. The holder of this interest receives a rate of return per annum equal to 3-month LIBOR plus 0.90%.

iv. 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 units 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 units is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

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

	31 Dec 11 $million	31 Dec 10 $million

NOTE 19 DERIVATIVE LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Current		
Payables on interest rate derivatives	**1.5**	228.6
Payables on currency derivatives	**82.7**	43.2
	84.2	271.8
Non Current		
Payables on interest rate derivatives	**100.1**	9.3
Payables on interest rate derivatives with related entities	**12.8**	71.5
Payables on currency derivatives	**5.2**	75.9
	118.1	156.7

NOTE 20 CONTRIBUTED EQUITY

	Units	Units
(a) Number of units on issue		
Balance at the beginning of the year	**2,308,988,539**	2,390,858,026
Redemption of cross holdings [1]	**–**	(83,084,363)
Conversion of options/rights	**–**	1,214,876
Balance at the end of the year	**2,308,988,539**	2,308,988,539

[1] On 9 April 2010, 83,084,363 units held by subsidiaries of WHL were redeemed for nil consideration. These units were not stapled or quoted on the ASX. There was no change to the number of Westfield Group stapled securities on issue in the Westfield Group as a result of the redemption.

Westfield Group stapled securities have the right to receive declared 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 Westfield Group stapled securities held.

Holders of Westfield Group 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 or WT (as the case may be). The Westfield Group stapled securities have no par value.

	$million	$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	**8,409.5**	8,406.9
Conversion of options/rights	**–**	2.6
Balance at the end of the year	**8,409.5**	8,409.5

NOTE 21 SHARE BASED PAYMENTS

	Note	31 Dec 11 No. of options and rights	31 Dec 11 Weighted average exercise price $	31 Dec 10 No. of options and rights	31 Dec 10 Weighted average exercise price $
(a) Options and rights over units					
– Series F Special options [1]	21(a) (i)	**52,500**	**1.79**	52,500	2.03
– Series G1 Special options [1]	21(a) (ii)	**277,778**	**1.34**	277,778	0.71
– Series H Special options [1]	21(a) (iii)	**11,805,862**	**1.52**	11,805,862	0.81
– Series I Special options [1]	21(a) (iv)	**13,260,859**	**1.47**	13,260,859	0.78
– Executive performance rights	21(b) (i)	**–**	**–**	441,271	–
– Partnership incentive rights	21(b) (ii)	**59,106**	**–**	95,772	–
– Executive performance and partnership incentive rights issued to employees of related parties	21(a) (vii)	**4,514,299**	**–**	3,864,937	–
		29,970,404	**1.50**	29,798,979	0.89

[1] These special options are issued to WHL entities.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

	31 Dec 11 No. of options and rights	31 Dec 11 Weighted average exercise price $	31 Dec 10 No. of options and rights	31 Dec 10 Weighted average exercise price $
Movement in options and rights on issue				
Balance at the beginning of the year	**29,798,979**	**0.89**	29,923,206	1.61
Movement in Executive performance rights				
– Rights transferred on employee relocation	**–**	**–**	48,763	–
– Adjustment to rights upon the establishment of Westfield Retail Trust [2]	**–**	**–**	122,694	–
– Rights exercised during the year	**(398,486)**	**–**	(119,615)	–
– Rights forfeited during the year	**(42,785)**	**–**	(19,896)	–
Movement in Partnership incentive rights				
– Rights transferred on employee relocation	**–**	**–**	36,971	–
– Adjustment to rights upon the establishment of Westfield Retail Trust [2]	**–**	**–**	22,636	–
– Rights exercised during the year	**(36,666)**	**–**	(7,707)	–
Movements in Executive performance and Partnership incentive rights issued to employees of related parties				
– Rights issued during the year	**2,699,163**	**–**	159,088	–
– Rights transferred on employee relocation	**–**	**–**	(85,734)	–
– Adjustment to rights upon the establishment of Westfield Retail Trust [2]	**–**	**–**	1,138,739	–
– Rights exercised during the year	**(2,017,295)**	**–**	(1,158,522)	–
– Rights forfeited during the year	**(32,506)**	**–**	(261,644)	–
Balance at the end of the year[1]	**29,970,404**	**1.50**	29,798,979	0.89

[1] At 31 December 2011 the 29,970,404 options and rights (31 December 2010: 29,798,979 options and rights) on issue were convertible to 100,385,261 (31 December 2010: 100,213,836) Westfield Group stapled securities.

[2] As a result of the Westfield Retail Trust transaction, the rights over Westfield Group stapled securities have been increased by applying an adjustment factor of 1.28 to the rights on issue with a vesting date post 15 December 2010. The adjustment factor is calculated using the formula as follows:
(Value of Westfield stapled security post transaction = $9.7927 + Offer price of stapled units under the offer = $2.75) / Value of Westfield stapled security post transaction = $9.7927

(i) 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 Westfield Group stapled securities in exchange for either US$1,000 ($983.28) or 1 Series F preferred share in WEA. As at 31 December 2011 and 31 December 2010, there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 Westfield Group 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.

(ii) 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 the Group. 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 Westfield Group 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 2011 and 31 December 2010, there were 277,778 Series G1 Special Options on issue which are exchangeable for 9,628,674 Westfield Group 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.

(iii) 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 the Group. 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 Westfield Group stapled securities. As at 31 December 2011 and 31 December 2010 there were 11,805,862 Series H Special Options on issue which are exchangeable for 35,996,841 Westfield Group 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.

(iv) 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 the Group. 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 Westfield Group stapled securities. As at 31 December 2011 and 31 December 2010, there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 Westfield Group 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.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

(v) 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 Westfield Group stapled security on exercise of options currently on issue in each of those entities.

(vi) Other

Of the stapling options issued to WAT, 25,396,999 options remain from WT and the same from WHL to enable WAT to satisfy the delivery of a Westfield Group 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.

(vii) Executive Performance and Partnership Incentive Rights Issued to Employees of Related Parties

There are 4,514,299 (31 December 2010: 3,864,937) Executive performance and Partnership incentive rights on issue to employees of related parties of the Westfield Group. Under the stapling arrangement each of WT, WHL and WAT are required to issue securities/units on the vesting of an Executive performance and Partnership incentive right. At 31 December 2011, the 4,514,299 (31 December 2010: 3,864,937) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 4,514,299 (31 December 2010: 3,864,937) Westfield Group stapled securities.

Vesting profile	**Number of rights 31 Dec 11**	Number of rights 31 Dec 10
2011	**–**	2,049,801
2012	**1,202,029**	1,202,029
2013	**409,474**	409,474
2014	**265,393**	203,633
2015	**2,637,403**	–
	4,514,299	3,864,937

(b) Executive Performance Rights and Partnership Incentive Rights Plans

(i) The Executive Performance Rights Plan (EPR Plan) – Equity settled

	Number of rights 31 Dec 11	Number of rights 31 Dec 10
Movement in Executive Performance Rights		
Balance at the beginning of the year	**441,271**	409,325
Rights transferred on employee relocation	**–**	48,763
Adjustment to rights upon the establishment of Westfield Retail Trust	**–**	122,694
Rights exercised during the year	**(398,486)**	(119,615)
Rights forfeited during the year	**(42,785)**	(19,896)
Balance at the end of the year	**–**	441,271

Vesting profile	**Fair value granted $million 31 Dec 11**	**Number of rights at (2) 31 Dec 11**	**Fair value of rights granted $ 31 Dec 11**	Fair value granted $million (1) 31 Dec 10	Adjusted number of rights at (2) (3) 31 Dec 10	Adjusted fair value of the rights at grant date $ (3) 31 Dec 10
2011	**–**	**–**	**–**	3.7	441,271	8.45
	–	**–**	**–**	3.7	441,271	8.45

(1) The fair value of the rights granted is equivalent before and after the Westfield Retail Trust transaction as a result of applying the adjustment factor to the number of rights on issue at the time of the Westfield Retail Trust transaction.

(2) The exercise price for the EPR Plan is nil.

(3) The fair value of the rights at grant date has been adjusted as a result of the Westfield Retail Trust transaction. The number of rights has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the fair value at grant date.

The EPR Plan is a plan in which senior and high performing employees participate. The Westfield Group Co-Chief Executive Officers do not participate in the EPR Plan. However the Westfield Group Co-Chief Executive Officers participate in the EDA Plan. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Westfield Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical Westfield Group security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to the EPR Plan.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(b) Executive Performance Rights and Partnership Incentive Rights Plans (continued)

(ii) The Partnership Incentive Rights Plan (PIR Plan) – Equity settled

	Number of rights 31 Dec 11	Number of rights 31 Dec 10
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**95,772**	43,872
Rights transferred on employee relocation	**–**	36,971
Adjustment to rights upon the establishment of Westfield Retail Trust	**–**	22,636
Rights exercised during the year	**(36,666)**	(7,707)
Balance at the end of the year	**59,106**	95,772

Vesting profile	Fair value granted $million 31 Dec 11	Number of rights at [2] 31 Dec 11	Fair value of rights granted $ 31 Dec 11	Fair value granted $million [1] 31 Dec 10	Adjusted number of rights at [2] [3] 31 Dec 10	Adjusted fair value of the rights at grant date $ [3] 31 Dec 10
2011	**–**	**–**	**–**	0.4	36,666	10.65
2012	**0.3**	**44,081**	**8.03**	0.3	44,081	8.03
2013	**0.1**	**15,025**	**4.96**	0.1	15,025	4.96
	0.4	**59,106**	**7.25**	0.8	95,772	8.55

(1) The fair value of the rights granted is equivalent before and after the Westfield Retail Trust transaction as a result of applying the adjustment factor to the number of rights on issue at the time of the Westfield Retail Trust transaction.

(2) The exercise price for the PIR Plan is nil.

(3) The fair value of the rights at grant date has been adjusted as a result of the Westfield Retail Trust transaction. The number of rights has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the fair value at grant date.

The senior leadership team of the Westfield Group participate in the PIR Plan. The Westfield Group Co-Chief Executive Officers do not participate in the PIR Plan. However, the Westfield Group Co-Chief Executive Officers participate in the PIP Plan (refer to Note 21(c)(ii)). The fair value of the rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Westfield Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical Westfield Group security price volatility over the past 3 years. Other vesting conditions include growth in the Westfield Group's Operational segment earnings and development projects starts during the qualifying year. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to the PIR Plan.

Accounting for equity settled Share Based Payments

During the year, $0.9 million (31 December 2010: $1.5 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

(i) The Executive Deferred Award Plan (EDA Plan) – Cash settled

	Number of award securities 31 Dec 11	**Weighted average grant price $ 31 Dec 11**	Number of award securities 31 Dec 10	Weighted average grant price $ 31 Dec 10
Movement in Executive Deferred Awards				
Balance at the beginning of the year	**3,495,762**	**9.51**	2,976,863	14.45
Awards issued during the year	**–**	**–**	1,023,475	12.05
Adjustment to awards upon the establishment of Westfield Retail Trust	**–**	**–**	764,694	–
Distribution reinvested as awards during the year	**–**	**–**	149,128	12.40
Awards exercised during the year	**(2,157,916)**	**9.57**	(1,096,336)	17.83
Awards lapsed during the year	**(172,950)**	**9.50**	(322,062)	13.04
Balance at the end of the year	**1,164,896**	**9.41**	3,495,762	9.51

Vesting profile	**Cumulative value granted $million 31 Dec 11**	**Number of award securities 31 Dec 11**	**Weighted average grant price $ 31 Dec 11**	Cumulative value granted $million (1) 31 Dec 10	Adjusted number of award securities (2) 31 Dec 10	Adjusted weighted average grant price $ (2) 31 Dec 10
2011	**–**	**–**	**–**	0.1	8,812	12.62
2012	**10.9**	**1,156,412**	**9.41**	33.0	3,478,466	9.50
2013	**0.1**	**8,484**	**9.75**	0.1	8,484	9.75
	11.0	**1,164,896**	**9.41**	33.2	3,495,762	9.51

(1) The fair value of the awards granted is equivalent before and after the Westfield Retail Trust transaction as a result of applying the adjustment factor to the number of awards on issue at the time of the Westfield Retail Trust transaction.

(2) The weighted average grant price has been adjusted as a result of the Westfield Retail Trust transaction. The number of awards has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the weighted average grant price.

The EDA Plan is a plan in which senior executives and high performing employees participate. The fair value of the EDA Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Westfield Group stapled security prices and the distribution policy during the vesting period. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to EDA Plan.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

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

(ii) The Partnership Incentive Plan (PIP Plan) – Cash settled

	Number of award securities 31 Dec 11	**Weighted average grant price $ 31 Dec 11**	Number of award securities 31 Dec 10	Weighted average grant price $ 31 Dec 10
Movement in Partnership Incentives				
Balance at the beginning of the year	**1,838,973**	**9.74**	1,232,468	14.73
Awards issued during the year [1]	**718,666**	**9.65**	588,571	11.24
Awards transferred on employee relocation	**–**	**–**	29,502	11.24
Adjustment to awards upon the establishment of Westfield Retail Trust	**–**	**–**	402,273	–
Distribution reinvested as awards during the year	**30,276**	**8.84**	36,386	12.41
Awards exercised during the year	**(333,019)**	**13.20**	(450,227)	16.97
Balance at the end of the year	**2,254,896**	**9.18**	1,838,973	9.74

[1] As outlined in Note 40, certain performance hurdles must be met in order for participants to be entitled to awards under the PIP Plan. The application of graduated scaling for entitlement to awards during the Financial Year resulted in participants receiving 100% (31 December 2010: 125%) of the targeted number of awards.

Vesting profile	**Cumulative value granted $million 31 Dec 11**	**Number of award securities 31 Dec 11**	**Weighted average grant price $ 31 Dec 11**	Cumulative value granted $million [1] 31 Dec 10	Adjusted number of award securities [2] 31 Dec 10	Adjusted weighted average grant price $ [2] 31 Dec 10
2012	**5.0**	**538,440**	**9.30**	7.1	681,090	10.43
2013	**6.6**	**763,313**	**8.60**	7.9	849,744	9.30
2014	**6.2**	**663,136**	**9.54**	2.9	308,139	9.41
2015	**2.7**	**290,007**	**9.71**	–	–	–
	20.5	**2,254,896**	**9.18**	17.9	1,838,973	9.74

[1] The fair value of the awards granted is equivalent before and after the Westfield Retail Trust transaction as a result of applying the adjustment factor to the number of awards on issue at the time of the Westfield Retail Trust transaction.

[2] The weighted average grant price has been adjusted as a result of the Westfield Retail Trust transaction. The number of awards has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the weighted average grant price.

The senior leadership team of the Westfield Group, including the Westfield Group Co-Chief Executive Officers, 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, the number of employees remaining in service, the volume weighted average of the Westfield Group stapled security prices and the distribution policy during the vesting period. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to the PIP Plan.

Accounting for Cash Settled Share Based Payments

The accounts of the Group and the remuneration disclosures in this financial report disclose the full liability to unitholders 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 award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and Westfield Group security 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, any gains and losses are amortised over the remaining life of the awards.

During the year, $15.1 million (31 December 2010: $12.0 million) was charged to the income statement as gross amortisation in respect of cash settled based share based payments.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 22 RESERVES		
Foreign currency translation reserve	**(508.9)**	(515.3)
Employee share plan benefits reserve	**0.5**	0.8
Balance at the end of the year	**(508.4)**	(514.5)
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	**(515.3)**	(292.1)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**6.4**	(223.2)
Balance at the end of the year	**(508.9)**	(515.3)
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**0.8**	0.6
– equity settled share based payment	**(0.3)**	0.2
Balance at the end of the year	**0.5**	0.8
NOTE 23 ACCUMULATED LOSSES		
Movement in accumulated losses		
Balance at the beginning of the year	**(3,782.0)**	(3,502.2)
Profit after tax for the period	**521.0**	428.4
Distributions paid	**(405.5)**	(708.2)
Balance at the end of the year	**(3,666.5)**	(3,782.0)
NOTE 24 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**56.0**	49.8
Total cash and cash equivalents	**56.0**	49.8
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**546.1**	467.6
Property revaluations	**88.7**	(107.9)
Share of associates' profits in excess of dividends/distributions	**(119.3)**	(81.0)
Deferred tax	**98.6**	95.8
Net fair value (gain)/loss on forward exchange contracts	**(20.7)**	131.9
Financing costs	**281.3**	486.7
Interest income	**(62.4)**	(72.9)
Loss from capital transactions	**9.0**	18.9
Decrease/(increase) in working capital attributable to operating activities	**9.4**	(14.2)
Net cash flows from operating activities	**830.7**	924.9
NOTE 25 DISTRIBUTIONS		
(a) Final distribution paid		
50% estimated tax deferred (31 December 2010: 27% tax deferred)	**155.9**	197.6
	155.9	197.6

Interim distributions of 9.00 cents were paid on 31 August 2011. Final distributions were paid on 29 February 2012. The record date for the final distributions was 5pm, 15 February 2012. The Westfield Group Dividend Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP was not in operation for the distribution paid on 29 February 2012.

	31 Dec 11 $million	31 Dec 10 $million
(b) Distributions paid during the year		
Distribution in respect of the six months to 30 June 2011	**207.8**	–
Distribution in respect of the six months to 31 December 2010	**197.6**	–
Distribution in respect of the six months to 30 June 2010	**–**	253.9
Distribution in respect of the six months to 31 December 2009	**–**	454.3
	405.4	708.2

	31 Dec 11 $million	31 Dec 10 $million

NOTE 26 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the property owned and leased 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.

	31 Dec 11 $million	31 Dec 10 $million
Future minimum rental revenues under non-cancellable operating retail property leases:		
Due within one year	**724.0**	710.6
Due between one and five years	**2,210.5**	2,189.0
Due after five years	**1,430.6**	1,521.1
	4,365.1	4,420.7

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 payables

	31 Dec 11 $million	31 Dec 10 $million
Expenditure contracted but not provided for		
Due within one year	**8.7**	8.3
Due between one and five years	**4.6**	11.6
Due after five years	**3.6**	3.7
	16.9	23.6

NOTE 27 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure committed at balance date but not provided for in relation to development projects:

	31 Dec 11 $million	31 Dec 10 $million
Due within one year	**109.5**	176.9
	109.5	176.9

NOTE 28 CONTINGENT LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Performance guarantees	**426.7**	415.7
Special tax assessment municipal bonds	**33.7**	35.3
Guaranteed borrowings of associates of the Responsible Entity	**6,099.0**	5,815.8
	6,559.4	6,266.8

The Group's obligation with respect to performance guarantees may be called on at any time dependent upon the performance or non performance of certain third parties.

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 REPORTING

Operating segments

The Group's operating segments are as follows:

(a) The Group's operational segment comprises the property investment and property and project management segments.

(i) Property Investments

Property investments segment includes net property income from existing shopping centres and completed developments, revaluation of existing centres and other operational expenses.

(ii) Property and Project Management

Property and project management segment includes external fee income from third parties, primarily property management and development fees, and associated business expenses.

(b) Development

The Westfield Group has a global program to redevelop its shopping centres and to develop new shopping centres. The development segment includes revaluation of redevelopments and development projects, and associated development expenses. It also includes income and expenses on properties held for future redevelopment and inter-segmental transactions.

(c) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/loss from capital transactions and the corporate business unit are not allocated to the above segments and are included in order to facilitate a reconciliation to the Group's net profit attributable to its members.

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The proportionate format presents the net income from and net assets in equity accounted properties on a gross format whereby the underlying components of net income and net assets are disclosed separately as revenues, expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Group considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is United States shopping centres), that most of the centres are under common management, and that, therefore, the drivers of their results are similar, the proportionate format income statement provides a more useful way to understand the performance of the portfolio as a whole than the statutory format. This is because the proportionate format aggregates both revenue and expense items across the whole portfolio, rather than netting the income and expense items for equity accounted centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

NOTE 29 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2011	Operational: Property investments $million	Operational: Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	1,403.6	–	27.3	–	1,430.9
Property development and project management revenue	–	15.6	–	–	15.6
Property and funds management income	–	29.8	–	–	29.8
	1,403.6	**45.4**	**27.3**	**–**	**1,476.3**
Expenses					
Property expenses, outgoings and other costs	(464.9)	–	(16.3)	–	(481.2)
Property development and project management costs	–	(11.1)	–	–	(11.1)
Property and funds management costs	–	(17.9)	–	–	(17.9)
Overheads	(42.9)	–	(33.2)	(11.3)	(87.4)
	(507.8)	**(29.0)**	**(49.5)**	**(11.3)**	**(597.6)**
Segment result	**895.8**	**16.4**	**(22.2)**	**(11.3)**	**878.7**
Segment revaluations					
Revaluation of properties and development projects	(62.6)	–	(26.1)	–	(88.7)
Equity accounted – revaluation of properties and development projects	92.9	–	11.1	–	104.0
	30.3	**–**	**(15.0)**	**–**	**15.3**
Inter-segmental transactions					
Transfer of completed developments			64.5		64.5
Carrying value of developments transferred			(64.5)		(64.5)
	–	**–**	**–**	**–**	**–**
Currency derivatives	3.2			25.4	28.6
Loss from capital transactions					(9.0)
Interest income					62.4
Financing costs					(319.3)
Tax expense					(110.6)
Non controlling interests					(25.1)
Net profit attributable to members of WAT [1]					**521.0**

[1] Net profit attributable to members of the WAT was $521.0 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $25.1 million was $546.1 million.

(b) Assets and liabilities

(b) Assets and liabilities	Property investments	Property and project management	Development	Corporate	Total
Cash	64.8	–	–	–	64.8
Shopping centre investments	15,109.0	–	–	–	15,109.0
Development projects and construction in progress	–	–	645.9	–	645.9
Inventories	–	12.8	–	–	12.8
Other assets	587.5	–	–	–	587.5
Group assets – unallocated					1,245.4
Total segment assets	**15,761.3**	**12.8**	**645.9**	**–**	**17,665.4**
Segment liabilities	552.3	–	35.5	–	587.8
Group liabilities – unallocated					12,507.5
Total segment liabilities	**552.3**	**–**	**35.5**	**–**	**13,095.3**
Total segment net assets	**15,209.0**	**12.8**	**610.4**	**–**	**4,570.1**
Equity accounted associates included in segment assets	2,219.3	–	56.5	–	2,275.8
Equity accounted associates included in – segment liabilities	59.9	–	–	–	59.9
– unallocated					737.4
Additions to segment non current assets during the year	**9.8**	**–**	**359.0**	**–**	**368.8**

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2011	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,253.4	177.5	1,430.9
Property development and project management revenue	15.6	–	15.6
Property and funds management income	29.8	–	29.8
	1,298.8	**177.5**	**1,476.3**
Expenses			
Property expenses, outgoings and other costs	(426.5)	(54.7)	(481.2)
Property development and project management costs	(11.1)	–	(11.1)
Property and funds management costs	(17.9)	–	(17.9)
Overheads	(84.6)	(2.8)	(87.4)
	(540.1)	(57.5)	(597.6)
Segment result	**758.7**	**120.0**	**878.7**
Segment revaluations			
Revaluation of properties and development projects	(88.7)	–	(88.7)
Equity accounted – revaluation of properties and development projects	–	104.0	104.0
	(88.7)	**104.0**	**15.3**
Currency derivatives	28.6	–	28.6
Loss from capital transactions	(9.0)	–	(9.0)
Interest income	62.4	–	62.4
Financing costs	(281.3)	(38.0)	(319.3)
Tax expense	(110.2)	(0.4)	(110.6)
Non controlling interests	(9.4)	(15.7)	(25.1)
Net profit attributable to members of WAT	**351.1**	**169.9**	**521.0**
Cash	56.0	8.8	64.8
Shopping centre investments	12,908.5	2,200.5	15,109.0
Development projects and construction in progress	589.4	56.5	645.9
Inventories	12.8	–	12.8
Other assets	577.5	10.0	587.5
Group assets – unallocated	1,245.4	–	1,245.4
Total segment assets	**15,389.6**	**2,275.8**	**17,665.4**
Segment liabilities	527.9	59.9	587.8
Group liabilities – unallocated	11,770.1	737.4	12,507.5
Total segment liabilities	**12,298.0**	**797.3**	**13,095.3**
Total segment net assets	**3,091.6**	**1,478.5**	**4,570.1**

NOTE 29 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses (continued)

31 December 2010	Operational Property investments $million	Operational Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	1,562.7	–	29.1	–	1,591.8
Property development and project management revenue	–	10.0	–	–	10.0
Property and funds management income	–	34.5	–	–	34.5
	1,562.7	**44.5**	**29.1**	**–**	**1,636.3**
Expenses					
Property expenses, outgoings and other costs	(525.8)	–	(15.6)	–	(541.4)
Property development and project management costs	–	(8.5)	–	–	(8.5)
Property and funds management costs	–	(21.5)	–	–	(21.5)
Overheads	(38.5)	–	(32.6)	(8.3)	(79.4)
	(564.3)	(30.0)	(48.2)	(8.3)	(650.8)
Segment result	**998.4**	**14.5**	**(19.1)**	**(8.3)**	**985.5**
Segment revaluations					
Revaluation of properties and development projects	77.5	–	30.4	–	107.9
Equity accounted – revaluation of properties and development projects	75.5	–	(7.0)	–	68.5
	153.0	**–**	**23.4**	**–**	**176.4**
Inter-segmental transactions					
Transfer of completed developments			93.6		93.6
Carrying value of developments transferred			(93.6)		(93.6)
	–	**–**	**–**	**–**	**–**
Currency derivatives	22.2			(127.7)	(105.5)
Loss from capital transactions					(18.9)
Interest income					72.9
Financing costs					(533.8)
Tax expense					(109.0)
Non controlling interests					(39.2)
Net profit attributable to members of WAT [(1)]					**428.4**

[(1)] Net profit attributable to members of the WAT was $428.4 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $39.2 million was $467.6 million.

(b) Assets and liabilities

Cash	59.7	–	–	–	59.7
Shopping centre investments	14,643.5	–	–	–	14,643.5
Development projects and construction in progress	–	–	654.5	–	654.5
Inventories	–	11.4	–	–	11.4
Other assets	635.9	–	–	–	635.9
Group assets – unallocated					1,264.7
Total segment assets	**15,339.1**	**11.4**	**654.5**	**–**	**17,269.7**
Segment liabilities	451.2	–	22.0	–	473.2
Group liabilities – unallocated					12,354.5
Total segment liabilities	**451.2**	**–**	**22.0**	**–**	**12,827.7**
Total segment net assets	**14,887.9**	**11.4**	**632.5**	**–**	**4,442.0**
Equity accounted associates included in segment assets	2,038.8	–	104.8	–	2,143.6
Equity accounted associates included in – segment liabilities	73.0	–	–	–	73.0
– unallocated					731.0
Additions to segment non current assets during the year	**25.9**	**–**	**201.6**	**–**	**227.5**

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

The Group's operating segments' income and expenses as well as the details of segment assets and liabilities have been prepared on a proportionate format. The composition of the Group's consolidated and equity accounted details are provided below:

31 December 2010	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,387.8	204.0	1,591.8
Property development and project management revenue	10.0	–	10.0
Property and funds management income	34.5	–	34.5
	1,432.3	**204.0**	**1,636.3**
Expenses			
Property expenses, outgoings and other costs	(472.8)	(68.6)	(541.4)
Property development and project management costs	(8.5)	–	(8.5)
Property and funds management costs	(21.5)	–	(21.5)
Overheads	(76.4)	(3.0)	(79.4)
	(579.2)	(71.6)	(650.8)
Segment result	**853.1**	**132.4**	**985.5**
Segment revaluations			
Revaluation of properties and development projects	107.9	–	107.9
Equity accounted – revaluation of properties and development projects	–	68.5	68.5
	107.9	**68.5**	**176.4**
Currency derivatives	(105.5)	–	(105.5)
Loss from capital transactions	(18.9)	–	(18.9)
Interest income	72.9	–	72.9
Financing costs	(486.7)	(47.1)	(533.8)
Tax expense	(109.0)	–	(109.0)
Non controlling interests	(26.2)	(13.0)	(39.2)
Net profit attributable to members of WAT	**287.6**	**140.8**	**428.4**
Cash	49.8	9.9	59.7
Shopping centre investments	12,625.0	2,018.5	14,643.5
Development projects and construction in progress	549.7	104.8	654.5
Inventories	11.4	–	11.4
Other assets	625.5	10.4	635.9
Group assets – unallocated	1,264.7	–	1,264.7
Total segment assets	**15,126.1**	**2,143.6**	**17,269.7**
Segment liabilities	400.2	73.0	473.2
Group liabilities – unallocated	11,623.5	731.0	12,354.5
Total segment liabilities	**12,023.7**	**804.0**	**12,827.7**
Total segment net assets	**3,102.4**	**1,339.6**	**4,442.0**

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 (i.e. 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;
- 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 units and hybrid units, activating its distribution reinvestment plan, electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a Westfield Group security buy back 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 Westfield Group's treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

The Westfield 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 Westfield 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 objectives.

The Westfield 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 Board Risk Management Committee comprising three directors. The Board Risk Management Committee reviews and oversees management's compliance with these policies, procedures and limits. The Board Risk Management Committee is assisted in the oversight role by the Westfield Group's Executive Risk Management Committee and 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, interest rate options, 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, cash flows, 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 approved by the Board. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**1,811.0**	863.1
Non current interest bearing liabilities	17	**7,339.6**	7,983.8
Share of equity accounted entities' interest bearing liabilities	13(b)	**737.4**	731.0
Cross currency swaps			
– A$	33(ii)	**551.4**	551.4
– US$1,812.8 million (31 December 2010: US$1,812.8 million)	33(i)	**1,782.5**	1,781.1
– US$2,115.0 million (31 December 2010: US$2,465.0 million)	33(iv)	**2,079.6**	2,421.9
Principal amounts subject to interest rate payable exposure		**14,301.5**	14,332.3

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 11 $million	31 Dec 10 $million
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	33(i), 33(iv)	**4,686.2**	5,174.0
– €373.3 million (31 December 2010: €373.3 million)	33(i)	**475.0**	490.5
– US$500.0 million (31 December 2010: US$500.0 million)	33(ii)	**491.6**	491.3
Loans receivable from related entities	10	**–**	48.3
Cash	24(a)	**56.0**	49.8
Share of equity accounted entities' cash	13(b)	**8.8**	9.9
Principal amounts subject to interest rate receivable exposure		**5,717.6**	6,263.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**8,583.9**	8,068.5
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$8,838.8 million (31 December 2010: US$8,086.3 million)	32(ii)	**8,691.1**	7,944.9
– €373.3 million (31 December 2010: €373.3 million)	32(ii)	**475.0**	490.5
Fixed rate derivatives			
– US$3,900.0 million (31 December 2010: US$1,894.0 million)	32(ii)	**3,834.8**	1,860.9
Interest rate caps			
– US$nil (31 December 2010: US$500.0 million)	32(iii)	**–**	491.3
Principal amounts on which interest rate payable exposure has been hedged		**13,000.9**	10,787.6
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	32(ii)	**5,549.9**	6,649.9
– US$2,500.0 million (31 December 2010: US$2,200.0 million)	32(ii)	**2,458.2**	2,161.5
– €373.3 million (31 December 2010: €373.3 million)	32(ii)	**475.0**	490.5
Principal amounts on which interest rate receivable exposure has been hedged		**8,483.1**	9,301.9
Principal amounts on which net interest rate payable exposure has been hedged		**4,517.8**	1,485.7

At 31 December 2011, the Group has hedged 53% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 47% is exposed to floating rates on a principal payable of $4,066.1 million, at an average interest rate of 3.9%, including margin (31 December 2010: 18% hedged with floating exposure of $6,582.8 million payable at an average interest rate of 3.0% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 32(ii).

Interest rate sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/ decrease in interest expense	
	– 2.0%	**81.3**	131.7
	– 1.0%	**40.7**	65.8
	– 0.5%	**20.3**	32.9
	0.5%	**(20.3)**	(32.9)
	1.0%	**(40.7)**	(65.8)
	2.0%	**(81.3)**	(131.7)

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average rate**	**31 Dec 11 Principal amount million**	**31 Dec 11 Average rate including margin**	31 Dec 10 Notional principal amount million	31 Dec 10 Average rate	31 Dec 10 Principal amount million	31 Dec 10 Average rate including margin
US$ payable								
31 December 2010	**–**	**–**	**–**	**–**	US$(1,894.0)	6.09%	US$(8,086.3)	6.12%
31 December 2011	**US$(3,900.0)**	**3.15%**	**US$(8,838.8)**	**5.61%**	US$(1,934.0)	5.98%	US$(7,389.2)	6.00%
31 December 2012	**US$(3,900.0)**	**3.15%**	**US$(7,547.4)**	**5.84%**	US$(3,804.0)	5.69%	US$(6,447.7)	6.04%
31 December 2013	**US$(3,900.0)**	**3.15%**	**US$(7,009.1)**	**5.87%**	US$(3,440.0)	5.71%	US$(5,909.1)	6.10%
31 December 2014	**US$(2,750.0)**	**1.82%**	**US$(5,703.2)**	**6.06%**	US$(2,040.0)	5.39%	US$(4,603.2)	6.40%
31 December 2015	**–**	**–**	**US$(5,579.0)**	**6.08%**	US$(1,315.0)	5.43%	US$(4,479.0)	6.44%
31 December 2016	**–**	**–**	**US$(4,443.7)**	**6.19%**	US$(800.0)	5.34%	US$(3,344.4)	6.71%
31 December 2017	**US$(1,000.0)**	**3.94%**	**US$(4,064.2)**	**6.22%**	US$(1,000.0)	3.94%	US$(2,966.3)	6.81%
31 December 2018	**US$(1,000.0)**	**3.94%**	**US$(2,811.3)**	**5.89%**	US$(1,000.0)	3.94%	US$(1,715.0)	6.71%
31 December 2019	**–**	**–**	**US$(1,647.6)**	**5.33%**	–	–	US$(552.9)	6.73%
31 December 2020	**–**	**–**	**US$(1,139.9)**	**4.65%**	–	–	US$(46.8)	4.97%
€ receivable/(payable)								
31 December 2010	**–**	**–**	**–**	**–**	€373.3	3.58%	€(373.3)	3.58%
31 December 2011	**€373.3**	**3.58%**	**€(373.3)**	**3.58%**	€373.3	3.58%	€(373.3)	3.58%
A$ receivable								
31 December 2010	**–**	**–**	**–**	**–**	A$6,649.9	6.78%	–	–
31 December 2011	**A$5,549.9**	**6.78%**	**–**	**–**	A$5,749.9	6.78%	–	–
31 December 2012	**A$4,685.9**	**6.88%**	**–**	**–**	A$4,885.9	6.88%	–	–
31 December 2013	**A$2,449.9**	**7.35%**	**–**	**–**	A$2,649.9	7.30%	–	–
31 December 2014	**A$200.0**	**6.77%**	**–**	**–**	A$400.0	6.76%	–	–
US$ receivable								
31 December 2010	**–**	**–**	**–**	**–**	US$2,200.0	3.15%	–	–
31 December 2011	**US$2,500.0**	**3.51%**	**–**	**–**	US$2,500.0	3.51%	–	–
31 December 2012	**US$1,550.0**	**4.05%**	**–**	**–**	US$1,550.0	4.05%	–	–
31 December 2013	**US$4,100.0**	**4.01%**	**–**	**–**	US$1,350.0	4.15%	–	–
31 December 2014	**US$3,250.0**	**3.91%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2015	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2016	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2017	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2018	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2019	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is a receivable of $359.2 million (31 December 2010: payable of $46.4 million). The change in fair value for the year ended 31 December 2011 was $405.6 million (31 December 2010: $236.4 million).

NOTE 32 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps (continued)

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	– 2.0%	**176.0**	153.1
	– 1.0%	**87.1**	76.9
	– 0.5%	**43.1**	38.4
	0.5%	**(43.2)**	(38.3)
	1.0%	**(86.1)**	(76.2)
	2.0%	**(170.7)**	(151.7)

All fixed rate borrowings are carried at amortised cost, therefore increases or decreases arising from changes in fair value have not been recorded in these financial statements.

(iii) Interest rate caps

Notional principal of the Group's consolidated and share of equity accounted interest rate caps:

	Interest rate caps		Interest rate caps	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average strike rate**	31 Dec 10 Notional principal amount million	31 Dec 10 Average strike rate
US$ payable				
31 December 2010	**–**	**–**	US$(500.0)	1.32%
31 December 2011	**–**	**–**	US$(500.0)	1.32%

The Group's interest rate caps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is $nil (31 December 2010: a payable of $2.6 million). The change in fair value for the year ended 31 December 2011 was $2.6 million (31 December 2010: $2.8 million).

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate caps to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	– 2.0%	**–**	(0.2)
	– 1.0%	**–**	(0.2)
	– 0.5%	**–**	(0.2)
	0.5%	**–**	0.8
	1.0%	**–**	2.3
	2.0%	**–**	6.6

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	**31 Dec 11 million**	31 Dec 10 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 Dollar			
US$ net assets		**US$6,169.2**	US$6,307.3
US$ cross currency swaps	33(i)	**US$(1,812.8)**	US$(1,812.8)
US$ currency swaps	33(ii)	**US$500.0**	US$500.0
US$ denominated net assets		**US$4,856.4**	US$4,994.5

The Group's foreign currency net investments are subject to exchange rate risk. Gains and losses arising from changes in fair value of the Group's foreign currency denominated shopping centre and other assets together with associated hedging instruments are reflected in the foreign currency translation reserve where the Group has satisfied the accounting requirements to qualify for hedge accounting treatment.

Where the Group does not satisfy the hedge accounting requirements, the changes in fair value are reflected in the income statement as either foreign exchange gains or losses as appropriate.

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of US$ denominated net assets to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	– 20 cents	**1,048.6**	1,079.9	**118.7**	117.3
	– 10 cents	**467.1**	481.1	**52.9**	51.9
	– 5 cents	**221.5**	228.1	**25.1**	24.6
	+ 5 cents	**(200.7)**	(206.8)	**(22.7)**	(22.3)
	+ 10 cents	**(383.5)**	(395.1)	**(43.4)**	(42.6)
	+ 20 cents	**(704.0)**	(725.2)	**(79.8)**	(78.2)

(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 31 Dec 11**	31 Dec 10	**Amount receivable/(payable) 31 Dec 11 million**	**31 Dec 11 million**	31 Dec 10 million	31 Dec 10 million
US$						
Contracts to receive A$ and pay US$						
31 December 2010	**–**	0.7830	**–**	**–**	A$1,736.8	US$(1,360.0)
31 December 2011	**0.7830**	0.7830	**A$1,736.8**	**US$(1,360.0)**	A$1,736.8	US$(1,360.0)
31 December 2012	**0.7667**	0.7667	**A$1,499.9**	**US$(1,150.0)**	A$1,499.9	US$(1,150.0)
31 December 2013	**0.7667**	0.7667	**A$1,499.9**	**US$(1,150.0)**	A$1,499.9	US$(1,150.0)
Contracts to receive €[1] and pay US$						
31 December 2010	**–**	1.2128	**–**	**–**	€373.3	US$(452.8)
31 December 2011	**1.2128**	1.2128	**€373.3**	**US$(452.8)**	€373.3	US$(452.8)

(1) The receive € exposure is matched with a pay € exposure in the income statement.

These cross currency swaps are effective net investment hedges and recorded directly in the foreign currency translation reserve. At 31 December 2011, the aggregate fair value is a receivable of $429.3 million (31 December 2010: $446.2 million). The change in fair value for the year ended 31 December 2011 was $16.9 million (31 December 2010: $51.8 million).

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Group's foreign currency assets and liabilities (continued)

Foreign currency sensitivity		31 Dec 11 $million	31 Dec 10 $million
The sensitivity of cross currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	– 20 cents	**(436.4)**	(435.6)
	– 10 cents	**(194.4)**	(194.1)
	– 5 cents	**(92.2)**	(92.0)
	+ 5 cents	**83.5**	83.4
	+ 10 cents	**159.6**	159.3
	+ 20 cents	**292.9**	292.5

(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.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 11	31 Dec 10	Amount receivable/(payable) 31 Dec 11 million	31 Dec 11 million	31 Dec 10 million	31 Dec 10 million
US$						
Contracts to receive US$ and pay A$						
31 December 2010	**–**	0.9068	**–**	**–**	US$500.0	A$(551.4)
31 December 2011	**0.9068**	0.9068	**US$500.0**	**A$(551.4)**	US$500.0	A$(551.4)

At 31 December 2011, none of the above described foreign currency derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a payable of $59.0 million (31 December 2010: $58.3 million). The change in fair value for the year ended 31 December 2011 was $0.7 million (31 December 2010: $33.1 million).

Foreign currency sensitivity		31 Dec 11 $million	31 Dec 10 $million
The sensitivity of cross currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**118.7**	117.3
	– 10 cents	**52.9**	51.9
	– 5 cents	**25.1**	24.6
	+ 5 cents	**(22.7)**	(22.3)
	+ 10 cents	**(43.4)**	(42.6)
	+ 20 cents	**(79.8)**	(78.2)

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(iii) Forward exchange 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 **31 Dec 11**	Weighted average exchange rate 31 Dec 10	Amount receivable/(payable) **31 Dec 11 million**	Amount receivable/(payable) **31 Dec 11 million**	Amount receivable/(payable) 31 Dec 10 million	Amount receivable/(payable) 31 Dec 10 million
US$						
Contracts to buy A$ and sell US$						
31 December 2011	**–**	0.7765	**–**	**–**	A$186.1	US$(144.5)
	–	0.7361	**–**	**–**	A$(140.9)	US$103.7
31 December 2012	**0.8241**	0.8241	**A$123.9**	**US$(102.1)**	A$123.9	US$(102.1)
	0.9501	0.8114	**A$(107.5)**	**US$102.1**	A$(15.2)	US$12.3
31 December 2013	**0.8136**	0.8136	**A$197.3**	**US$(160.5)**	A$197.3	US$(160.5)
	0.9429	–	**A$(170.2)**	**US$160.5**	–	–
31 December 2014	**0.7869**	0.7869	**A$93.3**	**US$(73.4)**	A$93.3	US$(73.4)
	0.9139	–	**A$(80.3)**	**US$73.4**	–	–

At 31 December 2011, none of the above described forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $61.3 million (31 December 2010: $50.5 million). The change in fair value for the year ended 31 December 2011 was $10.8 million (31 December 2010: $21.0 million).

Foreign currency sensitivity	A$/US$ Currency movement	**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of forward exchange contracts to changes in the year end A$/US$1.0170 rate is as follows:		Gain/(loss) to income statement	
	– 20 cents	**–**	(85.8)
	– 10 cents	**–**	(38.6)
	– 5 cents	**–**	(18.3)
	+ 5 cents	**–**	16.5
	+ 10 cents	**–**	31.5
	+ 20 cents	**–**	57.7

(iv) Cross currency interest rate swaps to hedge the Group's foreign currency earnings

The Group has entered into the following foreign currency derivative financial instruments to sell US$ and purchase A$ at floating interest rates on notional principals at 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 earnings and are ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 11**	Weighted average exchange rate 31 Dec 10	Amount receivable/(payable) **31 Dec 11 million**	Amount receivable/(payable) **31 Dec 11 million**	Amount receivable/(payable) 31 Dec 10 million	Amount receivable/(payable) 31 Dec 10 million
US$						
Contracts to receive A$ and pay US$						
31 December 2010	**–**	0.7171	**–**	**–**	A$3,437.2	US$(2,465.0)
31 December 2011	**0.7171**	0.7171	**A$2,949.4**	**US$(2,115.0)**	A$2,949.4	US$(2,115.0)
31 December 2012	**0.7158**	0.7158	**A$1,983.9**	**US$(1,420.0)**	A$1,983.9	US$(1,420.0)
31 December 2013	**0.7138**	0.7138	**A$1,064.7**	**US$(760.0)**	A$1,064.7	US$(760.0)

At 31 December 2011, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $128.6 million (31 December 2010: $305.8 million). The change in fair value for the year ended 31 December 2011 was $177.2 million (31 December 2010: $46.6 million).

Foreign currency sensitivity	A$/US$ Currency movement	**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of cross currency interest rate swaps to changes in the year end A$/US$1.0170 rate is as follows:		Gain/(loss) to income statement	
	– 20 cents	**(5.2)**	(13.9)
	– 10 cents	**(2.3)**	(6.2)
	– 5 cents	**(1.1)**	(3.0)
	+ 5 cents	**0.9**	2.6
	+ 10 cents	**1.8**	5.0
	+ 20 cents	**3.4**	9.3

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.

At 31 December 2011, the aggregate credit risk in respect of cash and cash equivalents is $56.0 million (31 December 2010: $49.8 million).

At 31 December 2011, the aggregate credit risk in respect of derivative financial instruments is $1,105.5 million (31 December 2010: $1,100.0 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 45% of its aggregate credit risk spread over two counterparties each with an S&P long term rating of A– 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 Group undertakes active liquidity and funding risk management to enable it to have 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 are set out in Note 17.

NOTE 35 PARENT ENTITY

The Parent Entity financial information is presented in accordance with the amendments to the Corporations Regulations 2001 and the Corporations Amendment Regulations 2010 (No. 6). Summary data of the Parent Entity is disclosed as follows:

	31 Dec 11 $million	31 Dec 10 $million
(a) Assets		
Current assets	**139.2**	187.5
Non current assets	**5,477.5**	5,710.3
Total assets	**5,616.7**	5,897.8
(b) Liabilities		
Current liabilities	**301.7**	333.9
Non current liabilities	**515.3**	586.5
Total liabilities	**817.0**	920.4
(c) Total equity		
Contributed equity	**7,929.5**	7,929.5
Accumulated losses	**(3,129.8)**	(2,952.1)
Total equity	**4,799.7**	4,977.4
(d) Comprehensive income		
Profit/(loss) after tax for the period	**227.7**	(1,256.5)
Other comprehensive income	**–**	–
Total comprehensive income for the period	**227.7**	(1,256.5)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**6,286.1**	5,756.7
Guaranteed borrowings of associates of the Responsible Entity	**6,099.0**	5,815.8
	12,385.1	11,572.5

NOTE 36 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

Interest bearing liabilities and interest

Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer Note 17) together with the aggregate future estimated interest thereon is set out below:

Due within one year	**(2,251.5)**	(1,207.9)
Due between one and five years	**(4,506.0)**	(5,228.6)
Due after five years	**(4,885.1)**	(5,032.2)
	(11,642.6)	(11,468.7)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(9,150.6)**	(8,846.9)
– aggregate future estimated interest	**(2,492.0)**	(2,621.8)
	(11,642.6)	(11,468.7)

	31 Dec 11 $million	31 Dec 10 $million

NOTE 36 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE (CONTINUED)

Derivatives

Maturity profile of the estimated future cash flows in respect of interest and currency derivative contracts is set out below:

	31 Dec 11 $million	31 Dec 10 $million
Due within one year	**238.9**	78.4
Due between one and five years	**893.7**	444.7
Due after five years	**21.7**	152.4
	1,154.3	675.5

Contingent liabilities are set out in Note 28 and are not included in the amounts shown above.

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 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
Consolidated assets				
Cash and cash equivalents	**56.0**	49.8	**56.0**	49.8
Trade debtors [1]	**21.0**	19.1	**21.0**	19.1
Receivables [1]	**77.7**	143.0	**77.7**	143.0
Other investments [2]	**409.9**	409.5	**409.9**	409.5
Derivative assets [2]	**1,105.5**	1,100.0	**1,105.5**	1,100.0
Consolidated liabilities				
Trade creditors [1]	**48.8**	42.3	**48.8**	42.3
Payables and other creditors [1]	**570.3**	452.4	**570.3**	452.4
Interest bearing liabilities [2]				
– Fixed rate debt	**9,100.4**	8,397.4	**8,529.6**	7,797.9
– Floating rate debt	**627.3**	1,057.3	**621.0**	1,049.0
Other financial liabilities [2]	**1,246.4**	1,275.7	**1,246.4**	1,275.7
Derivative liabilities [2]	**202.3**	428.5	**202.3**	428.5

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

[2] The financial assets and liabilities are subjected to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of Fair Value

The Group uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).
Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 11 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	**409.9**	–	–	409.9
Derivative assets				
– Interest rate derivatives	**602.3**	–	602.3	–
– Currency derivatives	**503.2**	–	503.2	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**9,100.4**	–	9,100.4	–
– Floating rate debt	**627.3**	–	627.3	–
Other financial liabilities				
– Redeemable preference shares/units	**1,246.4**	–	750.8	495.6
Derivative liabilities				
– Interest rate derivatives	**87.9**	–	87.9	–
– Currency derivatives	**114.4**	–	114.4	–

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

NOTE 37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 10 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	409.5	–	–	409.5
Derivative assets				
– Interest rate derivatives	566.1	–	566.1	–
– Currency derivatives	533.9	–	533.9	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	8,397.4	–	8,397.4	–
– Floating rate debt	1,057.3	–	1,057.3	–
Other financial liabilities				
– Redeemable preference shares/units	1,275.7	–	920.3	355.4
Derivative liabilities				
– Interest rate derivatives	309.4	–	309.4	–
– Currency derivatives	119.1	–	119.1	–

During the year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	Unlisted investments (1) 31 Dec 11 $million	**Redeemable preference shares/units (2) 31 Dec 11 $million**	Unlisted investments (1) 31 Dec 10 $million	Redeemable preference shares/units (2) 31 Dec 10 $million
Level 3 fair value movement				
Balance at the beginning of the year	**409.5**	**355.4**	462.3	455.4
Additions	**–**	**–**	–	7.2
Net revaluation increment/(decrement) to income statement	**–**	**136.3**	–	(58.9)
Retranslation of foreign operations	**0.4**	**3.9**	(52.8)	(48.3)
Balance at the end of the year	**409.9**	**495.6**	409.5	355.4

(1) The fair value of the unlisted investments has been determined by reference to the fair value of the underlying investment properties which are valued by independent appraisers.

(2) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2011, an increment of 1% to the earnings yield would result in an additional gain of $70.8 million (31 December 2010: $54.0 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $99.6 million (31 December 2010: $74.5 million) in the income statement.

NOTE 38 AUDITOR'S REMUNERATION

	31 Dec 11 $000	31 Dec 10 $000
Amounts received or due and receivable by the auditors of the Parent Entity or any other entity in the Group for:		
– Audit or review of the financial reports	**338**	245
	338	245
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**1,899**	2,116
– Assurance and compliance services	**9**	100
– Taxation advice and compliance	**296**	135
– Technical accounting advice and services	**28**	20
	2,232	2,371
	2,570	2,616

NOTE 39 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 the Group. As such, where the related party disclosures below make reference to the Westfield Group, they also relate to the Group.

(a) Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 40.

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 Steven Lowy and Mr Peter Lowy. Mr David Lowy retired as an Executive Director of the Westfield Group on 25 May 2011.

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 Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

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

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in Note 40.

Transactions with Other Related Parties

The Westfield Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Westfield Group and LFG entered into an aircraft interchange agreement, effective from 1 January 2011, whereby the Westfield Group provides its aircraft (when the aircraft are not required for Westfield Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. Those terms have been reviewed and confirmed as arm's length by an independent expert. During the financial year, LFG utilised 40 hours of the Westfield Group's aircraft which was offset by the Westfield Group's business use of the LFG aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Westfield Group and LFG in relation to the use of the Westfield Group's aircraft by LFG and use of LFG's aircraft by the Westfield Group. These arrangements, including rates, have been reviewed by an independent expert and determined to be at arm's length.

In 2010, (prior to the interchange agreement) the Lowy family hired the Westfield aircraft for personal use and was charged by the Westfield Group. The Lowy family did not hire the Westfield aircraft in the 2011 financial year (31 December 2010: $462,190). The reduction in the charge in the financial year was offset by the Westfield Group's usage of the LFG plane under the interchange agreement.

The Westfield Group incurred costs in the financial year amounting to $1,347,000 (31 December 2010: $1,694,551) in relation to the use of the LFG aircraft in excess of the interchange agreement. Amounts charged were 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 financial year the Westfield Group charged LFG $571,000 (31 December 2010: $430,851) in relation to the provision of aircrew, aircraft maintenance, and the use of the hangar facility, which amounts were payable on seven day terms. Also during the period, the Westfield Group was charged $58,449 (31 December 2010: $93,459) for use of aircraft crew employed by LFG, which amounts were payable on 30 day terms.

LFG subleased premises from the Westfield Group at Westfield Towers. During the period $364,620 (31 December 2010: $429,584) 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.

The Westfield Group and Westfield Retail Trust have entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commences in the 2012 financial year and is on commercial arm's length terms.

During the financial year the Westfield Group charged LFG amounts totalling $282,938 (31 December 2010: $nil) for design and construction services on arm's length terms and conditions relating to the office relocation.

During the financial year the Westfield Group charged the Lowy Institute amounts totalling $nil (31 December 2010: $72,937) for design and construction services.

During the financial year the Westfield Group charged the Lowy Institute $20,000 (31 December 2010: $485) for service costs in relation to the provision of communication and security services.

During the financial year the Westfield Group charged LFG $552,980 (31 December 2010: $420,592) for service costs in relation to the provision of communication and security services.

During the financial year the Westfield Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

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

Nature	Type	**2011**	2010
Owing to LFG	Current payable	**$17,055**	$2,598
Owing from LFG	Current receivable	**nil**	nil

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) Manager's service charges;

(b) Reimbursement of expenses;

(c) Construction contracts; and

(d) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2011 was $1.2 million (31 December 2010: $2.6 million) of which $nil was payable at 31 December 2011 (31 December 2010: $1.4 million).

During the year, the Group received from a subsidiary of WHL $6.0 million in respect of corporate service fees of which no amount was receivable at 31 December 2011.

Cross currency swaps with WT

WAT and WT have entered into the following cross currency swaps with terms, interest and principal amounts as follows:

(a) 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 cross currency swap has a start date of November 2004 and continues until November 2014.

(b) WAT pays to WT, on a semi-annual basis, a commercial fixed rate on a principal of US$600 million in exchange for WT paying to WAT, on a semi-annual basis, a commercial fixed rate on a principal of A$762.7 million. The cross currency swap has a start date of June 2009 and continues until June 2014.

(c) 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$236.9 million. The cross currency swap has a start date of February 2010 and continues until November 2012.

The interest income for the year in respect of cross currency swaps with WT was $61.9 million (31 December 2010: $70.6 million).

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

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

Foreign currency contracts with WT

(a) WAT and WT entered into a foreign currency contract on 1 February 2011. WAT paid US$400,000 to WT in exchange for WT paying A$399,162 to WAT. The foreign currency contract matured on 7 February 2011 and the gain from the contract was $4,801.

(b) WAT and WT entered into a foreign currency contract on 13 May 2011. WAT paid A$13.3 million to WT in exchange for WT paying US$14.1 million to WAT. The foreign currency contract matured on 16 May 2011 and the gain from the contract was $26,584.

(c) WAT and WT entered into a foreign currency contract on 13 May 2011. WAT paid A$21.2 million to WT in exchange for WT paying US$22.5 million to WAT. The foreign currency contract matured on 2 June 2011 and the loss from the contract was $110,479.

(d) WAT and WT entered into a foreign currency contract on 17 August 2011. WAT paid US$3.5 million to WT in exchange for WT paying A$3.3 million to WAT. The foreign currency contract matured on 19 August 2011 and the loss from the contract was $35,994.

Foreign currency contracts with WHL entities

(a) WAT and a WHL entity entered into a foreign currency contract on 24 March 2011. WAT paid US$400,000 to the WHL entity in exchange for the WHL entity paying A$398,188 to WAT. The foreign currency contract matured on the same day and the loss from the contract was $5,586.

(b) WAT and a WHL entity entered into a foreign currency contract on 3 May 2011. WAT paid A$11.0 million to the WHL entity in exchange for the WHL entity paying US$12.0 million to WAT. The foreign currency contract matured on 5 May 2011 and the gain from the contract was $252,780.

(c) WAT and a WHL entity entered into a foreign currency contract on 17 August 2011. WAT paid US$13.5 million to the WHL entity in exchange for the WHL entity paying A$12.9 million to WAT. The foreign currency contract matured on 19 August 2011 and the loss from the contract was $235,601.

(d) WAT and a WHL entity entered into a foreign currency contract on 3 November 2011. WAT paid US$20.0 million to the WHL entity in exchange for the WHL entity paying A$19.5 million to WAT. The foreign currency contract matured on 7 November 2011 and the gain from the contract was $152,836.

(e) WAT and a WHL entity entered into a foreign currency contract on 7 December 2011. WAT paid US$6.4 million to the WHL entity in exchange for the WHL entity paying A$6.2 million to WAT. The foreign currency contract matured on 8 December 2011 and the gain from the contract was $34,150.

Loans from WT

During the year, WT advanced an A$ loan to WAT. The balance of this loan at year end is a payable of $201.9 million (31 December 2010: $149.1 million), with accrued interest payable of $0.9 million (31 December 2010: $0.8 million). 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 WT was $12.1 million (31 December 2010: $6.1 million).

During the year, WT advanced a US$ loan to WAT. The balance of this loan at year end is a payable of $344.1 million (31 December 2010: $nil), with accrued interest payable of $98,474 (31 December 2010: $nil). Interest accrues on this loan based on a fixed rate. The interest expense for the year in respect of the loan from WT was $95,759 (31 December 2010: $nil).

Loan to WHL

During the year, WAT had an A$ loan to WHL. The balance of this loan was repaid at year end (31 December 2010: a receivable of $48.3 million). Interest accrued on this loan on a quarterly basis based on a floating rate. The interest income for the year in respect of the loan to WHL was $0.4 million (31 December 2010: $2.0 million).

Non controlling interests in WEA to WHL

In February 2009 WEA issued common shares to WHL entities for $352.6 million of consideration. The discount on the issue of common shares resulted in a reallocation of $315.4 million of Westfield Group net assets to the WHL entities. The WHL entities' investment in WEA is being accounted for as non controlling interests. The WHL entities' share of the after tax profit for the year was $25.1 million (31 December 2010: $39.2 million).

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS 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 the Group and related entities within the Westfield Group.

As the Group forms part of the Westfield Group the discussion under this note relates to the Westfield Group and the Westfield Group's remuneration policies and practices.

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 at the Corporate Governance section of the westfield.com/corporate website.

The responsibilities of the Remuneration Committee include:

- determining and reviewing remuneration policies to apply to members of the Board and to Westfield Group executives;
- 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 recommendations regarding 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.

The deliberations of the Committee, including any recommendations made by it on remuneration issues, are then considered by the Board.

1.2 Membership and meetings

The current members of the Committee are:

Name	Position held	Status
Fred Hilmer	Chairman	Independent Director
Roy Furman	Member	Independent Director
Mark Johnson	Member	Independent Director

Mr Mark Johnson was appointed to the Committee on 25 May 2011 following the retirement of Mr David Gonski from the Board on 25 May 2011. The Committee met three times during the Financial Year. The full Committee was in attendance at all meetings.

2 Remuneration of Non-Executive Directors

2.1 Policy

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 incentive plans. None of the Non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2 Remuneration of Non-Executive Directors (continued)

2.1 Policy (continued)

Non-Executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) and where relevant, a Committee fee and an additional fee for the role of 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 $3.5 million. That amount was approved by members at the Annual General Meeting (AGM) of WHL held on 25 May 2011.

The fees paid to the Non-Executive Directors in the Financial Year are set out in section 2.2. The aggregate fees for Non-Executive Directors (including standing Committee fees) for the 2012 financial year are $2,647,800. On the recommendation of the Remuneration Committee, the Board determined that the base fee for Non-Executive Directors (inclusive of superannuation guarantee contributions) increase by 5.7% from $175,000 to $185,000, effective from 1 January 2011.

The same rate of increase applied to Committee fees, the additional fee for deputy chair and the fee for Committee chair. There will be no increase in the fees in 2012.

The remuneration of the Non-Executive Directors is determined by the Board (within the limits set by Westfield Group 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, 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 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.

2.2 Remuneration of Non-Executive Directors

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

Name	Year	Base fee [1] $	Deputy chair fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Total $
Frank Lowy [2]	**2011**	**451,236**	**–**	**–**	**–**	**–**	**–**	**451,236**
Brian Schwartz [3]	**2011**	**185,000**	**19,252**	**22,000**	**–**	**6,400**	**–**	**232,652**
	2010	175,000	–	20,000	–	3,593	–	198,593
David Lowy [4]	**2011**	**74,203**	**12,835**	**–**	**10,428**	**–**	**–**	**97,466**
	2010	175,000	30,000	–	24,000	–	–	229,000
Ilana Atlas [5]	**2011**	**111,305**	**–**	**–**	**–**	**–**	**–**	**111,305**
	2010	–	–	–	–	–	–	–
Roy Furman	**2011**	**185,000**	**–**	**–**	**–**	**–**	**13,000**	**198,000**
	2010	175,000	–	–	–	–	12,000	187,000
Peter Goldsmith	**2011**	**185,000**	**–**	**–**	**–**	**–**	**–**	**185,000**
	2010	175,000	–	–	–	–	–	175,000
David Gonski [6]	**2011**	**74,203**	**–**	**8,824**	**–**	**2,567**	**5,214**	**90,808**
	2010	175,000	–	20,000	–	6,000	12,000	213,000
Fred Hilmer	**2011**	**185,000**	**–**	**32,000**	**–**	**–**	**20,000**	**237,000**
	2010	175,000	–	30,000	–	–	18,000	223,000
Stephen Johns	**2011**	**185,000**	**–**	**22,000**	**23,610**	**–**	**–**	**230,610**
	2010	175,000	–	20,000	18,000	–	–	213,000
Mark Johnson [7]	**2011**	**185,000**	**–**	**–**	**–**	**–**	**7,821**	**192,821**
	2010	104,327	–	–	–	–	–	104,327
John McFarlane	**2011**	**185,000**	**–**	**–**	**20,000**	**–**	**–**	**205,000**
	2010	75,000	–	–	18,000	–	–	193,000
Judith Sloan	**2011**	**185,000**	**–**	**–**	**12,033**	**6,400**	**–**	**203,433**
	2010	175,000	–	–	–	6,000	–	206,000 [8]
Gary Weiss [9]	**2011**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
	2010	71,153	–	–	7,318	–	–	78,471

(1) Base fees are inclusive of statutory superannuation contributions for the Australian based Non-Executive Directors.

(2) On 25 May 2011, Mr Lowy retired as chief executive officer and assumed the role of non-executive Chairman. Full details of his executive remuneration for the Financial Year and 2010 are at section 6. Mr Lowy is paid a fee of $750,000 p.a. as non-executive Chairman. His fees for 2011 are on a pro-rata basis.

(3) On 25 May 2011, Mr Schwartz was appointed Deputy Chairman. Accordingly, his fees for that role are on a pro-rata basis.

(4) Mr David Lowy retired from the Board on 25 May 2011. Accordingly, his fees for 2011 are on a pro-rata basis.

(5) Ms Atlas joined the Board on 25 May 2011. Accordingly, her fees for 2011 are on a pro-rata basis. There are no comparative fees for 2010.

(6) Mr Gonski retired from the Board on 25 May 2011. Accordingly, his fees for 2011 are on a pro-rata basis.

(7) Mr Johnson joined the Board on 27 May 2010. Accordingly, his fees for 2010 are on a pro-rata basis. Mr Johnson joined the Remuneration Committee in May 2011. Accordingly, his committee fees for 2011 are on a pro-rata basis.

(8) Professor Sloan joined the Board Risk Management Committee in May 2011. Accordingly, her committee fees for 2011 are on a pro-rata basis. In 2010, Professor Sloan acted as Chair of the due diligence committee in connection with the establishment of WRT. A fee of $25,000 was paid in respect of that role which is included in her total fees for 2010 of $206,000.

(9) Dr Weiss retired from the Board on 27 May 2010. Accordingly, his fees for 2010 are on a pro-rata basis.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2 Remuneration of Non-Executive Directors (continued)

2.3 Other entitlements

Short term employee benefits

The fees paid to the Non-Executive Directors are disclosed in the table in section 2.2.

Non-Executive Directors have no entitlement to any other short-term benefits. In particular, the Non-Executive Directors are not entitled to:

- short-term compensated absences such as annual leave and personal leave;
- short-term cash profit sharing or other cash or performance related bonuses; or
- 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
- 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 equity linked compensation.

2.4 Board changes

On 25 May 2011:

- Mr Frank Lowy assumed the role of non-executive Chairman;
- Mr Brian Schwartz was appointed as Deputy Chairman;
- Ms Ilana Atlas was elected as a Non-Executive Director;
- Mr Peter Allen was elected as an Executive Director. Details of Mr Allen's remuneration are at section 7.2; and
- Mr David Lowy and Mr David Gonski retired from the Board.

3 Remuneration of the Senior Executive Team

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:

- fairly and reasonably 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;
- enable the Westfield Group to attract and retain key executives who will create sustainable value for members and other stakeholders; and
- appropriately align the interests of executives with members.

In implementing its remuneration policies and procedures, the Westfield Group complies with applicable legal requirements and appropriate standards of governance.

In this note, reference to the Westfield Group's equity linked incentive plans are to the Executive Deferred Award Plan (EDA Plan), the Partnership Incentive Plan (PIP Plan), the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), collectively referred to as the "Plans". (1)

The Westfield Group's current remuneration structure combines base salary with short term cash incentives and medium to long term equity linked incentives. The Westfield Group has sought to ensure that all elements of its executive remuneration remain competitive on a global basis. The Remuneration Committee considers that this structure places an appropriate premium on performance and helps reinforce the alignment between the interests of executives and stakeholders in the Westfield Group.

The Westfield Group's remuneration practices are regularly benchmarked against its competitors in all markets. This extends beyond salary and short-term performance bonuses to the Westfield Group's equity linked incentive schemes which are an important part of the package used by the Westfield Group to attract, incentivise and retain executives.

In reviewing the remuneration policies and practices in the Financial Year against the specific remuneration objectives of the Westfield Group, the following general observations were made by the Remuneration Committee.

a) Performance

The remuneration policies of the Westfield Group are strongly focussed on individual and team performance against measurable financial and non-financial objectives. Typically, these include important measures such as earnings, portfolio leasing statistics, achievement of development objectives in terms of development approvals, starts and compliance with development budgets and timetables, treasury and capital management objectives and other specific objectives relevant to the Westfield Group's business at a point in time. The Westfield Group also maintains a strong focus on improving the return on capital invested in the Westfield Group by members. Non-financial objectives include matters such as occupational health and safety, compliance, maintenance and enhancement of the Westfield Group's reputation, sustainability issues, human resources and succession planning, diversity and a range of other matters relevant to the Westfield Group's business.

Westfield's executive management is widely regarded as a dedicated, highly competent and committed team. That reputation is confirmed by regular independent surveys commissioned by the Westfield Group and is frequently acknowledged by the Westfield Group's members as well as market analysts and commentators around the world.

The Westfield Group's reputation is underpinned by its focus on enhancing shareholder wealth over time, excellence in operations and capital management, good judgement and financial discipline in acquisitions and divestments, and the ability of management to articulate a clear strategy for long term growth.

The size and scope of the Westfield Group's business and the 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. In recent years, the continued expansion of the Westfield Group's business has placed additional pressure on the Westfield Group's human resources. Executives from Australia/New Zealand and the United States have been relocated to other countries to bolster resources and to ensure that there is an appropriate transfer of operating culture and knowledge from the more established countries in which the Westfield Group operates. This process continued during the Financial Year, particularly with the establishment of a new joint venture in Brazil, Westfield Almeida Junior Shopping Centres S.A. Senior executives from both Australia and the United States have been seconded to the joint venture to ensure an appropriate transfer of the Westfield Group's skills and technology and to facilitate further learning by the Westfield Group regarding this important new market.

The specific achievements of the Westfield Group in the Financial Year are discussed in more detail in the Chairman's Report at pages 4 to 5 and the Westfield Group Co-Chief Executive Officers' Report at pages 6 to 14 of the Westfield Group Annual Report. This remuneration note should be read in the context of that Westfield Group Co-Chief Executive Officers' Report.

(1) As the terms of the EDA Plan and EPR Plan are essentially the same (other than the EDA Plan being cash settled and the EPR Plan being equity settled), unless the context otherwise appears a reference to the EDA Plan is also a reference to the EPR Plan. The same convention also applies to the PIP Plan and the PIR Plan. In the United States, the issuer of awards under the EDA and PIP Plans is Westfield LLC. The said company is the issuer of rights under the EPR and PIR Plans.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the Senior Executive Team (continued)

3.1 Policy and environment (continued)

b) Retention

The Remuneration Committee regards the ability of the Westfield Group to achieve continuity within the executive team as a significant continuing objective. Given the size, geographic spread and complexity of the Westfield Group's business, that continuity is considered to be vital to the continued success of the business.

The need for continuity in the executive team is particularly evident in the major projects undertaken by the Westfield Group. A project such as Westfield Sydney can take well in excess of 10 years from the date of acquisition of the relevant site or sites through to final completion. Maintaining a high degree of stability in the project team through that period has significant implications for the overall success of that project and the continuing success of the Westfield Group. The ability to transfer that project experience and learning for the benefit of the Westfield Group's global portfolio, places a further premium on retention of our best executives at all levels.

Because the Westfield executive team has a strong global reputation as an industry leader, it is common for our executives to receive approaches from our competitors and from other enterprises involved in industries requiring similar skills. These pressures were particularly evident in the years preceding the global financial crisis.

In 2008, we noted that, for the first time in a number of years, there was an easing in the global demand and competition for skilled executives in most areas of the Westfield Group's business. As a consequence, the pressure to increase remuneration annually in order to retain the Westfield Group's executive team eased due to declining global demand in a wide range of job types.

This significant change in the commercial environment was reflected in a number of specific remuneration policies which were adopted in respect of the 2009 and 2010 financial years. In particular, in each of those years, the Westfield Group applied a "remuneration freeze" to the senior executive team.

The remuneration freeze was lifted in the Financial Year as the Westfield Group's performance steadily improved and competitors in various markets recovered from difficult financial circumstances and sought to enhance the quality of their management teams through recruitment. As a consequence, merit based increases in both base salary and short term variable bonuses were granted in respect of the Financial Year.

Despite the strong performance of the Westfield Group in the Financial Year (as detailed above), at the end of 2011, given the continuing economic uncertainty being experienced globally, the Board determined that the remuneration freeze should be reintroduced in relation to the 2012 financial year. These policies are discussed in more detail in section 3.2.

The equity linked incentive plans operated by the Westfield Group are regarded by the Board as an essential retention tool for the senior executive team. The design of the PIP Plan with a Qualifying Period (during which performance is measured and qualification against a targeted number of awards for that year is determined) coupled with a 4 to 5 year vesting period is intended to encourage and reward high performance and facilitate retention of executives for an extended period. The fact that the average length of service for PIP Plan participants is 13 years is a strong indication that the PIP Plan remains a significant factor on achieving continuity in the senior executive team.

c) Alignment

As noted above, it is the objective of the Westfield Group to appropriately align executive remuneration with the interests of members.

That alignment is achieved in a number of ways including:

– through the application of appropriate performance criteria in the short term variable bonus system;

– through the participation by the executive team in the Westfield Group's long term equity linked incentive plans; and

– through a culture which rewards performance and decision making aimed at creating long term value for members.

Broadly, as executives gain seniority in the Westfield Group, the balance of the mix between salary, short term variable bonus and participation in equity linked incentives plans moves to a higher proportion of variable cash remuneration (as opposed to fixed salary) and equity linked rewards (rather than cash payments). These elements of executive remuneration are considered to be "at risk" as they are dependent on the performance of the relevant executive and/or the performance of the Westfield Group over the life of the award.

As explained in detail in section 4.2, the Westfield Group's short term variable bonus scheme rewards executives for performance against financial and non-financial objectives which are specific to that executive and which are considered to be in the interests of the Westfield Group and its members.

With regard to the Westfield Group's equity linked incentive plans, the alignment of interests with members is created in a number of ways which are discussed below:

– in the case of the PIP Plan, being the plan in which the most senior executives in the Westfield Group participate, alignment is created through the performance hurdles which are established for each Qualifying Period (see section 3.3). These hurdles focus on the fundamentals of the Westfield Group's business and on the performance of the executive team in meeting the operational, development and corporate targets set by the Board. The Board is of the view that if the management team maintains its focus on these fundamentals, members will be rewarded, over time, by superior returns;

– the structure of the Westfield Group's Plans and the specific performance hurdles set for the PIP Plan are designed to avoid encouraging excessive risk taking by the senior executive team;

– through the 3 to 5 year vesting periods which are imposed under the Plans (see section 4.3). By requiring executives to serve lengthy periods with the Westfield Group in order to achieve vesting, the Westfield Group is better able to achieve its retention objectives. Consequently, the practice of paying disproportionate cash bonuses for achieving short term objectives (with questionable long term benefits) is avoided; and

– the value of maturing awards made to executives under each of the Westfield Group's Plans mirrors, in all respects, the performance of the Westfield Group's securities on the ASX. As a consequence of the declining equity markets which have impacted property securities globally (including the Westfield Group), the value of unvested awards which will be received by executives participating in the Plans has reduced significantly.

Enhancing the alignment between members and the executive team was a matter of continued focus for the Remuneration Committee and the Board in the Financial Year. Following a review of the operation of the performance hurdles utilised in the PIP Plan, the Board has decided that, commencing in 2012, a new hurdle focussing on Return on Contributed Equity should be introduced and that performance against that hurdle should be measured over a 4 year period. This change in the performance hurdles is further discussed in section 3.3.

3.2 Specific remuneration policies

a) 2009 and 2010 Financial Years

Before outlining the Westfield Group's policies for the Financial Year and 2012, it is useful to revisit the policies adopted in respect of the 2009 and the 2010 financial years.

As noted in the remuneration note for 2009, despite a strong performance by the Westfield Group in the 2008 financial year, the Remuneration Committee and the Board were conscious that the global environment was deteriorating and that it was likely that 2009 would be a difficult year due principally to a continuation of the volatile and weak operating environment and the Westfield Group's earnings in 2009 were expected to be negatively impacted by increasing financing costs.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the Senior Executive Team (continued)

3.2 Specific remuneration policies (continued)

Having regard to these conditions, the Remuneration Committee and the Board set the following policies (as noted in the 2009 Westfield Group Annual Report) in relation to the remuneration of the Board and the senior executive team in 2009:

– there was no increase in the fees payable to Non-Executive Directors in 2009;

– with two exceptions arising as a consequence of promotions, there were no base salary increases for the senior executive team in 2009;

– the aggregate increase for other executives and staff for 2009 was capped at 4% per annum (to reflect increases in the cost of living);

– other than the exceptions noted above, the total target remuneration (including short term bonuses and equity linked incentives) for the senior executive team in 2009 was capped at the same level as in 2008; and

– in almost all cases for the senior executive team, the short term variable bonuses paid to executives for 2008 were at, or below, the same level as were paid in the preceding year.

At the end of the 2009 financial year, notwithstanding that the Westfield Group's Operational Segment Earnings (OSE) per security were within the forecast range of 94 – 97 cents, the short term variable bonuses paid to the Executive Chairman and to the then Westfield Group Managing Directors for the 2009 financial year were set at 85% of their respective targets. Further, vesting of awards under the PIP and PIR Plans reduced (by application of the performance hurdle) to 85% of target for the 2009 Qualifying Year.

In short, for the 2009 financial year, the Board imposed a freeze on all elements of remuneration of the senior executive team and the Non-Executive Directors.

Although during the course of 2009, there was a stabilisation in operating conditions, a significant improvement in financial markets and a modest recovery in the price of the Westfield Group's securities, the Remuneration Committee and the Board determined that, having regard to the difficult operating conditions which were expected to continue in markets other than Australia, the remuneration freeze should be continued in 2010.

The Board also noted that in 2009 and 2010, as a consequence of the declining equity markets which impacted property securities globally, the value of unvested awards held by executives participating in the Plans had reduced significantly since the date of grant.

In arriving at these policies for both 2009 and 2010 financial years, the Board demonstrated continued restraint which was both appropriate and necessary given the continued challenges posed by an uncertain operating environment.

b) 2011 Financial Year

Having applied a remuneration freeze in the 2009 and 2010 financial years, towards the end of 2010, the Board took the view that, having regard to the improved financial performance of the Westfield Group in 2010 and the increasing pressure on retention of executives as global economic conditions improved and competitors globally continued to increase executive remuneration, it was appropriate to remove the remuneration freeze which applied in the previous two financial years.

As a consequence, merit based increases in both base salary and target short term variable bonuses were granted in respect of the Financial Year.

As discussed in detail in section 3.4, the Westfield Group's accounting treatment of cash settled awards issued under the Plans can result in significant year on year fluctuations in total remuneration. A review of the remuneration of each executive over a longer period presents a more accurate picture of average remuneration actually received by that executive. For this reason we have disclosed, where applicable, a 5 year history for each Executive Director and Key Management Personnel which demonstrates the level of disclosed remuneration for that executive over time (see sections 7 and 8).

By way of example, the 5 year remuneration disclosures demonstrate that:

– the remuneration of Mr Allen in the Financial Year approximates his remuneration in the 2007 financial year.

c) 2012 financial year

Although the details of the remuneration of the Executive Directors and the Key Management Personnel for 2012 will be disclosed in the 2012 remuneration note, it is pertinent to note that despite the strong performance by the Westfield Group in the Financial Year (as noted above), the continuing uncertainty which is impacting the global economy and trading conditions in all markets, has led the Board to reinstate the remuneration freeze which was imposed in 2009 and 2010.

As a consequence, in the remuneration review for the 2012 financial year, the following principles have been applied:

– there was no increase in the fees payable to Non-Executive Directors;

– with 3 exceptions arising as a consequence of promotions, there were no base salary increases for the senior executive team in 2012;

– the aggregate increase for other executives and staff for 2012 was capped at 3% per annum (to reflect increases in the cost of living);

– other than the exceptions noted above, the total target remuneration (including short term bonuses and equity linked incentives) for the senior executive team in 2012 was capped at the same level as in the Financial Year; and

– the short term variable bonus targets for 2012 have been set at, or below, the same level as were paid in the Financial Year.

With respect to the equity linked plans, for the 2012 financial year, the Board has decided to replace the hurdle relating to development starts with a hurdle focussed on the Return on Contributed Equity (ROCE) achieved by the Westfield Group, measured over a 4 year period. The Board believes that using a hurdle of this type appropriately reflects the Westfield Group's emphasis on improving ROCE over time. The Westfield Group's policies with respect to the performance hurdles applicable to the PIP Plan in 2012 are set out in section 3.3.

3.3 Review of equity linked incentive plans

a) Background

The operation of the Westfield Group's equity linked incentive plans is described in greater detail in section 4.3.

Awards made under the EDA and EPR Plans are generally in the nature of a deferral (for a period of 3 years) of a part of the remuneration payable to an executive in respect of the performance of that executive in a financial year.

Equally, the PIP and PIR Plans are intended to reward strong performance by the senior executive team (measured against performance hurdles set in respect of the period in which the hurdles apply, known as the Qualifying Year or Qualifying Period) and to provide an incentive for executives to remain with the Westfield Group over the subsequent vesting period of 4 years.

b) 2011 Qualifying Year

As noted in the 2010 remuneration note, in respect of the 2011 Qualifying Year, the Remuneration Committee and the Board continued to focus on hurdles which reflect the underlying operating strength of the business. The hurdles for the 2011 Qualifying Year were:

– achieving OSE per security against a graduated scale of vesting. This hurdle was given a 75% weighting; and

– achieving a targeted level of development project starts of at least $750 million. This target was binary (i.e. this portion of the PIP or PIR awards would not have vested if the target was not achieved). This hurdle was given a 25% weighting.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the Senior Executive Team (continued)

3.3 Review of equity linked incentive plans (continued)

For the 2011 Qualifying year, the Remuneration Committee and Board maintained the position that performance against these targets would be measured in a single Qualifying Year after which the only vesting requirement would be that the executive remains with the Westfield Group for a further 4 years. The Committee considered that the structure of annual awards with performance hurdles measured in a single Qualifying Year and vesting over an extended period provided an appropriate balance between providing performance incentives and promoting retention.

Both hurdles reflected important measures of the underlying business of the Westfield Group.

OSE on a constant currency basis measured the profitability of the core operating business of the Westfield Group without regard to issues not relating to the underlying operations (such as profits/losses arising through revaluations and currency movements as well as the development and corporate segments). OSE were reported to the market semi-annually.

As was the case in previous years, the OSE hurdle approved by the Board for the 2011 Qualifying Year incorporated a graduated scale of growth in OSE which contemplated participants earning within a range of 0% and 150% of the targeted number of awards, depending on the level of OSE per security achieved. Up to 75% of the total targeted number of awards were granted based on performance against this hurdle. The graduated scale used was as follows:

OSE cents per security target at budgeted exchange rates	Percentage vesting
Above 80.0	150%
79.0 – 80.0	140%
78.0 – 79.0	130%
77.6 – 78.0	125%
77.1 – 77.5	120%
76.6 – 77.0	115%
76.1 – 76.5	110%
75.6 – 76.0	105%
75.1 – 75.5	100%
74.6 – 75.0	100%
74.1 – 74.5	95%
73.6 – 74.0	90%
73.1 – 73.5	85%
72.6 – 73.0	80%
72.1 – 72.5	75%
71.6 – 72.0	70%
71.1 – 71.5	50%
70.0 – 71.0	25%
Below 70.0	0%

In the 2011 Qualifying Year, the Westfield Group achieved OSE per security of 75.4 cents which resulted in participants in the PIP Plan receiving 100% of the targeted number of awards as it fell within the range of 74.6 – 75.5 range. The Westfield Group achieved strong performance in all jurisdictions in which the Westfield Group operated despite the impact of an appreciation of the Australian dollar against both the US dollar (12%) and the UK pound (8%).

In considering this graduated scale, the Board noted that the cost of PIP Plan participants moving up or down the vesting scale equated to $600,000 for each additional 5% vesting. In order to achieve that uplift, OSE must increase by 0.5 cents per unit which equated to an increase in earnings of $11.5 million. By way of example, achieving vesting at a level of 115% would have required OSE in the range of 76.6 – 77.0 cents. That equates to the Westfield Group's operating earnings being $57.5 million over target. The cost of granting those additional awards amongst all PIP Plan participants would have been approximately $1.8 million.

The second hurdle is a measure of the success of the Westfield Group in achieving a targeted value of development project starts. All major developments must be approved by the Board prior to commencement to ensure that relevant financial, operating and strategic requirements are satisfied. Development starts are considered by the Board to be of particular importance to the medium term growth of OSE as well as the capital value of the Westfield Group's portfolio. The Committee set a targeted level of development starts of at least $750 million which was required to be achieved in order for the awards linked to this hurdle to vest.

If the level of development project starts fell below that target, no part of the value of the awards which were contingent on meeting this hurdle would have vested. 25% of the total targeted number of awards were granted based on performance against this hurdle. As noted in the Westfield Group Co-Chief Executive Officers' Report at pages 6 to 14 of the Westfield Group Annual Report, the Westfield Group commenced developments in excess of the $750 million threshold in the Financial Year.

c) 2012 Qualifying Year

In setting the performance hurdles to apply to awards issued in 2012, the Board has adjusted the hurdles used in previous years in the following manner:

a) Funds from Operations (FFO) has replaced OSE as the appropriate metric for reporting earnings to the market and therefore FFO per security has replaced OSE per security as the primary performance hurdle measuring the Westfield Group's earnings performance; and

b) given the Westfield Group's continuing focus on improving Return on Contributed Equity (ROCE), the Board has decided that the hurdle relating to development starts should be discontinued and be replaced by a new hurdle which measures ROCE over a 4 year period.

The FFO Hurdle

Like the OSE hurdle which has been used to date, the FFO hurdle is an important measure of the health of the operating business of the Westfield Group. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry. The basis for calculation of the Westfield Group's FFO is described in Note 10 to the Westfield Group financial statements. Essentially, FFO is defined as net income, calculated in accordance with generally accepted accounting standards, but adjusted to exclude capital gains (or losses) from the sale of property and property revaluations, gains or losses on certain interest rate hedges and other adjustments as identified in Note 10 to the Westfield Group financial statements. From 2012, the Westfield Group will cease reporting OSE, and FFO will be the only published earnings measure. FFO is reported to the market semi-annually.

Performance against this hurdle is measured in a single Qualifying Year. Awards are granted based on performance in the Qualifying Year (on a constant currency basis), with a subsequent vesting requirement that the executive remains with the Westfield Group for a further 4 years. The Committee considers that the structure of this hurdle, with the level of vesting measured in a single Qualifying Year and vesting over an extended period, provides an appropriate balance between providing a performance incentive and promoting retention.

The Westfield Group FFO per security hurdle adopted by the Board for the 2012 Qualifying Year incorporates a graduated scale of FFO earnings per security which contemplates participants earning between 0% and 150% of the targeted number of awards, depending on the level of FFO per security achieved.

The Board does not believe it is appropriate, at this time, to publish the precise FFO targets which have been set for the executive team as the specifics of the graduated scale remain commercially sensitive at this time. The Westfield Group will report on the specific terms of the FFO hurdle and performance against that hurdle in the 2012 Westfield Group Annual Report. However, it can be assumed, as in past years, that the graduated structure of the hurdle is aligned with the Westfield Group's forecast and is similar to that used in respect of the OSE per security hurdle in previous years (details of which are included in this remuneration note in respect of 2011 and in previous reports in respect of prior years).

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the Senior Executive Team (continued)

3.3 Review of equity linked incentive plans (continued)

The ROCE Hurdle

The Westfield Group's Return on Contributed Equity (ROCE) for the year was 11.4%. This is calculated by applying FFO for the year of $1,492 million as a percentage of the Westfield Group's contributed equity. Contributed equity is calculated by reference to the amount of equity contributed by securityholders throughout the history of the Westfield Group. This was $20,172 million immediately prior to the capital distribution of assets to Westfield Retail Trust (WRT) in December 2010. The net assets distributed to WRT were $7,281 million and this amount is deducted from the Westfield Group's contributed equity position.

Added to the Westfield Group's contributed equity position is the amount of FFO retained by the Westfield Group and not distributed. For the 2011 year, this amounted to $377 million. However given this amount was retained during the course of 2011, a weighting factor of 50% has been applied to this retained FFO amount, resulting in an addition of $189 million to the contributed equity position for 2011. The net amount of contributed equity used for the ROCE calculation for 2011 was $13,080 million.

As noted above, from 2012, the Board has introduced a new hurdle which focusses on ROCE. Using this measure will enable the Board to reward the performance of management in generating returns from shareholder equity through a combination of improving earnings and capital management. The Board considers that this measure is more closely aligned with investor interests and also reflects the focus which management has on these important issues. Further, the fact that the level of vesting will be determined over a 4 year period reinforces the importance which the Board places on decision making which enhances long term value creation.

The ROCE hurdle will operate on a graduated scale. That is, compliance with the hurdle will be determined over 4 years with the hurdle operating such that the average of annual ROCE achieved in each of those years will be measured against the graduated table to determine the level of vesting at the end of the 4 year period. Participants in the PIP Plan will be eligible for grants of 0% – 150% based on performance. The ROCE target has been set by reference to the Westfield Group's current ROCE and the Board's expectations for growth over the 4 year period.

The Board reserves the right to adjust the performance hurdles described above to reflect the impact of any capital transaction occurring during the year (e.g. a significant equity issue at a discount or the sale of a material part of the portfolio). Where the Board considers that an adjustment is required, both the methodology for the adjustment and the quantum of the adjustment would be referred by the Board to an independent expert for determination. Performance against these hurdles in each year is measured on a constant currency basis (i.e. by converting foreign currency earnings to Australian dollars at the exchange rates detailed in the Westfield Group's budget at the commencement of a financial year).

Other hurdles considered by the Board

As in previous years, the Remuneration Committee has considered, and taken advice regarding, the implementation of a hurdle based on measurement of Total Return to Shareholders (TRS), either on a comparative basis or in absolute terms. The Committee ultimately rejected the use of a TRS based hurdle primarily due to unwillingness on the part of the Board and the Committee to determine executive rewards by reference to movements in the price of Westfield Group securities.

Although the Westfield Group has a well established record of superior share market performance both in relative and absolute terms, the philosophy of the Westfield Group has been, and remains, that this record of success is a product of sound operating performance and strategic decision making and that the focus of the executive team should remain on the underlying business and not on the price of the Westfield Group's securities. The Board's view remains that long term incentives (which are an increasingly significant component of executive remuneration) should not fluctuate in favour of, or against, the executive, based principally on movements in the price of Westfield Group securities.

Rather, performance hurdles should focus on the fundamentals of the Westfield Group's business and on the performance of the executive team in meeting the targets which the Westfield Group sets for itself. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, security holders will be rewarded, over time, by superior market performance.

The interests of the executive and the members are also aligned in respect of the price of the Westfield Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Westfield Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive. As noted above, the benefits received by participants in the Plans have been significantly impacted by the fall in the price of the Westfield Group's securities in recent years.

Apart from these general concerns regarding TRS hurdles, it was also apparent to the Remuneration Committee that, having regard to Westfield's size, market capitalisation, capital and debt structure, geographic spread and business model, there is no appropriate peer group in Australia or internationally to act as a benchmark against which to measure TRS performance. Westfield has a market capitalisation which is significantly larger than the next largest Australian listed property trust. The Westfield Group's significant international presence, its industry focus on regional and super regional retail centres and its capital and debt structure, mean that comparisons of the Westfield Group with both local and international competitors are difficult.

The Remuneration Committee and the Board are satisfied that the proposed hurdles for the 2012 Qualifying Period and the remuneration structure in general are appropriate having regard to the general objectives referred to above.

3.4 Accounting for awards

As noted above, the financial statements of the Westfield Group and the remuneration disclosures in this note disclose the full cost to members of the grant of awards under the Westfield Group's cash settled equity linked plans, and not simply the amortisation of the face value of the grant when originally made.

At the date of grant of an award, the face value of the grant is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding share price movements 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 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 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. Conversely, as occurred in 2008 and 2009 financial years, where the share price decreases in any year, the expected lower value of the awards at the date of maturity will result in a decrease 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 Key Management Personnel.

By adopting this method of amortisation in disclosing the value of cash settled awards held by senior executives, members obtain an accurate picture of the full cost to the Westfield Group of granting those awards as well as the actual remuneration received, over time, by the recipients of the awards.

That process can give rise to significant year on year fluctuations in the disclosed remuneration, dictated principally by movements up or down in the price of Westfield Group securities as well as assumptions made about the future value of securities. These fluctuations in disclosed remuneration occur despite the fact that the face value of awards received by an executive remains constant as between the years being compared.

The disclosure of remuneration for Executive Directors and Key Management Personnel over a 5 year period (where applicable) is intended to assist the reader to view individual remuneration over a more extended period so that the extent of these fluctuations is evident.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the Senior Executive Team (continued)

3.5 External consultants

In setting remuneration levels and formulating human resources policies generally, the Committee and the Board utilise the services of specialist human resources and remuneration consultants.

Mr Mark Bieler of Bieler & Associates (based in New York), in conjunction with the Westfield Group's human resources managers in each of the jurisdictions, provides advice to the Remuneration Committee and the Board and coordinates the work performed for the Westfield Group by other external consultants (including Egan & Associates Pty Limited in Australia, Mercers in the United States and Towers Watson in the United Kingdom).

Mr Bieler attends all Remuneration Committee and Board meetings where human resources and remuneration items are discussed. He is available to consult directly with Committee members at all times.

The Westfield Group undertakes, through the consultants referred to above, an annual review in each country of operation to analyse matters such as overall market trends, benchmarking between specific job types and with different industries, changing or emerging remuneration strategies and market predictions for the following financial year. The results of this review are an important part of the remuneration review process.

In Australia, Egan and Associates Pty Limited also prepare specific reports regarding the remuneration of the Executive Directors. Those reports are commissioned and received by the Chair of the Remuneration Committee.

The Board notes the change in law in relation to remuneration consultants and will report on the processes implemented to ensure compliance with those changes in the 2012 Westfield Group Annual Report.

4 Components of Westfield Executive Remuneration

4.1 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.

4.2 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 executives 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 to any member of the senior executive team is at the discretion of the Remuneration Committee.

Cash based incentives for the Westfield Group Co-Chief Executive Officers, the Westfield Group Chief Financial Officer 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 to any major acquisition or capital transaction during the year.

4.3 Equity linked incentive plans

The Westfield Group has 4 equity linked incentive plans. The EDA Plan and the PIP Plan which were introduced following the merger in 2004 and the EPR Plan and the PIR Plan which were introduced in 2008 to provide the Westfield Group with the flexibility to issue equity settled rights where considered appropriate.

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, for no further consideration, one Westfield Group security for each award. However, as explained below EDA and PIP Plans are synthetic and executives receive cash payments rather than physical 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 $400,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $40,000;

– 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 $10.00 per stapled security, the participant would receive an award equal to the economic benefit of 4,000 Westfield Group stapled securities; and

– 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 pay-out equal to the capital value of the Westfield Group stapled securities in the award. That is, the executive receives a cash payment (rather than physical 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 pay-out 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 (see section 9 below), or to allow the executive to remain as a participant in the Plan through to the vesting date.

The EDA Plan

The EDA Plan is a broader based plan in which senior executives and high performing employees 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 pay-out 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 3 years (other than retention awards referred to below which have a vesting period of 5 years). There are no additional performance hurdles applicable during the vesting period.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4 Components of Westfield Executive Remuneration (continued)

4.3 Equity linked incentive plans (continued)

Participants will qualify to receive a cash amount on the qualification date or, in limited circumstances, the date that they cease to be an employee of the Westfield Group. Depending on age, length of service and the date of retirement, executives may be eligible to continue to participate in the Plans up to the vesting date if they retire prior to that date.

The circumstances in which a participant's award will be forfeited include the following:

– voluntary resignation by the executive (other than where the retirement conditions are met);

– a "Summary Termination Event" occurring in respect of a participant (this includes the participant engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and

– the participant failing to comply with a "Competition and Confidentiality Condition" (which will include standard confidentiality, non-compete and non-solicitation conditions).

In the case of death or total and permanent disablement, the awards will fully vest with the exception of retention awards in respect of which a pro-rata payment will be made.

If a participant is made redundant or Westfield terminates their employment other than for cause, a pro-rata payment will be made to that participant. However, no payment will be made in these circumstances in respect of any retention awards.

The Board also utilises the EDA Plan to make non-recurring awards (known as retention awards) to the Westfield Group's most senior executives. These retention awards are distinguished from the typical EDA Plan awards described above. They are granted with the specific aim of retaining the services of those executives over a period of 2 to 5 years. The Westfield Group Co-Chief Executive Officers do not receive these retention awards.

These retention 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

Only the senior leadership team of the Westfield Group participates in the PIP Plan. There are currently 20 executives world-wide, including the Executive Directors, participating 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 members as discussed in section 3.1.

The operation of the PIP Plan and the manner of calculation of the pay-out 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 those 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.

Actual performance against the hurdles which apply during the Qualifying Period will determine the final number of awards which the executive will receive at the end of that period. If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years. The Board will revise hurdles during a Qualifying Period only where required as a consequence of a capital transaction undertaken by the Westfield Group (e.g. a major capital raising) or a strategic decision by the Westfield Group which prevents achievement of the hurdle.

The awards issued under the PIP Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5. No other performance hurdles are imposed during the vesting period.

The hurdles chosen by the Remuneration Committee for the 2012 Qualifying Period are discussed in section 3.3.

By adopting this combination of the application of performance hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 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. Executives participating in the PIP Plan will be required to remain with the Westfield Group for a period of 5 years in order to get the full benefit of each award.

The EPR Plan and PIR Plan

In 2004, the Westfield Group moved to "synthetic" equity linked incentive plans as certain Australian taxation concessions in place at the time in relation to options over shares issued under employee share plans did not apply equally to options granted to employees over units in a trust. As a consequence, it was not practical for the Westfield Group to issue options over Westfield Group securities. Rather, the Westfield Group introduced the synthetic plans (EDA and PIP Plans) as described above which result in a cash payment to executives based on the value of Westfield Group securities rather than being settled through the issue or transfer of actual securities.

In 2007, the Federal government introduced legislation to correct this position with regard to stapled entities, such as the Westfield Group.

The EPR Plan and the PIR Plan operate in much the same manner as the EDA Plan and the PIP Plan except that entitlements will be satisfied by the delivery of Westfield Group securities (as opposed to the payment of a cash amount).

Participants in the EPR and PIR Plans only receive a dividend on securities after the vesting date.

The EPR Plan and the PIR Plan also offer participants the opportunity to defer the time at which they are taxed once the performance rights vest. Typically, on delivery of securities, participants will be taxed on the value of the securities (as ordinary income). These plans enable participants to defer the taxing point if they elect to have a restriction period on dealing with securities that vest under the Plans. If such an election is made, securities delivered upon vesting will be placed in a "holding lock". This means that, while the securities will be registered in the name of the participant and they will have a right to vote and receive distributions, the participant will not be able to sell or transfer the securities during the restriction period. The restriction period is up to 10 years from the date of the grant of the performance rights.

4.4 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 Plans are prohibited from entering into hedging arrangements in respect of unvested awards or rights (or rights the subject of a holding lock) in any of the Plans.

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 members. In the Board's view, that alignment potentially ceases if an executive's economic interest in the benefit of an award or right 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.

5 Performance of the Westfield Group

Full details of the Westfield Group's various financial and operating achievements are contained in the Chairman's Report at pages 4 to 5 and the Westfield Group Co-Chief Executive Officers' Report at pages 6 to 14 of Westfield Group Annual Report.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

6 Remuneration of the Chairman

On 25 May 2011, Mr Lowy retired as chief executive officer and assumed the role of non-executive Chairman. As a consequence, Mr Lowy's service arrangements with the Westfield Group ceased and he is now remunerated as a non-executive Chairman at $750,000 per annum.

Mr Lowy's remuneration for the Financial Year is detailed below. Mr Lowy's remuneration for the Financial Year is pro-rated for the period Mr Lowy was an Executive Director and when he assumed the role of non-executive Chairman on 25 May 2011.

Component of remuneration	A$ 2011	A$ 2010	A$ 2009	A$ 2008	A$ 2007
Short term employee benefits					
– Salary / fees [1] Fixed	3,672,961	8,000,000	8,000,000	8,000,000	8,000,000
– Cash bonus At risk	2,780,822 [2]	7,000,000	5,950,000	7,000,000	7,000,000
– Other short term employee benefits [3] Fixed	(128,723)	(26,100)	11,693	24,657	1,351
– Non monetary benefits [4] Fixed	525,470	889,414	902,584	1,054,041	817,421
Total short term employee benefits	6,850,530	15,863,314	14,864,277	16,078,698	15,818,772
Post-employment employee benefits					
– Pension and superannuation benefits Fixed	–	–	–	–	–
– Retirement benefits [5]	10,848	101,588	67,679	126,062	66,506
Other long term benefits	–	–	–	–	–
Termination benefits	–	–	–	–	–
Share based payments [6]	–	–	–	–	–
Total remuneration	**6,861,378**	**15,964,902**	**14,931,956**	**16,204,760**	**15,885,278**

(1) Mr Lowy's base salary of $3,221,725 was inclusive of statutory superannuation contributions. Mr Lowy's fees as a non-executive Chairman ($451,236) are also inclusive of statutory superannuation contributions. The amount of $3,672,961 is the total of base salary and fees on a pro-rated basis.

(2) Mr Lowy's bonus for the Financial Year was pro-rated to 25 May 2011 being the date he assumed the role of non-executive Chairman. No part of this bonus is payable in respect of any future financial year. Mr Lowy's bonus was determined by reference to the PIP Plan hurdles for 2011. As noted in section 3.3 those hurdles were met as to 100%. Accordingly, Mr Lowy received 100% of his bonus on a pro-rated basis.

(3) Comprising annual leave and long service leave entitlements for the period in which Mr Lowy was Executive Chairman.

(4) As at the date of his retirement as Executive Chairman, Mr Lowy's entitlement to private use of the corporate aircraft ceased. This amount reflects a pro-rated entitlement based on 75 hours per annum.

(5) Mr Lowy's service arrangements provided for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit was 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. On his retirement as an Executive Director in May 2011, Mr Lowy was paid $2.2 million in retirement benefits. The payment represents amounts that were previously included as remuneration and disclosed in the Westfield Group's remuneration reports.

(6) Mr Lowy 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.

7 Remuneration of the Executive Directors

At the date of this report, there were 3 Executive Directors in office, the Westfield Group Co-Chief Executive Officers, Mr Peter Lowy and Mr Steven Lowy and the Westfield Group Chief Financial Officer, Mr Peter Allen.

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 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 responsibilities assumed by the Executive Directors.

In determining short term bonuses paid to the Executive Directors the Committee and Board have regard to the performance of the Executive Directors in relation to the functions for which they are responsible. Details of the specific performance criteria for each of the Executive Directors are outlined below in the summary of their employment arrangements.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.1 Westfield Group Co-Chief Executive Officers

The employment arrangements of the Westfield Group Co-Chief Executive Officers are as follows.

Mr Peter Lowy

- Has been with the Westfield Group since 1983.
- Has resided in the United States since 1990.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Base salary of US$2.5 million per annum for the Financial Year.
- Mr Lowy's performance bonus was paid at 100% of target for the Financial Year (2010: 100%). In determining to pay Mr Lowy's bonus the Committee and Board had regard to Mr Lowy's responsibilities as a Westfield Group Co-Chief Executive Officer. The Board has delegated authority to the Westfield Group Co-Chief Executive Officers. Under this delegation, the Westfield Group Co-Chief Executive Officers are responsible for:
  - Making recommendations and reporting to the Board regarding the development of global strategies for, and the management and performance of, the business and operations of the Westfield Group.
  - The management of the Westfield Group in accordance with Board approved strategies, business plans and processes.

  In carrying out these delegated functions, the Westfield Group Co-Chief Executive Officers' responsibilities include:
  - Responsibility for the overall financial management and performance of the Westfield Group including financial planning and forecasting for the Westfield Group and preparation of the Westfield Group's annual budget.
  - Oversight of the effective operation, administration and development of the Westfield Group.
  - Strategic planning on capital management issues.
  - Management of major operational activities of the Westfield Group including acquisition and disposal strategies; development strategies and new market strategies.
  - Presentation to the Board of budgets and financial statements.
  - Oversight of compliance with legal and regulatory obligations including in relation to risk management; occupational health and safety matters and ASX requirements.
  - Maintaining awareness of the business, economic and political environments as they affect the Westfield Group.
- Mr Lowy qualified for awards under the PIP Plan (see sections 3.3 and 4.3) at 100% of target for the 2011 Qualifying Year (2010: 125%).
- Details of the Executive Directors' Service Agreements with the Westfield Group, including termination entitlements are set out in section 9. Following the appointment of Mr Lowy as a Westfield Group Co-Chief Executive Officer on 25 May 2011 there were no changes to Mr Lowy's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration (1)	**US$ 2011**	**US$ 2010**	**US$ 2009**	**US$ 2008**	**US$ 2007**
Short term employee benefits					
– Base salary Fixed	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
– Cash bonus At risk	3,360,000 (2)	3,360,000	2,850,000	3,360,000	3,531,600
– Other short term employee benefits (3) Fixed	(45,563)	–	–	89,346	(123,798)
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	5,814,437	5,860,000	5,350,000	5,949,346	5,907,802
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments (4)					
– Cash settled EDA/PIP Plan (at risk)	2,460,633	2,755,051	1,507,787	1,100,308	2,651,522
Other long term benefits	–	–	–	–	–
Total remuneration	**8,275,070**	**8,615,051**	**6,857,787**	**7,049,654**	**8,559,324**

(1) As Mr Peter Lowy is based in the United States his remuneration is disclosed in US$.

(2) Mr Lowy's bonus for the Financial Year was 100% of his targeted bonus (2010: 100%). No part of this bonus is payable in respect of any future financial year.

(3) Comprising annual leave entitlements.

(4) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or PIR Plan. Refer to the tables at sections 7.3 and 7.4 for details of awards held by Mr Lowy under the EDA Plan and PIP Plan.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.1 Westfield Group Co-Chief Executive Officers (continued)

Mr Steven Lowy

– Has been with the Westfield Group since 1987.

– All aspects of Mr Lowy's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.

– Base salary of A$2.5 million per annum for the Financial Year.

– Mr Lowy's performance bonus was paid at 100% of target for the Financial Year (2010: 100%). In determining to pay Mr Lowy's bonus the Committee and Board had regard to Mr Lowy's responsibilities as a Westfield Group Co-Chief Executive Officer. The Board has delegated authority to the Westfield Group Co-Chief Executive Officers. Under this delegation, the Westfield Group Co-Chief Executive Officers are responsible for:
  – Making recommendations and reporting to the Board regarding the development of global strategies for, and the management and performance of, the business and operations of the Westfield Group.
  – The management of the Westfield Group in accordance with Board approved strategies, business plans and processes.

  In carrying out these delegated functions, the Westfield Group Co-Chief Executive Officers' responsibilities include:
  – Responsibility for the overall financial management and performance of the Westfield Group including financial planning and forecasting for the Westfield Group and preparation of the Westfield Group's annual budget.
  – Oversight of the effective operation, administration and development of the Westfield Group.
  – Strategic planning on capital management issues.
  – Management of major operational activities of the Westfield Group including acquisition and disposal strategies; development strategies and new market strategies.
  – Presentation to the Board of budgets and financial statements.
  – Oversight of compliance with legal and regulatory obligations including in relation to risk management; occupational health and safety matters and ASX requirements.
  – Maintaining awareness of the business, economic and political environments as they affect the Westfield Group.

– Mr Lowy qualified for awards under the PIP Plan (see sections 3.3 and 4.3) at 100% of target for the 2011 Qualifying Year (2010: 125%).

– Details of the Executive Directors' Service Agreements with the Westfield Group including termination entitlements are set out in section 9. Following the appointment of Mr Lowy as a Westfield Group Co-Chief Executive Officer on 25 May 2011 there were no changes to Mr Lowy's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration [(1)]	A$ 2011	A$ 2010	A$ 2009	A$ 2008	A$ 2007
Short term employee benefits					
– Base salary [(2)] Fixed	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
– Cash bonus At risk	4,000,000 [(3)]	4,000,000	3,400,000	4,000,000	4,000,000
– Other short term employee benefits [(4)] Fixed	41,667	(73,718)	(141,025)	89,743	70,513
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	6,541,667	6,426,282	5,758,975	6,589,743	6,570,513
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments [(5)]					
– Cash settled EDA/PIP Plan (at risk)	2,384,334	2,995,272	1,888,038	1,279,726	3,161,090
Other long term benefits		–	–	–	–
Total remuneration	**8,926,001**	**9,421,554**	**7,647,013**	**7,869,469**	**9,731,603**

(1) As Mr Steven Lowy is based in Australia his remuneration is disclosed in A$.

(2) Mr Lowy's base salary is inclusive of statutory superannuation contributions.

(3) Mr Lowy's bonus for the Financial Year was 100% of his targeted bonus (2010: 100%). No part of this bonus is payable in respect of any future financial year.

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

(5) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or the PIR Plan. Refer to the tables at sections 7.3 and 7.4 for details of awards held by Mr Lowy under the EDA Plan and the PIP Plan.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.2 Westfield Group Chief Financial Officer

The employment arrangements of the Westfield Group Chief Financial Officer are as follows.

Mr Peter Allen

- Has been with the Westfield Group since 1996.
- All aspects of Mr Allen's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Base salary of A$1.4 million per annum for the Financial Year.
- Mr Allen's performance bonus was paid at 100% of target for the Financial Year (2010: 100%). In determining to pay Mr Allen's bonus the Committee and Board had regard to Mr Allen's responsibilities as a Westfield Group Chief Financial Officer in relation to the finance, treasury, information technology, planning, tax, investor relations and risk management functions of the Westfield Group. In this role, Mr Allen has specific objectives including in relation to oversight of the following:
  - Participation in the Westfield Group's major corporate transactions including corporate mergers, buying and selling assets, joint ventures etc.
  - Preparation and presentation of the financial accounts of the Westfield Group and regular disclosures to the market (including in relation to continuous disclosure issues).
  - Communicating with members, analysts and the investment community more broadly.
  - The continuous process of financial planning and forecasting for the Westfield Group including preparation of the Westfield Group's annual budget.
  - Strategic planning on capital management issues.
  - Co-ordination of the Westfield Group's global debt and derivative programs covering bilateral, syndicated and debt market facilities offerings and related hedging programs.
  - Tax policies adopted by the Westfield Group generally and specific planning in relation to major transactions.
  - The Westfield Group's information technology function including in relation to the identification and implementation of new systems and the security of the Westfield Group's systems.
  - The operation of the risk management function including identification and mitigation of material risks for the Westfield Group, participation in the Executive Risk Management Committee and promoting compliance with relevant legal and ASX requirements.
  - Implementation of the Westfield Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, sustainability and diversity.
  - Human resource issues including ensuring succession planning within the relevant divisions and promoting the sharing of resources and expertise between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Membership of the Westfield Group Global Executive Committee.
- Mr Allen qualified for awards under the PIP Plan (see sections 3.3 and 4.3) at 100% of target for the 2011 Qualifying Year (2010: 125%).
- Details of the Executive Directors' Service Agreements with the Westfield Group including termination entitlements are set out in section 9. Following the appointment of Mr Allen as an Executive Director on 25 May 2011, there were no changes to Mr Allen's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration (1)	**A$ 2011**	**A$ 2010**	**A$ 2009**	**A$ 2008**	**A$ 2007**
Short term employee benefits					
– Base salary (2) Fixed	1,400,000	1,200,000	1,200,000	1,200,000	1,000,000
– Cash bonus At risk	1,400,000 (3)	1,700,000	1,200,000	1,200,000	1,500,000
– Other short term employee benefits (4) Fixed	155,687	43,076	(19,231)	188,508	88,871
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,955,687	2,943,076	2,380,769	2,588,508	2,588,871
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments (5)					
– Cash settled EDA/PIP Plan (at risk)	1,010,911	948,637	187,975	699,661	3,276,389
– Equity settled EPR/PIR Plan (at risk)	1,887,911	1,067,602	1,067,602	547,719	–
Other long term benefits	–	–	–	–	–
Total remuneration	**5,854,509**	**4,959,315**	**3,636,346**	**3,835,888**	**5,865,260**

(1) As Mr Allen is based in Australia his remuneration is disclosed in A$.

(2) Mr Allen's base salary is inclusive of statutory superannuation contributions.

(3) Mr Allen's bonus for the Financial Year was 100% of his targeted bonus (2010: 100%). No part of this bonus is payable in respect of any future financial year.

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

(5) Refer to the tables in sections 7.3, 7.4 and 7.5 below.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.3 Executive Directors: participation in the EDA Plan

The following chart details awards under the EDA Plan held by the Westfield Group Executive Directors.

Executive	Date of grant	Number of awards at grant date	Vesting date	Reinvest-ment awards [1]	Adjustment awards [2]	Total awards held	Fair value at grant [3] $	Market value at 29 Feb 2012 [4] $	Perfor-mance hurdles
Peter Lowy	1 Jan 2009	84,661	15 Dec 2011 [5]	21,988	27,601	134,250	971,690	N/A	N/A
	1 Jan 2010	82,656	14 Dec 2012	N/A	23,144	105,800	864,582	929,982	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	N/A	118,387	995,635	1,040,622	N/A
Steven Lowy	1 Jan 2009	84,661	15 Dec 2011 [5]	21,988	27,601	134,250	971,690	N/A	N/A
	1 Jan 2010	82,656	14 Dec 2012	N/A	23,144	105,800	864,582	929,982	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	N/A	118,387	995,635	1,040,622	N/A
Peter Allen [6]	1 Jan 2006	288,355	1 Jan 2011 [7]	109,398	111,371	509,124	6,786,595	N/A	N/A
	1 Jan 2010	72,933	14 Dec 2012	N/A	20,421	93,354	762,879	820,582	N/A
	1 Jan 2011	88,790	16 Dec 2013	N/A	N/A	88,790	746,724	780,464	N/A

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2009 and 2010. The notional reinvestment of distributions feature of the EDA Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(2) To take into account the impact of the WRT transaction, the number of awards granted in 2009 and 2010 were adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards in 2010, there has been no alteration to the terms of the grant to either of the Westfield Group Co-Chief Executive Officers or the Westfield Group Chief Financial Officer under the EDA Plan since the grant date.

(3) 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 awards granted under the EDA plan on or after 1 January 2011 is calculated using the Black Scholes pricing methodology. 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.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) These awards vested (and were paid) in December 2011. The pay-out amount was $1,082,055 for each Westfield Group Co-Chief Executive Officer.

(6) In 2008 and 2009, Mr Allen participated in the EPR Plan. Refer table at section 7.5.

(7) These awards vested (and were paid) in January 2011. The pay-out amount was $4,984,324.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.4 Executive Directors: participation in the PIP Plan

The following chart details awards under the PIP Plan held by the Executive Directors.

Executive	Date of grant	Number of awards/ Vesting date	Reinvest-ment awards [1]	Adjustment awards [2]	Total awards held	Fair value at grant [3] $	Market value at 29 Feb 2012 [4] $	Performance hurdles
Peter Lowy	1 Jan 2007	50,462: 01/01/11 [5]	15,069	18,349	83,880	1,200,073	N/A	Satisfied
	1 Jan 2008	51,680: 15/12/11 [6]	17,462	17,894	87,036	1,247,481	N/A	Satisfied
	1 Jan 2009	58,720: 15/12/11 [7]	15,250	19,144	93,114	1,032,484	N/A	Satisfied
		58,720: 14/12/12	15,250	19,144	93,114	1,027,262	814,472	
	1 Jan 2010 [8]	108,442: 14/12/12	N/A	30,364	138,806	852,354	1,220,105	85% satisfied
		116,367: 16/12/13	N/A	32,583	148,950	859,952	1,309,271	
	1 Jan 2011 [9]	120,264: 16/12/13	N/A	33,674	153,938	1,199,022	1,353,115	125% satisfied
		125,772: 15/12/14	N/A	35,216	160,988	1,196,101	1,415,085	
	1 Jan 2012	102,987: 15/12/14	N/A	15,400	118,387	948,280	1,040,622	100% satisfied
		102,986: 15/12/15	N/A	20,534	123,520	942,458	1,085,741	
Steven Lowy	1 Jan 2007	50,462: 01/01/11 [5]	15,069	18,349	83,880	1,200,073	N/A	Satisfied
	1 Jan 2008	51,680: 15/12/11 [6]	17,462	17,894	87,036	1,247,481	N/A	Satisfied
	1 Jan 2009	58,720: 15/12/11 [7]	15,250	19,144	93,114	1,032,484	N/A	Satisfied
		58,720: 14/12/12	15,250	19,144	93,114	1,027,262	814,472	
	1 Jan 2010 [8]	108,442: 14/12/12	N/A	30,364	138,806	852,354	1,220,105	85% satisfied
		116,367: 16/12/13	N/A	32,583	148,950	859,952	1,309,271	
	1 Jan 2011 [9]	120,264: 16/12/13	N/A	33,674	153,938	1,199,022	1,353,115	125% satisfied
		125,772: 15/12/14	N/A	35,216	160,988	1,196,101	1,415,085	
	1 Jan 2012	102,987: 15/12/14	N/A	15,400	118,387	948,280	1,040,622	100% satisfied
		102,986: 15/12/15	N/A	20,534	123,520	942,458	1,085,741	
Peter Allen [11]	1 Jan 2007	23,070: 01/01/11 [10]	6,890	8,389	38,349	503,609	N/A	Satisfied
	1 Jan 2011 [12]	60,131: 16/12/13	N/A	16,837	76,968	599,506	676,549	125% satisfied
		62,886: 15/12/14	N/A	17,608	80,494	598,046	707,542	
	1 Jan 2012	59,194: 15/12/14	N/A	N/A	59,194	474,144	520,315	100% satisfied
		61,760: 15/12/15	N/A	N/A	61,760	471,229	542,870	

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the PIP Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(2) To take into account the impact of the WRT transaction, the number of awards granted in 2009 and 2010 were adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to either of the Westfield Group Co-Chief Executive Officers or the Westfield Group Chief Financial Officer under the PIP Plan since the grant date.

(3) 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 awards granted under the PIP plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology and calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIP Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in January 2011. The pay-out amount was $821,185 for each Westfield Group Co-Chief Executive Officer.

(6) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in December 2011. The pay-out amount was $701,510 for each Westfield Group Co-Chief Executive Officer.

(7) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These awards are tranche 1 of the awards first granted in 2009. Tranche 1 vested on 15 December 2011. The pay-out amount was $750,499 for each Westfield Group Co-Chief Executive Officer.

(8) As the Qualifying Hurdles were only satisfied to 85%, 169,323 base awards were granted. The difference of 55,486 represents a gross up of awards for an adjustment for future distributions. See note 1 above. If the Qualifying Hurdles for 2009 were met in full the Westfield Group Co-Chief Executive Officers would have entitled to 264,480 awards (including gross up of future distributions).

(9) As the Qualifying Hurdles were satisfied to 125%, 207,469 base awards were granted. The difference of 38,567 represents a gross up of awards for an adjustment for future distributions. See note 1 above.

(10) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in January 2011. The pay-out amount was $375,437.

(11) In 2008, 2009 and 2010, Mr Allen participated in the PIR Plan. Refer table at section 7.5.

(12) As the Qualifying Hurdles were satisfied as to 125%, 103,734 base awards were granted. The difference of 19,283 represents a gross up of awards for an adjustment for future distributions. See note 1 above.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Remuneration of the Executive Directors (continued)

7.5 Westfield Group Chief Financial Officer: participation in EPR and PIR plans

The following chart details awards under the EPR Plan held by the Westfield Group Chief Financial Officer.

Date of grant	Number of rights at grant date	Vesting date (1)	Adjustment rights (2)	Total rights held	A$ fair value at grant (3)	A$ market value at 29 Feb 2012 (4)	Performance hurdles
1 Jan 2009 (5)	96,352	15 Dec 2011	26,979	123,331	737,093	N/A	N/A
1 Jan 2011	771,923	15 Dec 2015	–	771,923	5,889,772	6,785,203	N/A

(1) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $995,281.

(2) To take into account the impact of the WRT transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to Mr Allen under the EPR Plan since the grant date.

(3) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EPR Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) In 2009, Mr Allen did not participate in the EDA Plan. He participated in the EDA Plan in 2010.

The following chart details awards under the PIR Plan held by the Westfield Group Chief Financial Officer.

Date of grant	Number of awards/ Vesting date (1)	Adjustment rights (2)	Total rights held	A$ fair value at grant (3)	A$ market value at 29 Feb 2012 (4)	Performance hurdles
1 Jan 2008	28,375: 15/12/11 (6)	7,945	36,320	489,469	N/A	Satisfied
1 Jan 2009 (5)	34,868: 15/12/11 (7)	9,763	44,631	439,685	N/A	Satisfied
	36,704: 14/12/12	10,277	46,981	433,841	412,963	
1 Jan 2010 (8)	54,600: 14/12/12	15,288	69,888	380,562	614,316	85% satisfied
	58,689: 16/12/13	16,433	75,122	372,675	660,322	

(1) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $293,102 and $360,172 respectively.

(2) To take into account the impact of the WRT transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to Mr Allen under the PIR Plan since the grant date.

(3) The fair value of the rights issued under the PIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the PIR Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIR Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) In 2009 and 2010, Mr Allen did not participate in the PIP Plan.

(6) This number represents 50% of the original number of the awards, as awards under the PIR Plan vest in two tranches. These tranche 2 rights vested in December 2011. Refer note 1.

(7) This number represents 50% of the original number of the awards, as awards under the PIR Plan vest in two tranches. These tranche 1 rights vested in December 2011. Refer note 1.

(8) If the Qualifying Hurdles in 2009 were met in full Mr Allen would have been entitled to 133,282 rights. However, as the Qualifying Hurdles were only satisfied as to 85%, 113,289 rights were granted.

8 Remuneration: Key Management Personnel

8.1 Key Management Personnel

This note incorporates details of the other Key Management Personnel as defined under AASB 124. In addition to the Directors in section 2 above and the Executive Directors in section 7 above, the following Key Management Personnel are responsible for the strategic direction and management of the Group:

– Mr John Widdup (Chief Operating Officer, United States).

In 2012, Mr Robert Jordan assumed the role of Managing Director, United States in addition to his role as Managing Director, Australia and New Zealand. Mr Greg Miles relocated to the United States as Chief Operating Officer, United States (he was previously the Chief Operating Officer Development, Design & Construction, Australia) and Mr John Widdup relocated to Australia as Chief Operating Officer Development, Design & Construction, Australia (he was previously the Chief Operating Officer, United States).

In determining the cash bonuses the Committee and Board have regard to performance of those executives in relation to the functions for which they are responsible. Details of the primary criteria for determination of bonuses paid to Key Management Personnel are outlined in the summary of their employment arrangements.

The Board considers that each Key Management Personnel has contributed significantly to the ongoing success of the Westfield Group, the highlights of which are described in the Westfield Group Co-Chief Executive Officers' Report at pages 6 to 14 of the Westfield Group Annual Report.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8 Remuneration: Key Management Personnel (continued)

8.1 Key Management Personnel (continued)

Mr John Widdup

- Has been with the Westfield Group since 1994.
- Mr Widdup has recently been appointed as Chief Operating Officer Development, Design and Construction, Australia and will relocate to Australia in early 2012. In his role of Chief Operating Officer, United States during the Financial Year, Mr Widdup was responsible for all aspects of the Westfield Group's business in the United States. Mr Widdup is also a member of the Westfield Group's Global Executive Committee.
- All aspects of Mr Widdup's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of US$900,000 per annum for the Financial Year.
- Mr Widdup's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Widdup's bonus the Committee and Board had regard to Mr Widdup's responsibilities as Chief Operating Officer, United States including his oversight of the following:
  - Achievement of NOI targets through a combination of revenue generation and appropriate cost control.
  - Maintenance of occupancy levels and tenancy mix at centres.
  - Planning for vacancies including as a consequence of insolvency.
  - Identification and progression of development opportunities including land acquisitions, obtaining planning consents and preparation of development feasibilities with a view to maintaining the Westfield Group's development pipeline.
  - Ongoing development projects with a view to delivery within budget and timetables.
  - Centre management to ensure the highest standards of maintenance and operation.
  - Preparation and adherence to the US budget.
  - Identification of acquisition and disposal opportunities and assisting in the evaluation and execution of approved transactions.
  - Identification of new business or revenue opportunities utilising the Westfield Group's assets and resources.
  - Identifying and responding to industry trends impacting the US business (e.g. different retailing formats and internet retailing).
  - Human resource issues including ensuring succession planning within the business and promoting the sharing of resources between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Building and maintaining relationships with other interested parties including joint venture partners, unions, government and council bodies, community organisations and representative bodies.
  - Representing the Westfield Group in industry forums and on industry bodies where appropriate.
  - Implementation of the Westfield Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, sustainability and diversity.
- Details of the Key Management Personnels' Service Agreement with the Westfield Group, including termination entitlements are set out in section 9.

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

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8 Remuneration: Key Management Personnel (continued)

8.1 Key Management Personnel (continued)

Mr John Widdup: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [1]	US$ 2011	US$ 2010	US$ 2009	US$ 2008
Short term employee benefits				
– Base salary Fixed	900,000	800,000	800,000	800,000
– Cash bonus At risk	900,000 [2]	900,000	700,000	800,000
– Other short term employee benefits [3] Fixed	17,377	30,709	25,897	71,701
– Non monetary benefits [4] Fixed	666,000	740,266	625,390	609,913
Total short term employee benefits	2,483,377	2,470,975	2,151,287	2,281,614
Post-employment employee benefits				
– Pension and superannuation benefits	–	–	–	–
Share based payments [5]				
– Cash settled EDA/PIP Plan (at risk)	707,305	802,040	526,877	432,205
– Equity settled EPR/PIR Plan (at risk)	715,581	637,782	553,743	596,178
Other long term benefits	–	–	–	–
Total remuneration	**3,906,263**	**3,910,797**	**3,231,907**	**3,309,998**

(1) Mr John Widdup was based in the United States for the Financial Year and his remuneration is disclosed in US$. Mr Widdup was first classified as a Key Management Personnel in 2008. Accordingly, 2007 comparative information is not shown.

(2) Mr Widdup's bonus for the Financial Year was 100% of his targeted bonus (2010: 100%). No part of this bonus is payable in respect of any future financial year.

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

(4) Comprising normal expatriate benefits including medical benefits, accommodation, school fees, home leave plus fringe benefit tax on those benefits.

(5) Refer to the tables in sections 8.2 to 8.5.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8 Remuneration: Key Management Personnel (continued)

From 1 January 2008, certain overseas executives were given the election to participate in the EDA Plan or the EPR Plan, and the PIP Plan or the PIR Plan. The participation of Mr Widdup in the Plans should be read in this context.

8.2 Key Management Personnel: participation in the EDA Plan [(1)]

The following chart details awards under the EDA Plan held by Key Management Personnel.

Executive	Date of grant	Number of awards at grant date	Vesting date	Reinvest-ment awards [(2)]	Adjustment awards [(3)]	Total awards held/ issued	Fair value at grant [(4)] $	Market value at 29 Feb 2012 [(5)] $	Perfor-mance hurdles
John Widdup									
	1 Jan 2009	46,276	15 Dec 2011 [(6)]	12,020	15,087	78,383	531,141	N/A	N/A
	1 Jan 2010	32,196	14 Dec 2012	N/A	9,015	41,211	336,770	362,245	N/A
	1 Jan 2011	46,932	16 Dec 2013	N/A	N/A	46,932	394,698	412,532	N/A

(1) In the United States, the issuer of awards under the EDA Plan is Westfield LLC.

(2) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the EDA Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(3) To take into account the impact of the WRT transaction, the number of awards has been adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to the Key Management Personnel under the EDA Plan since the grant date.

(4) 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 awards granted under the EDA plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology. 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.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) These awards vested and have been paid. The pay-out amount was $591,467.

8.3 Key Management Personnel: participation in the PIP Plan [(1)]

The following chart details awards under the PIP Plan held by Key Management Personnel.

Executive	Date of grant	Number of awards/ Vesting date	Reinvest-ment awards [(2)]	Adjustment awards [(3)]	Total awards held/ issued	Fair value at grant [(4)] $	Market value at 29 Feb 2012 [(5)] $	Performance hurdles
John Widdup								
	1 Jan 2008	10,336: 15/12/11 [(6)]	3,496	3,580	17,412	214,146	N/A	Satisfied
	1 Jan 2009	12,567: 15/12/11 [(7)]	3,265	4,097	19,929	221,013	N/A	Satisfied
		12,567: 14/12/12	3,265	4,097	19,929	219,910	175,176	
	1 Jan 2010	21,689: 14/12/12	N/A	6,073	27,762	170,476	244,028	85% satisfied
		23,273: 16/12/13	N/A	6,516	29,789	171,987	261,845	
	1 Jan 2011	24,053: 16/12/13	N/A	6,735	30,788	239,808	270,627	125% satisfied
		25,155: 15/12/14	N/A	7,043	32,198	239,224	283,020	
	1 Jan 2012	28,746: 15/12/14	N/A	N/A	28,746	230,255	252,677	100% satisfied
		29,992: 15/12/15	N/A	N/A	29,992	228,839	263,630	

(1) In the United States, the issuer of awards under the PIP Plan is Westfield LLC.

(2) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the PIP Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(3) To take into account the impact of the WRT transaction, the number of awards was adjusted by a factor of 1.28 in accordance with a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to the Key Management Personnel under the PIP Plan since the grant date.

(4) 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 security price movements. The fair value of awards granted under the PIP plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology. 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) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) This second tranche of awards vested and was paid in December 2011. The pay-out amount was $140,341.

(7) This first tranche of awards vested and was paid in December 2011. The pay-out amount was $160,628.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8 Remuneration: Key Management Personnel (continued)

8.4 Key Management Personnel: participation in the EPR Plan (1)

Executive	Date of grant	Number of awards at grant date	Vesting date (2)	Adjustment rights (3)	Total rights held	Fair value at grant (4) $	Market value at 29 Feb 2012 (5) $	Perfor-mance hurdles
John Widdup	1 Jan 2008	219,950	15 Dec 2011	61,586	281,536	2,773,570	N/A	N/A

(1) In the United States, the issuer of rights under the EPR Plan is Westfield LLC.

(2) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $2,271,995 for John Widdup.

(3) To take into account the impact of the WRT transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to the Key Management Personnel under the EPR Plan since the grant date.

(4) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EPR Plan.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

8.5 Key Management Personnel: participation in the PIR Plan

There was no outstanding rights under the PIR Plan to Key Management Personnel at 31 December 2011 and 31 December 2010.

NOTE 40 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

9 Executive service agreements and termination arrangements

In 2009, the Westfield Group entered into Service Agreements with the Westfield Co-Chief Executive Officers, the Westfield Group Chief Financial Officer and each of the Key Management Personnel. Previously, none of these executives had written contracts. Rather, their employment was managed in accordance with well established policies and procedures developed by the Westfield Group over time. The Service Agreements entered into between the Westfield Group and each of these executives are in a common form and are consistent with those policies and procedures.

The Service Agreements outline the elements of remuneration which may be conferred on the executive during their period of employment by the Westfield Group (including base salary, performance bonus and participation in the Westfield Group's equity linked incentive plans). The agreement is silent on the details of that remuneration. Those details are determined annually by the Board and advised to the executive by letter.

The Service Agreements do not have a fixed term. They may be terminated by the Westfield Group employer at any time by giving the relevant executive one month's notice. The executive may terminate the contract at any time by giving the Westfield Group three months' notice.

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payment by the Westfield Group, as applied by the Westfield Group prior to execution of the Service Agreements and now reflected in those Service Agreements, are as follows:

(a) Resignation (excluding retirement) and termination by the Westfield Group for cause

An executive who resigns from the Westfield Group to pursue other opportunities or who is dismissed by the Westfield Group for cause (broadly defined to include serious misconduct, fraud or dishonest conduct or a refusal to comply with lawful directions) is entitled to minimal benefits on termination.

The executive is entitled only to accrued base salary and statutory entitlements to the date of departure. Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances. All unvested entitlements under the Westfield Group's equity linked incentive plans are forfeited, without payment, on termination.

(b) Redundancy or termination by the Westfield Group (other than for cause)

An executive made redundant by the Westfield Group or who is terminated without cause is entitled to receive:

- accrued statutory entitlements;
- a pro-rata performance bonus to the date of termination;
- a redundancy payment of between 12 and 24 months base salary depending on the length of service of the executive plus one month's base salary in lieu of notice; and
- pro-rata vesting of outstanding awards under the Westfield Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle).

(c) Death or permanent disability

If an executive dies or suffers a permanent disability during the term of employment the entitlements payable to that executive (or the estate of that executive) are as follows:

- accrued statutory entitlements;
- a pro-rata performance bonus to the date of termination; and
- full vesting of outstanding awards under the Westfield Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) other than "retention awards" which vest pro-rata to the date of termination.

(d) Retirement

The Westfield Group recognises that if an executive satisfies the retirement conditions (see below), the termination of the employment should be treated in a different manner to a resignation in the ordinary course.

Provided an executive has reached the age of 55 years with at least 5 years continuous service or the aggregate of the age of the participant and the number of years of service with the Westfield Group is equal to or greater than 70, the executive will be entitled to the following benefits:

- accrued statutory entitlements;
- a pro-rata performance bonus to the date of retirement; and
- the right to continue in the Westfield Group's equity linked incentive plans until the date of vesting of outstanding awards granted prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the Plans is not permitted under the terms of the Plans, the executive is entitled to a cash payment from the Westfield Group equal to the amount that would have been received had the executive been permitted to continue in the Plans.

Where permitted by law, the Westfield Group imposes a further requirement that, following retirement, the executive complies with certain continuing non compete obligations which, if not satisfied, will result in forfeiture of all awards then outstanding.

The Remuneration Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balances the interests of the Westfield Group and its members with the policy objective of providing commercially reasonable payments to executives which reflect the circumstances of their departure. As has been noted above, the retention of senior executives is a key objective of the Westfield Group. It is also an objective of the Board to keep long serving executives participating in the equity linked incentive plans right up to the point of their retirement. The Board believes that the policies described in this note assist in achieving those objectives.

NOTE 41 SUBSEQUENT EVENTS

Since the end of the Financial Year:

(a) The Group has agreed with the Canada Pension Plan Investment Board (CPPIB) for it to become a 45% joint venture partner in a US$4.8 billion portfolio of 12 assets currently owned by the Group in the United States. The portfolio value of the assets is in line with the reported book value at December 2011. The Group will receive net cash of US$1.85 billion after the assumption of property related debt by CPPIB. The Group will act as the managing general partner for the joint venture and will be responsible for property management, leasing and development.

(b) The Westfield Group has announced the intention to commence an on-market buyback of securities for up to 10% of issued capital.

NOTE 42 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 11 – Interest** Beneficial* Parent Entity %	**31 Dec 11 – Interest** Consolidated or Equity accounted %	31 Dec 10 – Interest Beneficial* Parent Entity %	31 Dec 10 – Interest 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				
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
WCI Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Finance, 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
Westfield America, LP	**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 Development, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**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 U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0

* 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:

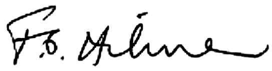
(a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(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 the International Financial Reporting Standards issued by the International Accounting Standards Board; and

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

Made on 14 March 2012 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman



Fred Hilmer AO
Director

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
www.ey.com/au

Independent auditor's report to the members of Westfield America Trust

Report on the financial report

We have audited the accompanying financial report of Westfield America Trust (the Trust), which comprises the consolidated balance sheet as at 31 December 2011, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with 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.

Opinion

In our opinion:

a. 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 consolidated entity's financial position at 31 December 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Ernst & Young

S J Ferguson
Partner

Sydney, 14 March 2012

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Report

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 2011 (Financial Year).

In this report, the Trust and its controlled entities are referred to as the Group.

1. Operations and Activities

1.1 Review of Operations and Results of Operations

The Group reported a net profit of $521.0 million and a distribution of $363.7 million for the Financial Year. Basic earnings per unit is 22.56 cents and the distribution per unit is 15.75 cents.

As at 31 December 2011, the Group had a $15.8 billion (consolidated properties of $13.5 billion and share of equity accounted properties of $2.3 billion) interest in 55 shopping centres, comprising 8,930 retail outlets and approximately 5.9 million square metres of retail space.

The Group contributed net property income of $949.7 million for the Financial Year with comparable mall income growth of 2.0%.

Retail sales on the Group's 55 shopping centres totalled US$7.1 billion for the Financial Year.

At 31 December 2011, the portfolio of 55 shopping centres was 93.1% leased. New leases totalling 4.1 million square feet were completed during the Financial Year. The average specialty store rent across the portfolio at 31 December 2011 was US$60.16 per square foot, up 3.6% for the Financial Year (on a comparable basis).

During the Financial Year, the Group also reached an in principle agreement on the US$1.3 billion joint venture of the retail premises at the World Trade Centre in New York.

Development projects

During the Financial Year, the Group commenced the US$180 million redevelopment of Westfield UTC, which is scheduled for completion in 2012, and has approximately US$360 million of construction in progress under the small projects programme.

There were no significant changes in the Trust's state of affairs during the Financial Year.

The Trust is part of the Westfield Group which is a triple stapled entity. The Westfield Group operates as a single coordinated economic entity.

The review of operations and results of operations for the Westfield Group are described in the Directors' Report in the Westfield Group Annual Report.

1.2 Principal Activities

The principal activities of the Group during the Financial Year were the ownership, development, design, construction, funds/asset management, leasing and marketing activities undertaken with respect to its US portfolio of retail properties. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

Since the end of the Financial Year, the Group has agreed with the Canada Pension Plan Investment Board (CPPIB) for it to become a 45% joint venture partner in a US$4.8 billion portfolio of 12 assets currently owned by the Group in the United States. The portfolio value of the assets is in line with the reported book value at December 2011. The Group will receive net cash of US$1.85 billion after the assumption of property related debt by CPPIB. The Group will act as the managing general partner for the joint venture and will be responsible for property management, leasing and development.

Since the end of the Financial Year, the Westfield Group has announced the intention to commence an on-market buyback of securities for up to 10% of issued capital.

Other than the abovementioned events, no matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect, the Trust's operations in future financial years, the results of the Trust's operations in future financial years or the Trust's state of affairs in future financial years.

1.4 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 Results of Operations above. The likely developments in the Westfield Group's operations in future financial years and the expected results of those operations are described in the Co-Chief Executive Officers' review at pages 6 to 14 of the Westfield Group Annual Report.

1.5 Environmental Performance

Environmental laws and regulations in force in the various jurisdictions in which the Westfield Group operates are applicable to areas of the Westfield Group's operations and in particular to its development, construction and shopping centre management activities. The Westfield 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.

In the Financial Year, the Westfield Group published its first comprehensive Sustainability Report which is available at www.westfield.com/corporate.

2. Distributions

The distribution for the six months ended 31 December 2010 [1], paid 28 February 2011:

– 8.56 cents per unit final distribution for all ordinary units	$197,649,419

The distribution for the six months ended 30 June 2011 [2], paid 31 August 2011:

– 9.00 cents per unit interim distribution for all ordinary units	$207,808,969

The following final distribution [3] was declared for payment to members with respect to the Financial Year, and paid on 29 February 2012:

– 6.75 cents per unit final distribution for all ordinary units	$155,856,726

(1) The Trust distribution of 8.56 cents per ordinary unit formed part of the distribution of 31.56 cents per ordinary WDC stapled security paid on 28 February 2011. This distribution was an aggregate of a distribution from the Trust, a distribution from Westfield Trust and a dividend from Westfield Holdings Limited. 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 9.00 cents per ordinary unit formed part of the distribution of 24.20 cents per ordinary WDC stapled security paid on 31 August 2011. 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 6.75 cents per ordinary unit formed part of the distribution of 24.20 cents per ordinary WDC stapled security paid on 29 February 2012. 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 Directors

The following Directors served on the Board during the Financial Year: Mr Frank Lowy, Mr David Lowy, Mr Peter Allen, Ms Ilana Atlas, Professor Fred Hilmer, Mr Roy Furman, Lord Peter Goldsmith, Mr David Gonski, Mr Stephen Johns, Mr Mark Johnson, Mr Peter Lowy, Mr Steven Lowy, Mr John McFarlane, Mr Brian Schwartz and Professor Judith Sloan.

During the Financial Period, the composition of the Board changed. At the Westfield Holdings Limited Annual General Meeting on 25 May 2011, the following changes were made:

- Mr Frank Lowy assumed the role of non-executive Chairman;
- Mr Peter Lowy and Mr Steven Lowy were appointed Co-Chief Executive Officers;
- Mr David Lowy and Mr David Gonski retired from the Board;
- Mr Brian Schwartz was appointed Deputy Chairman; and
- Mr Peter Allen and Ms Ilana Atlas were elected by members to the Board.

The rest of the Board remain unchanged.

Biographies of the Directors can be found in the 2011 Westfield Group Annual Report.

The names of the Directors in office and the relevant interests of each Director in 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
Frank Lowy Peter Lowy Steven Lowy	179,598,386
Peter Allen	385,911
Ilana Atlas	5,000
Roy Furman	50,000
Peter Goldsmith	5,000
Fred Hilmer	205,904
Stephen Johns	1,512,655
Mark Johnson	62,000
John McFarlane	51,951
Brian Schwartz	21,110
Judith Sloan	3,000

On the date of retirement, Mr David Lowy had a relevant interest in 179,598,386 stapled securities in the Westfield Group (as part of the Lowy family holding) and Mr David Gonski had a relevant interest in 243,057 stapled securities in the Westfield Group.

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 Directors. None of the Directors hold debentures of the Westfield Group. Details of performance rights granted to other Key Management Personnel are contained in Note 40 to the Financial Statements.

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 Westfield Group.

4. Options and Unissued Interests

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 19).

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 8(b) and 20 in the Notes to the Financial Statements (page 13 and 19).

5. 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 Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as Responsible Entity. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

6. Special Rules for Registered Schemes

- $1.2 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.
- Associates of the Responsible Entity held 18,306,011 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out on Note 20 on page 19.
- 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), 12 and 13 on pages 9, 14 and 15 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 19.

7. Audit

7.1 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.

7.2 Auditor's Independence Declaration

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 for the year ended 31 December 2011, 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

S J Ferguson
Partner

Sydney, 14 March 2012

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.

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

14 March 2012

Corporate Governance Statement

The Corporate Governance Statement for Westfield America Trust for the financial year ended 31 December 2011 has been incorporated into the Corporate Governance Statement prepared for the Westfield Group. This Statement can be found in the 2011 Westfield Group Annual Report. The Westfield Group's Annual Report is available on the westfield.com/corporate website.

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2011

Twenty Largest Holders of Stapled Securities in Westfield Group*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	725,987,840	31.44
2.	JP Morgan Nominees Australia Limited	486,309,701	21.06
3.	National Nominees Limited	292,399,136	12.66
4.	Cordera Holdings Pty Limited	145,835,168	6.32
5.	Citicorp Nominees Pty Limited	101,373,183	4.39
6.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	60,648,688	2.63
7.	AMP Life Limited	42,823,161	1.85
8.	JP Morgan Nominees Australia Limited <Cash Income A/C>	23,903,097	1.04
9.	Mr Frank P Lowy	14,107,391	0.61
10.	Cogent Nominees Pty Limited <SMP Accounts>	13,663,609	0.59
11.	Cogent Nominees Pty Limited	13,285,013	0.58
12.	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	11,362,128	0.49
13.	Bond Street Custodians Limited <ENH Property Securities A/C>	9,952,206	0.43
14.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.25
15.	Perpetual Trustee Company Ltd <HHH Superannuation Fund A/C 90>	4,739,738	0.21
16.	Australian Foundation Investment Company Limited	4,242,580	0.18
17.	Argo Investments Limited	4,070,335	0.18
18.	Suncorp Custodian Services Pty Limited <SGALPT>	4,052,535	0.18
19.	Bond Street Custodians Limited <Property Securities A/C>	3,808,440	0.16
20.	Queensland Investment Corporation	3,782,074	0.16
		1,972,215,448	85.41

* 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

Category	No. of Options*	No. of Option Holders	No. of Stapled Securities**	No. of Security Holders	% of Securities in each Category
1 – 1,000	0	0	28,210,425	58,258	1.22
1,001 – 5,000	0	0	110,725,632	50,445	4.80
5,001 – 10,000	0	0	41,000,228	5,912	1.78
10,001 – 100,000	52,500	1	68,819,272	3,048	2.98
100,001 and over	27,608,709	3	2,060,232,982	207	89.23
Total	27,661,209	4	2,308,988,539	117,870	100.00

As at 29 February 2012, 5,093 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 the Westfield Holdings Limited, 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.

* In addition, there are 27,661,209 options on issue to four subsidiaries of Westfield Holdings Limited. 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 29 February 2012 is 27,661,209.

** There are 4,573,405 performance rights on issue to a total of 16 Westfield Group employees. Under the stapling arrangement each of Westfield Holdings Limited, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

The names of the Westfield 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 Westfield Group, are as follows:

Members of the Lowy family and associates	179,598,386
BlackRock Investment Management (Australia) Limited	147,243,880
Vanguard Investments Australia Ltd	140,169,212