

25 February 2015



Westfield Corporation

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The Manager
Company Announcements Office
ASX Limited
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Dear Sir/Madam

**WESTFIELD CORPORATION (ASX: WFD)
RESULTS FOR YEAR ENDED 31 DECEMBER 2014**

Attached are the Appendix 4E and 2014 Annual Financial Report for Westfield Corporation.

Westfield Corporation's results for the 12 months to 31 December 2014 comprise the results of Westfield America Trust (the owner of the group's US business and a member of the former Westfield Group) for that 12 month period, and the results of Westfield Corporation Limited and WFD Trust (together, the owners of the group's UK business) for the six months to 31 December 2014. Westfield Corporation Limited and WFD Trust joined with Westfield America Trust to form Westfield Corporation on 30 June 2014.

Accordingly, Westfield Corporation's full year results are not representative of its operations over a 12 month period and comparisons to prior accounting periods are not possible.

A Media Release and Results Presentation have also been released by Westfield Corporation which focus on the financial and operational results of Westfield Corporation for the six months to 31 December 2014, being the period following the establishment of the new group.

Yours faithfully

WESTFIELD CORPORATION

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the left.

**Simon Tuxen
Company Secretary**

Encl.

Westfield Corporation¹ : Appendix 4E
For the year ended 31 December 2014²

(previous corresponding period being the year ended 31 December 2013)

Results for Announcement to the Market:

For the 6 months to 31 December 2014

(Comprises the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 31 December 2014 following the Restructure. The comparative comprises only the earnings of WAT prior to the Restructure.)

			6 months to 31 Dec 14	6 months to 31 Dec 13
Revenue (including equity accounted revenue of US\$317.5 million, 31 December 2013: US\$244.7 million) (US\$million)	up	19.4%	784.4	657.0
AIFRS profit after tax (US\$million)	up	20.3%	582.3	484.1

For the 6 months to 30 June 2014

(Comprises the results of WAT (excluding WCL and WFDT) for the 6 months ended 30 June 2014 and 30 June 2013 prior to the Restructure.)

			6 months to 30 Jun 14	6 months to 30 Jun 13
Revenue (including equity accounted revenue of US\$246.5 million, 30 June 2013: US\$207.5 million) (US\$million)	down	-7.1%	598.2	643.8
AIFRS profit after tax before charges and credits in respect of the Restructure and Merger (US\$million)	down	-89.8%	3.5	34.4
AIFRS profit after tax (US\$million)	down	-2417.7%	(797.3)	34.4

For the year ended 31 December 2014

(Comprises the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 31 December 2014 following the Restructure and the results of WAT (excluding WCL and WFDT) for the 6 months ended 30 June 2014. The comparative comprises only the earnings of WAT prior to the Restructure.)

			Full Year 2014	Full Year 2013
Revenue (including equity accounted revenue of US\$564.0 million, 31 December 2013: US\$452.2 million) (US\$million)	up	6.3%	1,382.6	1,300.8
AIFRS profit after tax before charges and credits in respect of the Restructure and Merger (US\$million)	up	13.0%	585.8	518.5
AIFRS profit after tax (US\$million)	down	-141.5%	(215.0)	518.5

Final Distributions for Westfield Corporation

	US\$ Cents per stapled security
Dividend/distributions for the six months ended 31 December 2014	12.30
Final dividend/distributions in respect of Westfield Corporation earnings to be paid on 27 February 2015 comprising:	12.30
- distribution in respect of a WFD Trust unit	8.66
- distribution in respect of a Westfield America Trust unit	3.64

The distributions per security have been determined by reference to the number of securities on issue at the record date. The record date for determining entitlements to the interim distributions was 5pm, 13 February 2015 and the distribution will be paid on 27 February 2015. No distribution reinvestment plan is operational for these distributions.

Interim Distributions for Westfield America Trust

	A\$ ⁽ⁱ⁾ Cents per stapled security
Dividend/distributions for the six months ended 30 June 2014 ⁽ⁱⁱ⁾	21.00
Interim dividend/distributions paid on 29 August 2014 comprising:	21.00
- distribution in respect of a Westfield America Trust unit	21.00

⁽ⁱ⁾ The half-year distributions paid on 29 August 2014 was paid in Australian dollars. Subsequent dividend/distributions will be determined in United States dollars.

⁽ⁱⁱ⁾ In addition to the above distribution, Scentre Group Trust 1 also paid a distribution of A\$5.25 cents bringing the total distributions for the Westfield Group to A\$26.25 cents per Westfield Group stapled security.

Additional information

The annual general meeting will be held on 14 May 2015. Commentary on the results is contained in the attached Annual Financial Report and the results presentation released to the ASX. The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report.

⁽¹⁾ Westfield Corporation comprises Westfield Corporation Limited ABN 12 166 995 197 (WCL); Westfield America Trust ARSN 092 058 449 (WAT) and WFD Trust ARSN 168 765 875 (WFDT).

⁽²⁾ It is recommended that the Annual Financial Report be considered together with any public announcements made by Westfield Group during the financial period in particular the Westfield Group securityholder booklet dated 14 April 2014, as supplemented.



**Westfield Corporation
Annual Financial Report
31 December 2014**

Annual Financial Report

WESTFIELD CORPORATION ⁽¹⁾

For the Financial Year ended 31 December 2014

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⁽¹⁾ Westfield Corporation comprises Westfield Corporation Limited and its controlled entities as defined in Note 2.

Directors' Report

The Directors of Westfield Corporation Limited (**Company**) submit the following report for the period from 1 July 2014 to 31 December 2014.

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations, Business Strategy and Drivers

We are pleased to report on the inaugural results for Westfield Corporation (the **Group**) for the six months ended 31 December 2014.

In June 2014 the Westfield Group successfully implemented the restructure and merger to create two new independent companies (the **Restructure**). The Group was created to own and manage the Westfield Group's business in the United States and United Kingdom/Europe, while Scentre Group was created to own and manage Westfield's Australian and New Zealand shopping centres. The combined market capitalisation of Westfield Corporation and Scentre Group is currently over A\$41 billion, representing A\$12 billion of value creation for securityholders of the Westfield Group and Westfield Retail Trust who participated in the Restructure.

Because it was in existence prior to the Restructure, the statutory results for the year to 31 December 2014 include Westfield America Trust for the entire year. The results for the WFD Trust and Westfield Corporation Limited relate only to the second six months to 31 December 2014. Accordingly, the Directors believe the relevant results for the Group are for the six months ended 31 December 2014 (ie. the period following the establishment of the Group following the Restructure).

As the Group's assets and operations are located overseas, principally in the United States, the Group has adopted United States dollars as its presentation currency.

Westfield Corporation owns a pre-eminent portfolio in the United States and United Kingdom valued at \$28.5 billion (Group's share: \$17.7 billion)⁽¹⁾ with some 7,400 retailers and 50 million sqf of gross leasable area.

The performance of Westfield Corporation's portfolio in the United States and United Kingdom remains strong. Significant progress is being made on the \$11.4 billion pipeline of current and future developments, which include Westfield World Trade Center in New York, Century City in Los Angeles and the expansion of Westfield London and Valley Fair in Silicon Valley. The Group's investment in the development pipeline is expected to create significant long-term value for securityholders.

The Group's strategy is to continue to focus on creating and operating flagship assets in major markets that deliver great experiences for consumers and retailers. The Group is focussed on innovation and digital technology, and bringing together the best of fashion, food, entertainment and leisure.

During the period, the Group has seen a strengthening of retail trading conditions driven by an improvement in consumer confidence, lower unemployment, low interest rates, falling gasoline prices and higher GDP growth.

Profit after tax, funds from operations and distribution for the period⁽²⁾

	6 months ended 31 Dec 14 \$million
Net property income	438.5
Net project and management income	57.1
Overheads	(71.8)
Currency gain/(loss)	5.9
Financing costs	(38.0)
Interest on other financial liabilities	(6.1)
Mark to market of derivatives and preference shares	(63.4)
Property revaluations	387.0
Tax expense	(126.9)
Profit after tax	582.3
Adjusted for:	
– Property revaluations	(387.0)
– Amortisation of tenant allowances	21.8
– Mark to market of derivatives and preference shares	63.4
– Deferred tax expense	110.2
Funds from operations (FFO)⁽³⁾	390.7
Less: amount retained	(135.1)
Dividend/distributions	255.6
FFO per security	18.80
Dividend/distribution per security	12.30

⁽¹⁾ The Group's income and expenses have been prepared on a proportionate basis. The proportionate basis presents the net income from, and net assets in, equity accounted properties on a gross basis whereby the underlying components of net income are disclosed separately as revenues and expenses.

⁽²⁾ A key measure of the financial performance of the Group is FFO. FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is a useful measure of operating performance.

The Group reported AIFRS profit of \$582.3 million for the six months ended 31 December 2014. The drivers of profit include FFO earnings of \$390.7 million (or 18.8 cents per security, in line with forecast), \$387.0 million of property revaluations, \$21.8 million of tenant allowance amortisation, \$63.4 million relating to the mark to market of derivatives and preference shares and a \$110.2 million charge for deferred tax.

The distribution for the six months ended 31 December 2014 is 12.30 cents (A15.8522 cents) per security. This distribution will be paid on 27 February 2015.

⁽³⁾ Adjusted for the \$925 million joint venture with O'Connor over three regional assets in February 2015.

Directors' Report (continued)

The analysis of the results has been completed on a proportionate basis as approximately half of the shopping centre investments are equity accounted. FFO earnings include net property income (before the amortisation of tenant allowances), management and project income, corporate overheads, underlying net interest (excluding derivative mark to markets), currency gains and underlying taxation of the business (excluding deferred tax).

Net property income (on a FFO basis) was \$460.3 million for the six months ended 31 December 2014. The Group's portfolio achieved comparable net operating income growth of 5.3% for the year and was 95.8% leased at year end. The Flagship portfolio representing 66% of assets under management, achieved comparable net operating income growth of 6.2% for the year with the Regional portfolio growing by 3.7%.

Specialty sales productivity was \$700 psf with comparable sales up 3.9% for the year. The Flagship portfolio achieved specialty retail sales of \$986 psf, up 4.5% with the Regional portfolio achieving specialty retail sales of \$476 psf, up 3.3%.

Average specialty rents for the total portfolio were \$86.34 psf, up 4.1% with the Flagship portfolio at \$115.35 psf, up 5.0%. Growth over expiring rents for comparable space was 20%, comprising 26% in the Flagship portfolio and 7.7% in the Regional portfolio. This includes the five yearly rent reviews at Westfield London. The performance of the Flagship portfolio reflects the Group's continued investment in iconic assets in major markets.

Management and project income was \$57.1 million for the six months to 31 December 2014. This includes income from managing centres held in joint ventures and project income principally from Stratford and joint venture assets.

Underlying interest before interest capitalised for the period was \$86.3 million. Interest capitalised for the period was \$48.3 million, including \$23.0 million capitalised interest on the development at Westfield World Trade Center in New York.

Property revaluations of \$387.0 million have arisen during the period. The majority of the revaluation gain was for the Flagship assets, in particular London in the United Kingdom, San Francisco and Topanga and the completed development at Montgomery in the United States.

The mark to market of interest rate derivatives and preference shares of \$63.4 million primarily reflects the revaluation of the minority interests in the United States.

Deferred tax expense of \$110.2 million includes deferred tax accrued on the revaluation and tax depreciation of property investments for the period.

The Group's \$11.4 billion of development projects (Group's share: \$6.3 billion) comprises \$2.4 billion of projects currently under construction and \$9 billion of future projects.

Of the projects under construction, the \$250 million development of The Village at Topanga in Los Angeles is now over 90% leased, and the £260 million project at Bradford (UK), on behalf of a third party, continues to make good progress. Both projects are expected to complete in 2015.

The \$1.4 billion Westfield World Trade Center in New York is progressing well and is now over 90% leased. This will be a spectacular shopping, dining, event and entertainment destination incorporating the transport hub of Lower Manhattan. This landmark project is expected to open in stages from late 2015. In 2014 the Group announced a preview of domestic and international fashion, dining, beauty, entertainment and technology retailers well suited to a dynamic and diverse audience of residents, professionals and tourists from around the world.

Significant progress continues on the \$9 billion (Group's share: \$4.5 billion) future development pipeline. During 2015, the Group expects to commence the \$100 million first stage of the expansion at Valley Fair in Silicon Valley, the \$800 million redevelopment at Century City in Los Angeles and the £600 million extension of Westfield London.

The development at Century City will comprise new flagship stores for Nordstrom and Macy's, a refurbished Bloomingdales, 200 premium specialty retail shops and world-class restaurants, anchored by Eataly. On completion, Century City will become the landmark retail destination for West Los Angeles.

The Group's two London assets, Westfield London and Stratford City achieved combined annual sales of almost £2.1 billion with approximately 70 million annual customer visits. The upcoming expansion at Westfield London will be anchored by a new flagship John Lewis department store. On completion, Westfield London is expected to become the largest shopping centre in Europe.

The Group has also agreed terms with key anchors for future development projects which are expected to commence in the next few years, including a new Nordstrom's department store at UTC in San Diego and a new Bloomingdales department store at Valley Fair.

Significant progress continues to be made at Milan, to be anchored by a flagship Galeries Lafayette department store, their first in Italy, and at Croydon in South London.

The Group's capital investment is almost entirely weighted towards Flagship assets and is expected to create significant long term value, with estimated development yields in the range of 7% – 8%. Upon completion of these projects, it is expected that the Flagship assets will represent approximately 80% of the total portfolio and the business will be more evenly weighted between the United States and United Kingdom/Europe.

As at 31 December 2014, the Group has balance sheet assets of \$19.6 billion, including property investments of \$18.1 billion. In September 2014, the Group successfully completed its inaugural bond issue, raising \$3.5 billion. The debt issue was across four tranches from 3 years to 30 years with a weighted average duration of 9.6 years and a weighted average interest rate of 3.1%.

In February 2015, the Group announced a series of transactions with O'Connor Capital Partners which resulted in a \$925 million joint venture over three of its regional assets. The Group realised net proceeds (before tax) of approximately \$700 million. This transaction is consistent with the Group's strategy of redeploying capital from joint ventures and non-core asset divestments into high returning development opportunities.

1.2 Outlook

The Group expects to achieve FFO for the 2015 year of 37.7 cents per security. This represents pro forma growth of 4%, excluding the impact of the O'Connor transaction noted above. This forecast assumes no further capital transactions and no material change in foreign currency exchange rates. The distribution forecast for the 2015 year is 25.1 cents per security.

The Group continues to investigate the appropriate location for its longer term listing.

2. SUSTAINABILITY

Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to various areas of operations and in particular to its development, construction and shopping centre management activities. Westfield Corporation 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. The Westfield Group 2013 Sustainability Report which includes Westfield Corporation's shopping centres, can be found at www.westfieldcorp.com/corporate. Westfield Corporation's initial Sustainability Report is expected to be published in March 2015.

3. DIVIDENDS

No dividend was determined for the six months ended 31 December 2014. A distribution of 12.30 cents (A15.8522 cents) per Westfield Corporation stapled security will be paid on 27 February 2015. This distribution is an aggregate of distributions from each of Westfield America Trust and WFD Trust.

4. DIRECTORS AND SECRETARIES

4.1 Board Membership and Qualifications

The following Directors served on the Board during the Financial Year: Mr Frank Lowy, Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Lord (Peter) Goldsmith, Mr Michael Gutman, Mr Mark G. Johnson, Mr Mark R. Johnson, Mr Don Kingsborough, Mr Peter Lowy, Mr Steven Lowy, Mr John McFarlane and Professor Judith Sloan.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors as at the date of this report are set out below.

Frank Lowy AC

Term of office⁽¹⁾:

- Westfield Corporation Limited⁽²⁾: 30 June 2014
- Westfield America Management Limited⁽³⁾: 20 February 1996

Board Committee membership:

- Chairman of the Board
- Chairman of the Nomination Committee

Independent:

No

Skills and Experience:

Mr Frank Lowy is the Chairman of Westfield Corporation. Mr Lowy served as the Westfield Group's Chief Executive Officer for over 50 years before assuming a non-executive role in the former Westfield Group in May 2011. Mr Lowy is also a non-executive Director and Chairman of Scentre Group. Mr Lowy is the founder and Chairman of the Lowy Institute for International Policy and Chairman of Football Federation Australia Limited.

Brian Schwartz AM

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 6 May 2009
- Deputy Chairman and Lead Independent Director: 25 May 2011

Board Committee membership:

- Chairman of the Audit and Risk Committee
- Nomination Committee

Independent:

Yes

Skills and Experience:

In a career with Ernst & Young Australia spanning more than 25 years, Mr Brian Schwartz rose to the positions of Chairman (1996 – 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Mr Schwartz was the CEO of Investec Bank (Australia) Limited. He is Chairman of Insurance Australia Group Limited and Deputy Chairman of Football Federation Australia Limited. Mr Schwartz is also a non-executive Director and Deputy Chairman of Scentre Group. Prior to the establishment of Westfield Corporation, Mr Schwartz was a non-executive Director of the Westfield Group from 2009 to 2014 and was Deputy Chairman of the Group from 2011 to 2014. He is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants.

Ilana Atlas

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 25 May 2011

Board Committee membership:

- Human Resources Committee

Independent:

Yes

Skills and Experience:

Ms Ilana Atlas was previously a partner in Mallesons Stephen Jaques (now King & Wood Mallesons) and held a number of managerial roles in the firm, including Managing Partner and Executive Partner, People & Information. In 2000 she joined Westpac as Group Secretary and General Counsel before being appointed to the role of Group Executive, People in 2003. In that role, she was responsible for human resources strategy and management as well as Westpac's approach to corporate responsibility and sustainability. Ms Atlas is a Director of Australia and New Zealand Banking Group Limited, Coca-Cola Amatil Limited, Jawun Pty Limited and the Human Rights Law Centre. She is Chairman of Bell Shakespeare Company. Prior to the establishment of Westfield Corporation, Ms Atlas was a non-executive Director of the Westfield Group from 2011 to 2014.

Roy Furman

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 29 May 2002

Board Committee membership:

- Human Resources Committee

Independent:

Yes

Skills and Experience:

Mr Roy Furman is based in the US and is Vice-Chairman of Jefferies and Company and Chairman of Jefferies Capital Partners, a group of private equity funds. In 1973 he co-founded Furman Selz – an international investment banking, institutional brokerage and money management firm and was its CEO until 1997. Prior to the establishment of Westfield Corporation, Mr Furman was a non-executive Director of the Westfield Group from 2004 to 2014.

The Right Honourable Lord Goldsmith QC PC

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 28 August 2008

Independent:

Yes

Skills and Experience:

Lord (Peter) Goldsmith holds a degree in law from Cambridge University and a Master of Laws from University College London. Lord Goldsmith is admitted to practice in England & Wales and other jurisdictions including New South Wales. He is a partner in the international law firm Debevoise & Plimpton LLP. In 1987, Lord Goldsmith was appointed Queen's Counsel and a Crown Court Recorder and he has been a Deputy High Court Judge since 1994. For six years until June 2007, Lord Goldsmith served as the United Kingdom's Attorney General. He was created a Life Peer in 1999 and a Privy Counsellor in 2002 and he remains a member of the House of Lords. Prior to the establishment of Westfield Corporation, Lord Goldsmith was a non-executive Director of Westfield Group from 2008 to 2014. Lord Goldsmith's other past positions include Chairman of the Bar of England and Wales, Chairman of the Financial Reporting Review Panel, and founder of the Bar Pro Bono Unit.

⁽¹⁾ Length of tenure is calculated from year of first appointment to the Company (or any of its predecessor entities) or Westfield America Management Limited.

⁽²⁾ Westfield Corporation Limited, the shares of which are stapled to units in Westfield America Trust and WFD Trust, which trades on the ASX as Westfield Corporation.

⁽³⁾ Westfield America Management Limited as responsible entity for Westfield America Trust and WFD Trust, managed investment schemes, the units of both Trusts are stapled to shares in the Company, which trades on the ASX as Westfield Corporation.

Directors' Report (continued)

Michael J. Gutman

Term of office:

- Westfield Corporation Limited: 28 August 2014
- Westfield America Management Limited: 28 August 2014

Independent:

No

Skills and Experience:

Mr Michael Gutman currently serves as President and Chief Operating Officer of Westfield Corporation. Prior to the establishment of Westfield Corporation, Mr Gutman was the Managing Director, UK/Europe and New Markets. He joined Westfield as an executive in 1993 and in 1999, was appointed Joint Chief Operating Officer responsible for Development, Design and Construction in Australia and New Zealand. In early 2003, Mr Gutman relocated to the UK as Chief Operating Officer UK/Europe. Under his leadership, Westfield's UK/Europe business has successfully developed Westfield London and Stratford City, two of the largest urban shopping centres in UK/Europe with combined annual sales in excess of £2 billion, and acquired flagship development opportunities at Croydon in south London and Milan in Italy. Mr Gutman was awarded with an OBE in the Queens Birthday June 2014 Honours list for his contribution to retail business and regeneration in the United Kingdom.

Mark G. Johnson

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 29 May 2013

Board Committee membership:

- Audit and Risk Committee

Independent:

Yes

Skills and Experience:

Mr Mark Johnson holds a Bachelor of Commerce from the University of NSW. Mr Johnson was Chief Executive Officer and Senior Partner of PricewaterhouseCoopers (PwC), from July 2008 to June 2012. In his more than 30 year career with PwC, Mr Johnson served a number of that firm's major clients in audit, accounting, due diligence, fundraising and risk and governance services. Mr Johnson was a senior member of the PwC International Strategy Council and Deputy Chairman of PwC Asia Pacific. He is a Director of HSBC Bank Australia Limited, The Hospitals Contribution Fund of Australia Limited (HCF) and The Smith Family and sits on the Executive Council of the UNSW Australia Business School Advisory Board. Prior to the establishment of Westfield Corporation, Mr Johnson was a non-executive Director of the Westfield Group from 2013 to 2014. His former roles also include Chairman of the PwC Foundation, member of the Auditing and Assurance Board and Deputy Chair of the Finance and Reporting Committee at the Australian Institute of Company Directors. He is a Fellow of the Institute of Chartered Accountants and the Australian Institute of Company Directors.

Mark R. Johnson AO

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 27 May 2010

Board Committee membership:

- Chairman of Human Resources Committee
- Nomination Committee

Independent:

Yes

Skills and Experience:

Mr Mark Johnson holds a degree in law from the University of Melbourne and a Masters of Business Administration from Harvard University. Mr Johnson is a senior advisor for Gresham Partners in Sydney and Chairman of Dateline Resources Limited and Alinta Energy. He is also a member of the Board of Governors of the Institute for International Trade at the University of Adelaide and a Life Governor of the Victor Chang Cardiac Research Institute. Prior to the establishment of the Westfield Corporation, Mr Johnson was a non-executive Director of Westfield Group from 2010 to 2014. He has previously held senior roles in Macquarie Bank before retiring as Deputy Chairman in July 2007 and his former directorships include Pioneer International, AGL Energy and the Sydney Futures Exchange.

Don W. Kingsborough

Term of office:

- Westfield Corporation Limited: 28 August 2014
- Westfield America Management Limited: 28 August 2014

Independent:

Yes

Skills and Experience:

Mr Don Kingsborough is Global VP Retail, Business Development and Corporate Development at PayPal. Prior to joining PayPal Mr Kingsborough consulted with PayPal regarding Retail and Omni-Channel for 6 months. Previously Mr Kingsborough was founder President and CEO of Blackhawk Network for over a decade. Mr Kingsborough was also founder and CEO of Worlds of Wonder. Mr Kingsborough helped launch Nintendo in the United States through his exclusive sales and distribution agreement with Nintendo. Additionally, Mr Kingsborough was President of Atari Consumer Products Division.

Peter Lowy

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 20 February 1996

Independent:

No

Skills and Experience:

Mr Peter Lowy currently serves as Co-Chief Executive Officer and Chief Financial Officer of Westfield Corporation. He holds a Bachelor of Commerce from the University of NSW. Prior to joining Westfield in 1983, Mr Lowy worked in investment banking both in London and New York. Mr Lowy serves as Chairman of the Homeland Security Advisory Council for Los Angeles county; he also serves on the RAND Corporation Executive Committee and Board of Trustees, the Executive Committee of the Washington Institute for Near East Policy and is a Director of the Lowy Institute for International Policy. Prior to the establishment of Westfield Corporation, Mr Lowy was the Joint Managing Director of the Westfield Group from 1997.

Steven Lowy AM

Term of office:

- Westfield Corporation Limited: 28 November 2013
- Westfield America Management Limited: 20 February 1996

Independent:

No

Skills and Experience:

Mr Steven Lowy currently serves as Co-Chief Executive Officer of Westfield Corporation. He holds a Bachelor of Commerce (Honours) from the University of NSW. Prior to joining Westfield in 1987, Mr Lowy worked in investment banking in the US. He is a non-executive Director of Scentre Group and the Lowy Institute for International Policy and a member of the Prime Minister's Business-Government Advisory Group on National Security. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management. Prior to the establishment of Westfield Corporation, Mr Lowy was the Joint Managing Director of the Westfield Group from 1997.

John McFarlane

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 26 February 2008

Independent:

Yes

Skills and Experience:

Mr John McFarlane holds a MA from the University of Edinburgh, a MBA and an honorary DSc from Cranfield University. Mr McFarlane is Chairman of Aviva plc and FirstGroup plc, Chairman elect of Barclays plc, and is a Director of Old Oak Holdings Ltd. Prior to the establishment of Westfield Corporation, Mr McFarlane was a non-executive Director of the Westfield Group from 2008 to 2014. He was formerly Chief Executive Officer of Australia & New Zealand Banking Group Ltd, Group Executive Director of Standard Chartered plc, and Head of Citibank NA in the UK and Ireland. Mr McFarlane was also formerly a non-executive Director of The Royal Bank of Scotland Group plc, Capital Radio plc, the London Stock Exchange, Chairman of the Australian Bankers Association and President of the International Monetary Conference.

Professor Judith Sloan

Term of office:

- Westfield Corporation Limited: 30 June 2014
- Westfield America Management Limited: 26 February 2008

Board Committee membership:

- Audit and Risk Committee

Independent:

Yes

Skills and Experience:

Professor Judith Sloan holds a first class Honours degree in Economics and a Master of Arts in Economics specialising in Industrial Relations, from the University of Melbourne and a Master of Science in Economics from the London School of Economics. Professor Sloan is Honorary Professorial Fellow at the Melbourne Institute of Applied Economic and Social Research at the University of Melbourne. She previously held an academic appointment at Flinders University and is currently a Director of the Lowy Institute for International Policy and contributing Economics Editor at The Australian newspaper. Prior to the establishment of Westfield Corporation, Professor Sloan was a non-executive Director of the Westfield Group from 2008 to 2014. Her previous appointments include Chairman of Primelife Limited, Chairman of National Seniors Australia, Deputy Chair of the Australian Broadcasting Corporation, Director of Santos Limited and Mayne Nickless Limited and Commissioner of the Productivity Commission.

4.2 Directors' Relevant Interests

The names of the Directors in office and the relevant interests of each Director in Westfield Corporation stapled securities as at the date of this report are shown below.

Director	Number of Stapled Securities
Frank Lowy	} 197,500,000
Peter Lowy	
Steven Lowy	
Ilana Atlas	30,081
Roy Furman	50,000
Peter Goldsmith	5,000
Michael Gutman	381,618
Mark G. Johnson	6,425
Mark R. Johnson	75,000
Don Kingsborough	Nil
John McFarlane	51,951
Brian Schwartz	21,110
Judith Sloan	3,000

None of the Directors hold options over any issued or unissued Westfield Corporation stapled securities. No options over any issued or unissued units in any of Westfield Corporation's Trusts or stapled securities in Westfield Corporation have been issued to the Directors. None of the Directors hold debentures of Westfield Corporation.

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 or securities in Westfield Corporation.

4.3 Directors' attendance at meetings

The number of Directors' meetings, including meetings of Committees of the Board of Directors, held during the Financial Year and the number of those meetings attended by each of the Directors of the Company are shown below:

Number of Meetings held:

Board of Directors:	3
Audit and Risk Committee	2
Human Resources Committee:	2
Nomination Committee:	2

Directors	Board		Audit and Risk		Human Resources		Nomination	
	A	B	A	B	A	B	A	B
Frank Lowy	3	3	–	–	–	–	2	2
Brian Schwartz	3	3	2	2	–	–	2	2
Ilana Atlas	3	3	–	–	2	2	–	–
Roy Furman	3	3	–	–	2	2	–	–
Michael Gutman	3	3	–	–	–	–	–	–
Peter Goldsmith	3	3	–	–	–	–	–	–
Mark G. Johnson	3	3	2	2	–	–	–	–
Mark R. Johnson	3	3	–	–	2	2	2	2
Don Kingsborough	3	3	–	–	–	–	–	–
Peter Lowy	3	3	–	–	–	–	–	–
Steven Lowy	3	3	–	–	–	–	–	–
John McFarlane	3	3	–	–	–	–	–	–
Judith Sloan	3	3	2	2	–	–	–	–

Key: A = Number of meetings eligible to attend
B = Number of meetings attended

Directors' Report (continued)

4.4 Directors' directorships of other listed companies

The following table sets out the directorships of other Australian listed companies held by the Company's Directors during the 3 years preceding the end of the Financial Year and up to the date of this report, and the time for which each directorship has been held.

Ms Ilana Atlas, Mr Roy Furman, Lord (Peter) Goldsmith, Mr Mark R. Johnson, Mr Mark G. Johnson, Mr Peter Lowy, Mr John McFarlane and Professor Judith Sloan were directors of Scentre Group Limited (formerly Westfield Holdings Limited) and Scentre Management Limited (formerly Westfield Management Limited) until the Restructure took effect on 30 June 2014, at which point they resigned from those entities.

Director	Company	Date appointed	Date resigned
Frank Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Scentre Group Limited**	16 January 1979	Continuing
	Scentre Management Limited***	16 January 1979	Continuing
	RE1 Limited****	30 June 2014	Continuing
	RE2 Limited*****	30 June 2014	Continuing
Brian Schwartz	Westfield America Management Limited*	6 May 2009	Continuing
	Brambles Limited	13 March 2009	30 June 2014
	Insurance Australia Group	1 January 2005	Continuing
	Scentre Group Limited**	6 May 2009	Continuing
	Scentre Management Limited***	6 May 2009	Continuing
	RE1 Limited****	30 June 2014	Continuing
Ilana Atlas	RE2 Limited*****	30 June 2014	Continuing
	Westfield America Management Limited*	25 May 2011	Continuing
	Coca-Cola Amatil Limited	23 February 2011	Continuing
	Suncorp Group Limited	1 January 2011	20 August 2014
	Suncorp Metway Limited	1 January 2011	20 August 2014
	Scentre Group Limited**	25 May 2011	30 June 2014
	Scentre Management Limited***	25 May 2011	30 June 2014
Australia and New Zealand Banking Group Limited	24 September 2014	Continuing	
Roy Furman	Westfield America Management Limited*	29 May 2002	Continuing
	Scentre Group Limited**	13 July 2014	30 June 2014
	Scentre Management Limited***	13 July 2004	30 June 2014
Peter Goldsmith	Westfield America Management Limited*	28 August 2008	Continuing
	Scentre Group Limited**	28 August 2008	30 June 2014
	Scentre Management Limited***	28 August 2008	30 June 2014
Michael Gutman	Westfield America Management Limited*	28 August 2014	Continuing
Mark G. Johnson	Westfield America Management Limited*	29 May 2013	Continuing
	Scentre Group Limited**	29 May 2013	30 June 2014
	Scentre Management Limited***	29 May 2013	30 June 2014
Mark R. Johnson	Westfield America Management Limited*	27 May 2010	Continuing
	Scentre Group Limited**	27 May 2010	30 June 2014
	Scentre Management Limited***	27 May 2010	30 June 2014
Don Kingsborough	Westfield America Management Limited*	28 August 2014	Continuing
Peter Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Scentre Group Limited**	19 October 1987	30 June 2014
	Scentre Management Limited***	1 May 1986	30 June 2014
Steven Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Scentre Group Limited**	28 June 1989	Continuing
	Scentre Management Limited***	28 June 1989	Continuing
	RE1 Limited****	12 August 2010	Continuing
	RE2 Limited*****	12 August 2010	Continuing
John McFarlane	Westfield America Management Limited*	26 February 2008	Continuing
	Scentre Group Limited**	26 February 2008	30 June 2014
	Scentre Management Limited***	26 February 2008	30 June 2014
Judith Sloan	Westfield America Management Limited*	26 February 2008	Continuing
	Scentre Group Limited**	26 February 2008	30 June 2014
	Scentre Management Limited***	26 February 2008	30 June 2014

Notes:

- * Westfield America Management Limited, as responsible entity for Westfield America Trust and WFD Trust, both managed investment schemes, the units of which are stapled to shares in the Company and which trade on the ASX as Westfield Corporation.
- ** Scentre Group Limited (formerly Westfield Holdings Limited), which shares were stapled to units in Scentre Group Trust 1 (formerly Westfield Trust) and units in Westfield America Trust and which previously traded on the ASX as Westfield Group. Scentre Group Limited is now part of Scentre Group.
- *** Scentre Management Limited (formerly Westfield Management Limited) as responsible entity for (a) Scentre Group Trust 1 (formerly Westfield Trust), a managed investment scheme the units of which were stapled to units in Westfield America Trust and shares in Scentre Group Limited (formerly Westfield Holdings Limited) and which previously traded on the ASX as Westfield Group; and (b) Carindale Property Trust, a listed managed investment scheme. Scentre Management Limited is now part of Scentre Group.
- **** RE1 Limited, as responsible entity for Scentre Group Trust 2 (formerly Westfield Retail Trust 1), a managed investment scheme, the units of which were stapled to units in Scentre Group Trust 3 (formerly Westfield Retail Trust 2) and which traded on the ASX as Westfield Retail Trust. RE1 Limited is now part of Scentre Group.
- ***** RE2 Limited, as responsible entity for Scentre Group Trust 3 (formerly Westfield Retail Trust 2), a managed investment scheme, the units of which were stapled to units in Scentre Group Trust 2 (formerly Westfield Retail Trust 1) and which traded on the ASX as Westfield Retail Trust. RE2 Limited is now part of Scentre Group.

4.5 Secretaries

As at the date of this report, the Company had the following Secretaries:

Mr Simon Tuxen

Mr Simon Tuxen was appointed General Counsel of Westfield Corporation in June 2014. Prior to the establishment of Westfield Corporation, Mr Tuxen was Group General Counsel and Company Secretary of Westfield Group. Prior to joining Westfield in 2002, Mr Tuxen was the General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques (now King & Wood Mallesons) from 1987 to 1996.

Ms Maureen McGrath

Ms Maureen McGrath was appointed General Counsel, Compliance & Secretariat of Scentre Group in June 2014. Prior to the establishment of Scentre Group, Ms McGrath was General Counsel, Corporate and Compliance, Westfield Group. Ms McGrath holds a Bachelor of Laws and a Bachelor of Jurisprudence from the University of New South Wales. Ms McGrath is a Fellow of the Governance Institute of Australia and a Graduate of the Australian Institute of Company Directors.

5. OPTIONS

No options were issued by the Company during or since the end of the Financial Year and no Director or member of the senior executive team holds options over issued or unissued Westfield Corporation stapled securities.

6. INDEMNITIES AND INSURANCE PREMIUMS

Subject to the following, no indemnity was given or insurance premium paid during or since the end of the Financial Year for a person who is or has been an officer or auditor of Westfield Corporation.

The Company's Constitution provides that a person who is or has been a Director or Secretary of the Company may be indemnified by the Company against liabilities incurred by the person in that capacity and for all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings in which the person becomes involved because of that capacity. The indemnity does not apply to the extent that the Company is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

Westfield Corporation has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of Westfield Corporation as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

In addition, each Director has entered into a Deed of Indemnity and Access which provides for indemnity against liability as a Director, except to the extent of indemnity under an insurance policy or where prohibited by statute. The Deed also entitles the Director to access Company documents and records, subject to undertakings as to confidentiality.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of its standard terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to Ernst & Young during or since the Financial Year.

7. AUDIT

7.1 Audit and Risk Committee

As at the date of this report, the Company had an Audit and Risk Committee of the Board of Directors.

7.2 Non-Audit Services and Audit Independence

Details of the amount paid to the auditor, which includes amounts paid for non-audit services, are set out in Note 44 to the Financial Statements. The Board is satisfied that the provision of non-audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Furthermore, the provision of non-audit services by the auditor during the Financial Year did not compromise the independence requirements under the *Corporations Act 2001* because:

- Westfield Corporation's Non-Audit Services Protocol sets out the categories of non-audit services that the auditor may or may not undertake. Those categories of permitted services remain subject to the overriding principle that a non-audit service may not be provided in circumstances where it would be detrimental to the actual or perceived independence of the statutory auditor;
- the Non-Audit Services Protocol provides a mechanism by which approval for non-audit services proposed to be performed by the auditor is required to be given prior to the provision of such non-audit services, providing an appropriate review point for independence issues prior to engagement;
- under the Non-Audit Services Protocol, the auditor is required to report at least twice each year as to its compliance with the terms of the Charter and, in all instances, confirm the position that the independence of Ernst & Young as statutory auditor has been maintained; and
- the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the *Corporations Act 2001* or of any applicable code of professional conduct and that the Non-Audit Services Protocol has been complied with.

7.3 Auditor's Independence Declaration to the Directors of Westfield Corporation Limited



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

In relation to our audit of the financial report of Westfield Corporation Limited for the year ended 31 December 2014, 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

Graham Ezy
Partner

Sydney, 25 February 2015

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Report (continued)

8. REMUNERATION REPORT

Message from the Chairman of the Human Resources Committee

Dear Securityholders,

I am pleased to introduce the first Remuneration Report for Westfield Corporation (ASX: **WFD**) – a new entity established following the demerger of Westfield Group's (ASX: **WDC**) Australian and New Zealand business, which merged with Westfield Retail Trust (ASX: **WRT**) to form Scentre Group (ASX: **SCG**).

The Report relates to the six month period from 1 July 2014 to 31 December 2014 (the **Reporting Period**) since the Group first listed on the Australian Securities Exchange. The remuneration of the former Westfield Group executives in the six months from 1 January 2014 to 30 June 2014 is dealt with in the Scentre Group Remuneration Report.

The Restructure of the former Westfield Group was completed successfully in June 2014. In addition to providing both Westfield Corporation and Scentre Group with the opportunity to pursue separate operating and capital strategies appropriate for the respective markets, the Restructure has provided investors with the flexibility to adjust the level of their investment between these markets and to better manage the foreign currency exposure associated with their investment.

Following the restructuring, the combined market capitalisation of Westfield Corporation and Scentre Group is now over A\$41 billion, representing A\$12 billion of value creation for the securityholders of the Westfield Group and Westfield Retail Trust who participated in the Restructure.

In addition to meeting the financial forecasts set out in the Westfield Group Securityholder Booklet, the newly formed Westfield Corporation achieved a total return of 34.6% in the Reporting Period (a level of performance which significantly exceeded any international or domestic comparator group). Executives benefit in the same way as Securityholders when the share price increases because the value of their accrued equity linked entitlements increases. As a consequence there is significant alignment between the executive team and Securityholders.

However this relative outperformance was not used as a measure for determining entitlements to either short or long term incentives.

Rather, Westfield Corporation continued the former Westfield Group's practice of determining those entitlements based on measures which relate to, and reflect the progress of, our operating business and implementation of our capital management strategy. The short and longer term objectives we set for our Senior Executive Team will continue to focus on measures which relate to the performance of the key aspects of the underlying business rather than movements up or down in the Group's share price.

From a human resources perspective, the execution of the Restructure and the initial phase of the transition to two separate listed entities, operating businesses in different territories, has also proceeded smoothly. The separation and merger to form two very large entities was both complex and demanding on the executive team. It was very pleasing to the Committee that throughout this period, the underlying business continued to function in accordance with our expectations and all relevant forecast targets were met.

The remuneration outcomes of the Restructure can be summarised as follows:

- For executives employed in the US and UK businesses, the pre-existing remuneration arrangements remain in place and are unaffected by the Restructure.
- A small number of corporate employees resident in Australia who were previously employed by Westfield Holdings Ltd (now Scentre Group Limited and part of Scentre Group) have transferred their employment to Westfield Corporation on the same terms as applied prior to the Restructure.
- Entitlements under the pre-existing equity linked plans did not vest, in whole or in part, as a consequence of the Restructure. Rather, these awards remain on foot but have been restructured so that all awards (whether issued before or after the Restructure) relate solely to Westfield Corporation.

Notably, this renewal of employment arrangements, and the preservation of existing equity linked entitlements was achieved with the cooperation of affected executives.

During 2014 and 2015, Westfield Corporation has in place transitional services arrangements under which Scentre Group in Australia will continue to provide various services (including in relation to finance, accounting, treasury, risk management and secretariat matters) during the process of effecting a separation of the entities. We expect that the separation will largely be completed by June 2015 and the transitional services arrangement will fall away at that time. In this transitional period, Westfield Corporation has largely adopted the remuneration policies and practices of the former Westfield Group.

During 2015, the Board will oversee a review of the remuneration structure of Westfield Corporation with a view to ensuring that the structure meets the needs of this new entity. In particular, the Board wishes to ensure that the remuneration structure is appropriate for the international environment in which the Group operates and that the structure of both the short and long-term incentives offered by Westfield Corporation (including the performance hurdles in the long-term incentive plan) reflect the specific objectives of Westfield Corporation in this important period following its establishment. We will report on the results of that review in our Report for 2015.

Finally, on behalf of the Committee I would like to acknowledge the role of the entire Westfield team in effecting the Restructure. The skills, experience and diligence of that team were integral to the success of the Restructure and the Committee and the Board are very pleased with the smooth and rapid transition achieved in 2014.

I trust that you will find the Report helpful in understanding the policies and practices of the newly established Westfield Corporation.

Mark R Johnson AO

Chairman, Human Resources Committee

8. REMUNERATION REPORT FOR 2014

This Remuneration Report, prepared in accordance with the requirements of the *Corporations Act 2001* and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, provides an overview of Westfield Corporation's remuneration policies and practices in the Reporting Period. This Report has been audited by Ernst & Young.

In this Report, Westfield Corporation is also referred to as "Westfield" or the "Group".

In writing this Report, our aim is to present information in a way which is readily accessible to its readers. To comply with our legal obligations and to provide additional information which may be of interest to those undertaking a more detailed analysis, we have included additional technical information in the Appendices to this Report. Definitions of terms used frequently in this Report have been included in section 8.8.

Westfield Corporation no longer has business operations in Australia. Rather, our operating business is located in the United States and the United Kingdom and our revenues are derived in currencies other than the Australian dollar. For the Reporting Period, our accounts have been prepared and disclosed in US dollars for the first time. **For this reason, unless noted otherwise, all disclosures in this Report are in US dollars.**

The structure of the Report is as follows:

- 8.1 Human Resources Committee
- 8.2 Remuneration Objectives
- 8.3 Corporate Performance
- 8.4 Our Remuneration Structure
- 8.5 Remuneration of the Key Management Personnel
- 8.6 Executive Service Agreements and Termination Arrangements
- 8.7 Remuneration of Non-Executive Directors
- 8.8 Definitions
- Appendices

8.1 Human Resources Committee

The Board is responsible for setting remuneration policy and overseeing the implementation of that policy in a manner which reflects the objectives set out in section 8.2. The Human Resources Committee (or the **Committee**) is responsible for making recommendations to the Board. The Committee's activities are governed by its Charter, a copy of which is available at <http://www.westfieldcorp.com/about/governance/>.

The Committee comprises Mr Mark R. Johnson (**Chairman**) together with Mr Roy Furman and Ms Ilana Atlas. The Group classifies each of these Directors as independent.

In addition to making recommendations on broad remuneration policies and practices affecting the Group, the Committee considers the specific remuneration packages for Executive Directors and key members of the Senior Executive Team. The Committee also considers all aspects of the Equity Linked Plans in which executives participate, the total level of awards issued under the Plans, the Performance Hurdles applicable to any awards and the general administration (including the exercise of any discretionary power) of the Plans. The Committee also considers other human resources issues such as succession planning and diversity.

The Committee met twice during the shortened Reporting Period. The full Committee was in attendance at all meetings.

In setting remuneration levels and formulating remuneration and human resources policies, the Committee and the Board utilise the services of specialist human resources and remuneration consultants. Protocols have also been established for the engagement of remuneration consultants and the provision of declarations of no-influence. Mr Mark Bieler of Mark Bieler Associates (based in New York), in conjunction with the Group's human resources managers in each of the jurisdictions, provides advice to the Human Resources Committee and the Board and coordinates the work performed for the Group by other external human resources consultants. Mr Bieler attends all Human Resources Committee and Board meetings where human resources and remuneration items are discussed. He is available to consult directly with Committee members at all times. As part of its role, Mark Bieler Associates provided remuneration recommendations to the Committee. Those remuneration recommendations relate to matters such as the remuneration environment in the various jurisdictions in which the Group operates, the design of the Group's remuneration structures and Plans (including both the STI Plan and the LTI Plan) and the levels of remuneration for members of the Senior Executive Team, including the KMP. Mark Bieler Associates was paid a total of \$90,750 in connection with the remuneration advice provided to the Group in the Reporting Period.

When providing remuneration recommendations to the Committee and/or the Board, Mark Bieler Associates is required to provide a written declaration that each recommendation was made free of influence from the members of the KMP to whom the recommendation relates.

Mark Bieler Associates also provides other services to the Group on human resources related issues, including in relation to senior level recruiting in all countries, succession planning, counselling and mentoring of members of the Senior Executive Team and learning and organisation development. During the Reporting Period, Mark Bieler Associates also provided extensive advice in relation to the Restructure. Mark Bieler Associates was paid a total of \$514,250 in connection with these non-remuneration related services provided to the Group in the Reporting Period. Mark Bieler Associates was paid a further \$96,264 as reimbursement for expenses incurred in the provision of these services.

In the Reporting Period, the Group utilised the services of Towers Watson on a global basis. In this role, Towers Watson undertook a benchmarking 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. Towers Watson also prepared specific reports regarding the remuneration of KMP and other executive roles specified by the Committee. Those reports are commissioned and received by the Chair of the Human Resources Committee. Towers Watson did not make any recommendation on remuneration matters.

Based on the protocols established for the engagement of remuneration consultants, the terms of engagement and the declarations provided by the consultants, the Board is satisfied that the services provided by Towers Watson and Mark Bieler Associates (including any remuneration recommendations) were provided without influence from KMP.

8.2 Remuneration Objectives

The Board and the Human Resources Committee seek to adopt policies which:

(a) Fairly reward executives having regard to their individual performance against agreed objectives, the overall performance of the Group and the external compensation environment

Although Westfield Corporation is a newly established entity, its executive management is widely regarded as a dedicated, highly competent and committed team. That reputation, derived from the operations of the former Westfield Group, has previously been confirmed by independent surveys commissioned by the Westfield Group and is frequently acknowledged by the Group's securityholders as well as market analysts and commentators around the world. Westfield's reputation is underpinned by its focus on enhancing securityholder 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 Group's business and the philosophy of intensive management of the Group's business mean that the management team faces challenges which demand highly skilled and committed executives.

These executives must also be capable of supporting, and transferring skills to, the Group's business in various locations around the world. Executives frequently relocate to other markets to bolster resources, and to ensure that there is an appropriate transfer of operating culture and knowledge between countries in which the Group operates.

The remuneration policies of the Group are focussed on individual and team performance against measurable financial and non-financial objectives. Typically, these relate to important business metrics such as earnings, portfolio leasing statistics, achievement of design, development and construction objectives (including in relation to obtaining development approvals, achieving development starts and subsequent construction milestones), compliance with development budgets (including in relation to project yields achieved on completion), treasury and capital management objectives and other specific objectives relevant to the Group's business at a point in time. The Group also maintains a strong focus on improving the return on capital invested in the Group's business. Non-financial objectives include matters such as occupational health and safety, compliance, maintenance and enhancement of the Group's reputation, sustainability issues, human resources and succession planning, diversity and a range of other matters relevant to the Group's business.

The Group is increasingly focussed on the importance of innovation and technology in every aspect of the business. In addition to the establishment of Westfield Labs in San Francisco as a source of digital innovation, the Group is seeking to engage all employees in a program of cultural change which emphasises the need for innovation aimed at achieving a greater connection with our retailers and customers, both through our expanding digital platform and otherwise. Westfield Corporation's remuneration policies are designed to encourage and recognise innovation and a customer centric approach by executives within the business.

Directors' Report (continued)

(b) Enable the Group to attract and retain key executives capable of contributing to the Group's global business, who will create sustainable value for securityholders and other stakeholders

The ability of the Group to achieve continuity within the executive team is a significant continuing objective. Given the size, geographic spread and complexity of the 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 Group. A typical large scale project 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 Group. The ability to transfer that project experience and learning for the benefit of the Group's global portfolio, places a further premium on retention of our best executives at all levels.

Westfield Corporation has a very material development pipeline (currently approximating \$11.4 billion of current and future projects) to be executed in various locations in the coming years. In this context, continuity in the senior executive team remains a major issue.

The Equity Linked Plans operated by the Group are regarded by the Board as an essential retention tool for the Senior Executive Team. The design of the LTI Plan with a Qualifying Period (during which performance is measured and qualification against a targeted number of awards 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.

(c) Appropriately align the interests of executives with securityholders

As noted above, it is the objective of the Group to align executive remuneration with the interests of securityholders. Broadly, the Group adopts policies and structures which encourage intensive focus on the operating business, to create sustainable growth in earnings and achieve competitive returns on equity over time.

Alignment is achieved in a number of ways including:

- through the application of appropriate performance criteria in the STI Plan;
- through measurement of team performance against the hurdles set in respect of awards made under the LTI Plan;
- through the participation by the executive team in the Group's Equity Linked Plans where the value derived by executives on maturity reflects movements in the share price over time; and
- through a culture which rewards performance and decision making aimed at creating long term value for securityholders.

Broadly, as executives gain seniority in the Group, the balance of the remuneration mix moves to a higher proportion of contingent incentives (both short and long term), and a lesser proportion in base salary. These short and long term incentives are performance related and are considered to be "at risk".

8.3 Corporate Performance

Full details of the Group's various financial and operating achievements are contained in section 1 of the Directors' Report. Although, at a strategic level, the Reporting Period was dominated by the Restructure, Westfield Corporation has affirmed its intention to deploy available capital in the highest quality and most productive retail centres globally and to continue to enhance the quality of its portfolio through the disposal of assets which do not meet the Group's investment criteria.

Financial highlights during the shortened Reporting Period include:

- Net profit of \$582.3 million;
- Funds from Operation (**FFO**) was \$390.7 million, representing 18.8 cents per security; and
- Distributions for the 6 months were 12.3 cents per security.

The results were in line with forecasts made to the market during the Reporting Period and included in the Securityholder Booklet issued in connection with the Restructure.

Although the performance of the Group by comparison with its domestic and international peers is reviewed regularly, the remuneration policy of the Group is focussed on achievement of the Group's internal financial and operational objectives. The Group regards achievement of these objectives as the appropriate criteria for determining remuneration rather than measuring relative performance against a market index or an external comparator group.

The following pages contain an analysis of the Group's performance using various metrics. As the Group has only been in existence for 6 months, a comparison over time is not possible at this stage.

(a) Earnings Performance

The Group will report FFO as a key performance measure. FFO is a widely recognised measure of the performance of real estate investment groups by the property industry and is an important measure of the operating performance of the Group.

The Group's FFO for the Reporting Period is 18.8 cents per security (refer Appendix B to this Report) which is consistent with the forecast made in the Securityholder Booklet issued in connection with the Restructure.

The Group also continues to measure and publish earnings per security (**EPS**).

Significant fluctuations in EPS occur from year to year as, under AIFRS, EPS includes non-cash items such as movements in the value of properties in the Group's portfolio and mark to market adjustments of financial instruments. Because of the impact of these non-cash items on the Group's profit and loss statement, EPS is not used as a key metric for assessment of the Group's performance.

The Group's EPS for the Reporting Period is as follows:

	EPS
1 July 2014 to 31 December 2014	28.02 cents

(b) Distributions

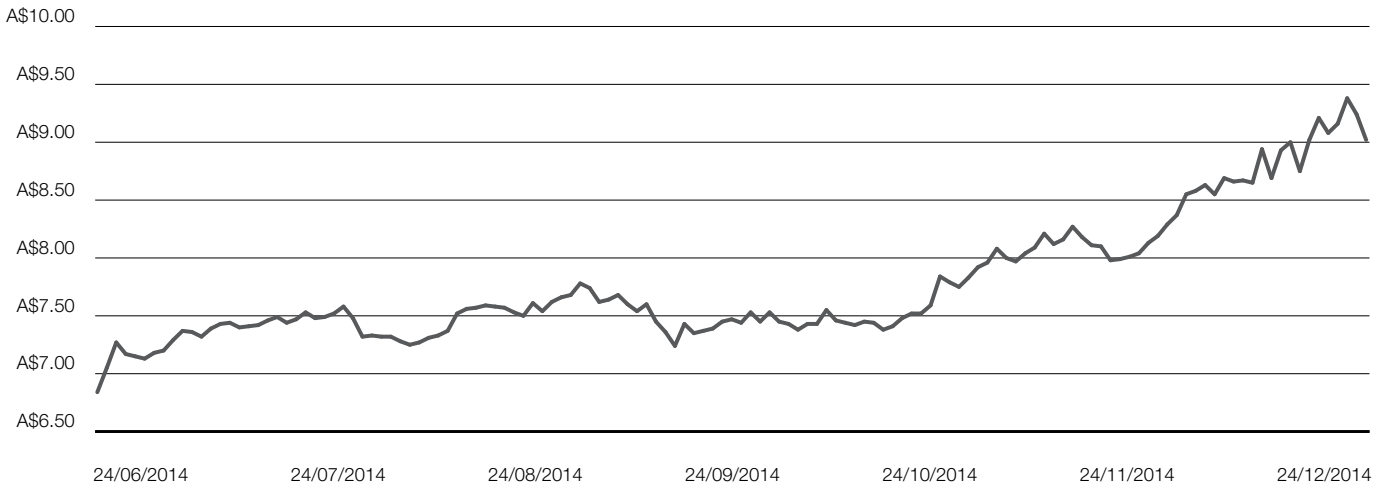
The Distribution to be paid by the Group in respect of the Reporting Period is as follows:

	Distribution per stapled security	Distribution
1 July 2014 to 31 December 2014	12.3 cents	\$255.6m

(c) WFD security price

The Group's security price (both on a standalone basis and measured against the S&P/ASX200 A-REIT Index) is shown in the graphs below:

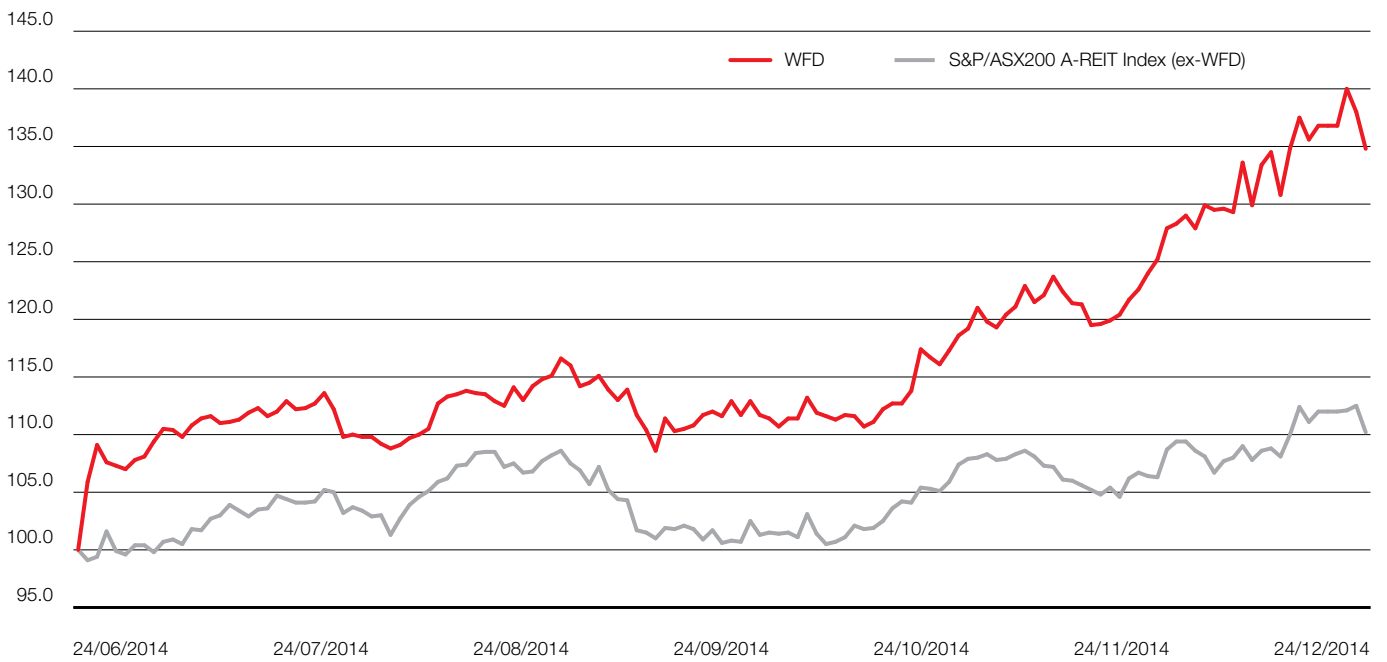
WFD Security Price: 24 June 2014 to 31 December 2014



Source: Bloomberg

Westfield Corporation is included in the S&P/ASX200 A-REIT Index with a weighting of approximately 20%. Given this significant weighting of the Group in that index, it is informative to show the comparison of Westfield Corporation's total returns against the performance of other index participants (excluding Westfield Corporation).

WFD total return (pro-forma for Restructure) versus S&P/ASX200 A-REIT Index constituents (excluding WFD)



Source: Rothschild Australia, FactSet

Directors' Report (continued)

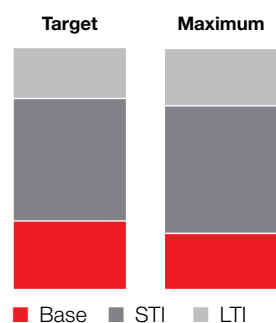
8.4 Our Remuneration Structure

The broad remuneration structure adopted by the Group is the same for each member of the Senior Executive Team. That remuneration comprises:

- Base Salary;
- Short Term Incentive – comprising a cash Performance Bonus and a deferred incentive granted to the executive under the STI Plan; and
- Long Term Incentive – which are 5 year awards granted under the LTI Plan.

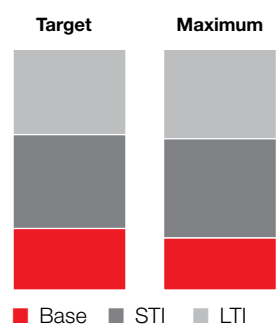
The Group's remuneration practices are regularly benchmarked against its competitors in all markets. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

For KMP, a typical breakdown of the components of Total Remuneration, measured at both the Target and Maximum levels is as follows:



Co-Chief Executive Officers Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	28	23
STI:	52	53
LTI:	20	24
At Risk:	72	77



President and Chief Operating Officer Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	24	21
STI:	40	42
LTI:	36	37
At Risk:	76	79

(a) Base Salary

Base Salary or fixed remuneration is reviewed annually and advised to the executive. Base Salary levels are benchmarked regularly against global competitors. All senior executives are paid in US dollars or British pounds – being the currencies in which the Group derives income from its business operations.

(b) Short Term Incentives

Short Term Incentives or STIs are closely linked to the performance of the executive measured against objectives (**KPIs**) which are established each year pursuant to a performance review and development system. Under that system, senior management and the executives work together prior to the commencement of each financial year to establish agreed business and personal development objectives. These KPIs 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.

Prior to the commencement of the financial year, each member of the Senior Executive Team is advised of a Target STI which is the amount which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the KPIs set for that executive. The executive is eligible for the Maximum STI which reflects the maximum amount the Group would pay to that executive for performance against those KPIs. The Maximum STI typically exceeds the Target STI by 25%. Payments in excess of the Target STI are typically made in recognition of an individual contribution which has resulted in the creation of significant value for the Group.

The actual STI awarded to the executive is determined by the Board (taking into account recommendations made by the Human Resources Committee) by reference to the performance of the executive against the agreed KPIs, the corporate performance of the Group and any other aspect of the executive's performance which is considered relevant in the context of the review, including participation in a major corporate or operational project undertaken by the Group in that year.

Once determined, the value of the STI is delivered to the executive through a combination of a cash Performance Bonus and equity linked awards under the 3 year EPR Plan. For the Senior Executive Team, the Performance Bonus typically represents between 65-75% of the STI, with the balance (25-35%) paid to the executive under the EPR Plan. KMP receive a minimum of 35% of their STI under the EPR Plan. Essentially, the EPR Plan is a 3 year equity linked incentive where the value of awards received by the executive fluctuates up or down with movements in the price of the Group's securities. The mechanics of the EPR Plan are explained in more detail in the Appendix.

The KPIs adopted for each KMP in respect of the Reporting Period, the weighting given to that KPI for that executive and the assessed performance against that KPI are set out in the table below. Although the remuneration disclosures for the Group relate only to the 6 month period dating from its inception on 1 July 2014, we have included in the summary of KPIs set out below (and in the associated commentary) reference to the full year KPIs of each of the relevant executives.

In general, performance was achieved at or above the Target Level. The Above Target STI paid to the Co-CEOs principally results from the assessed level of performance against the objectives relating to the Restructure (KPI 1 below) and Treasury and Financial Management (KPI 2 below) where the performance of the Co-CEOs was assessed as Above Target. The STIs paid to the Co-CEOs equate to 95% of the Maximum STI and the STI paid to the COO equates to 90% of Maximum. The STIs paid to other KMP were paid at Target. Details of the Short Term Incentive paid to KMP are set out in the table below, including the percentage paid in cash and the percentage deferred into the Group's 3 year EPR Plan.

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
	Co-CEOs/ CFO	President/ COO	GC/ CoSec	Deputy CFO		
1. Capital Restructure Having conducted a full review of alternative capital structures in 2013, in December 2013, the Westfield Group announced a restructure proposal resulting in the demerger of the Group's Australian and New Zealand assets and the merger of that business with Westfield Retail Trust (to create Scentre Group and Westfield Corporation as separate listed entities). Subject to securityholder approval, the specific KMP objective was to oversee the successful implementation of the Restructure and the subsequent transition period.	25	15	25	25	Above Target	KMP led implementation of this complex Scheme of Arrangement proposal including negotiations with Westfield Retail Trust, obtaining regulatory approvals, obtaining tax and revenue clearances, negotiating transaction documents, preparation of Securityholder Booklet for Westfield Group, discussions with securityholders, market participants and proxy advisors and a variety of related activities. Following approval of the Scheme of Arrangement by securityholders and the Supreme Court of NSW, the KMPs have overseen the transition of the demerged businesses into separate ASX listed entities including the division of all operating and corporate functions of each business under new management teams. Following the restructuring, the combined market capitalisation of Westfield Corporation and Scentre Group is now over A\$41 billion, representing A\$12 billion of value creation for the securityholders of the Westfield Group and Westfield Retail Trust who participated in the Restructure. In addition to meeting the financial forecasts set out in the Westfield Group Securityholder Booklet, the newly formed Westfield Corporation achieved a total return of 34.6% in the Reporting Period (a level of performance which significantly exceeded any international or domestic comparator group).
2. Treasury and Financial Management Includes specific objectives relating to management of the Group's debt and derivatives and its equity base. Objectives also relate to the Group's communication with securityholders and other market participants. Importantly, in the Reporting Period, those specific objectives included putting in place the bridging finance required to undertake the capital restructuring and, following implementation of the Restructure, effecting a refinancing of that bridging finance.	15	–	10	10	Above Target	In addition to its usual treasury activities, in connection with the Restructure, the Westfield Group was able to put in place bridging finance (as required to effect the Restructure) with aggregate facility limits of approximately A\$22 billion. Following completion of the transaction, that bridging finance was partially refinanced by a US\$3.5 billion bond issue by Westfield Corporation in the US markets – the largest ever single issue by a REIT. Again, the size and complexity of the treasury transactions required to implement the Restructure and the subsequent refinancing of those transactions set a number of market benchmarks in the global REIT industry. The refinancing of the bridging finance was completed during the Reporting Period on favourable terms, both as to pricing and maturity. As at the end of the Reporting Period, Westfield Corporation has a strong balance sheet and liquidity position. The Group's gearing is 35.1%, taking into account the recently completed O'Connor joint venture.
3. Financial Reporting Oversight of compliance with the Group's statutory and financial reporting obligations including the statutory financial statements and quarterly information and other financial reporting and presentations required in the course of the Group's business.	5	–	5	20	At Target	(Relates to Westfield Corporation only) Apart from the extensive financial reporting required in connection with the Restructure (including in the Securityholder Booklet issued by Westfield Group (see 1 above)), the completion of the Restructure gave rise to the need to produce half year and full year financial accounts which reflected the complexities inherent in the demerger of the Australian and New Zealand businesses and the establishment of the reconstructed Westfield Corporation. The Group's objectives with regard to a smooth reporting transition following the Restructure were achieved.

Directors' Report (continued)

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
	Co-CEOs/ CFO	President/ COO	GC/ CoSec	Deputy CFO		
4. Portfolio Management Targets relate to rental growth, specialty occupancy levels, sales growth, bad debts, management of tenant incentives, management of commercial relationships as joint venture partner and property manager.	15	25	–	5	At Target	(Relates to Westfield Corporation only) Consistent high levels of occupancy (up 0.4% to 95.8%) were again achieved across the portfolio coupled with comparable net income growth of 5.3% and annual speciality retail sales increasing by 3.9%. The US business again achieved an improvement in all relevant metrics. The strong performance of the Group's two London centres continued with aggregate sales in excess of £2 billion. The first phase of the five year rent review at Westfield London was completed at rentals in line with target.
5. Development Projects Objectives relate to achievement of targets relating to identification and progression of new developments, development starts and completion of developments on time and on budget as well as refreshing the development pipeline.	10	25	–	5	At Target	Developments were completed on time and in line with target yields at Montgomery and Garden State Plaza in the United States. Good progress made on \$2.4 billion of projects under construction including World Trade Center (\$1.4 billion), the Village at Topanga (\$250 million) in the United States and Bradford (£260 million) in the United Kingdom. The Group continues to undertake significant pre-development work on the \$9 billion of future development (Westfield Corporation: \$4.5 billion) including Century City, UTC and Valley Fair in California, Westfield London Stage 2 and Croydon in London and Milan in Italy. Key anchor tenancies for a number of projects have been put in place. These projects have an expected average yield of 7-8%.
6. Strategic Dispositions/ Joint Ventures In the first half of 2014, Westfield Group continued to implement a strategy of targeted disposals of less productive assets and completion of strategic joint ventures on other identified assets with the objective of redirecting capital into higher performing assets. Westfield Corporation will continue this strategy with respect to the potential sale of certain regional assets in its US portfolio and the joint venturing of other assets.	10	5	10	10	Above Target	During the first half of 2014, Westfield Group completed the sale of Merry Hill, Derby and Sprucefield (all UK regional assets) to Intu plc for a total consideration of £597 million. This transaction completed the process of asset disposals in the UK and resulted in the Group's portfolio comprising Westfield London and Stratford City as well as significant development opportunities at Westfield London (Stage 2), Croydon and Milan together with significant residential opportunities. In February 2015, Westfield Corporation entered into a series of transactions with O'Connor Capital Partners which realised net proceeds of approximately \$700 million (before tax).
7. Digital Strategy Continuing to implement the Group's strategy of utilising our global position to develop the technological platform and infrastructure necessary to connect the digital shopper with the physical world and significantly enhance the shopping experience at Westfield centres for the benefit of both shoppers and retailers.	10	10	10	10	At Target	The Group continued its focus on digital innovation. Our digital team in San Francisco, known as Westfield Labs, continued to develop both core products and infrastructure (including the corporate website, mobile apps, the searchable mall, Westfield's publishing platform and big data analytics) and various pilot initiatives (such as the food app, express parking, digital storefronts, WiFi enhancement and others). The KMPs have overseen a program designed to enhance integration of these initiatives into the business and have introduced significant new skill bases in entertainment, brand partnerships and marketing in order to better leverage the Group's digital strategy.

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
	Co-CEOs/ CFO	President/ COO	GC/ CoSec	Deputy CFO		
8. New Markets Identification and exploration of potential markets for expansion by the Group including the review of specific acquisition or development opportunities in new markets.	5	15	–	–	At Target	The Group continued its review of new markets and opportunities in various regions. The Group increased its interest in the €1.4 billion Milan project to 75%. That project is now due for commencement in 2016-2018. Comprehensive market analysis continues on a number of potential markets and opportunities for the development of iconic centres in world cities.
9. Secretariat Function Objectives relate to all aspects of the Secretariat function including the management and conduct of Board meetings, meetings of the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee, Due Diligence Committee, the Annual General Meeting and Extraordinary General Meetings including liaising with the Chairman, Deputy Chairman and non-executive Directors in relation to matters before the Board.	–	–	20	–	At Target	The workload assumed for the Secretariat function as a consequence of the Restructure and the establishment of Westfield Corporation was noted. Non-Executive Directors noted their satisfaction with the form and content of Board and Committee papers and the organisation and conduct of Board and Committee meetings. The role of the General Counsel in liaising with the Board, Board Committees Due Diligence Committees and with Non-Executive Directors in the course of the Restructure was noted.
10. Risk Management/Compliance Objectives relate to establishment and implementation of core risk management and compliance policies, systems and practices as required to comply with the Group's statutory, listing and other obligations and to ensure an appropriate level of protection of stakeholder interests.	–	–	15	10	At Target	Following the Restructure, Westfield Corporation has reviewed its existing structures, policies and procedures relating to Risk Management and Compliance matters. The Board and management are satisfied that appropriate risk management and compliance structures are now in place. During the Reporting Period, other than in the area of Life Safety (see 11 below), there has also been a particular focus on issues relevant to the multi-jurisdictional nature of the Group's business including in relation to data protection and data privacy. Given international reform in jurisdictions in which the Group operates, the Group has also reviewed its policies and processes on bribery and corruption.
11. Life Safety Objectives relate to all aspects of life safety issues including a review against key statistical measures, an assessment of compliance with legislation and industry standards and operation and improvements to the Westfield system dealing with life safety issues.	5	5	5	5	At Target	The Group met or exceeded all important life safety metrics. There were no fatalities on Westfield Group/Westfield Corporation construction sites in 2014. Other life safety statistics relating to employees, contractors and shoppers remained at or below comparable levels to previous years. Work continued on a range of specific initiatives designed to reduce self-harm incidents at the Group's centres.

Executive	Assessed Performance Level	STI Amount	Cash	Equity
Peter Lowy	Above Target: 95% of Maximum STI	\$2,648,000	\$1,720,000 (65%)	\$928,000 (35%)
Steven Lowy	Above Target: 95% of Maximum STI	\$2,712,000	\$1,758,000 (65%)	\$954,000 (35%)
Michael Gutman	Above Target: 90% of Maximum STI	\$1,246,000	\$813,000 (65%)	\$433,000 (35%)
Simon Tuxen	At Target: 80% of Maximum STI	\$578,000	\$356,000 (62%)	\$222,000 (38%)
Elliott Rusanow*	At Target: 80% of Maximum STI	\$555,000	\$422,000 (76%)	\$133,000 (24%)

* Following his assumption of the role of Deputy Chief Financial Officer in the Reporting Period, Mr Rusanow joined the KMP. In 2015, a minimum of 35% of Mr Rusanow's STI will be paid in deferred equity under the terms of the STI Plan.

Directors' Report (continued)

(c) Long Term Incentives

Only the senior leadership team participates in the LTI Plan utilised by the Group. In the Reporting Period, 21 executives, including the Executive Directors, participated in the LTI Plan.

The LTI Plan is designed to encourage a "partnership" amongst the senior leadership team of the Group which emphasises the strategic leadership role of that team. Through the LTI Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of securityholders.

The mechanics of the LTI Plan (also referred to as the PIR Plan) are described in section 1 of Appendix A to this Report.

The performance hurdles applicable under the LTI Plan are determined annually by the Board. The hurdle used in the Reporting Period is described below.

Actual performance against the hurdles which apply during the Qualifying Period will determine the final number of awards which the executive receives at the end of that period. If full qualification for awards is not achieved, there is no provision in the Plan for retesting in subsequent years.

The Board reserves the right to adjust the performance hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period. No adjustments were made to the performance hurdles in the Reporting Period.

The awards issued under the LTI 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.

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, Westfield aims, through the issue of awards under the LTI Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period.

In setting the hurdles under the LTI Plan, the Board has adopted the concept of a "Target LTI" and a "Maximum LTI". The concepts are similar to those described above in connection with the STI Plan. That is, the "Target LTI" is the level of vesting of awards (measured against a performance hurdle) to which a plan participant is entitled assuming that performance against the hurdle meets the high levels expected by the Group. The "Maximum LTI" (which typically exceeds the Target LTI by 50%) includes "stretch objectives" and rewards plan participant for performance which exceeds the "Target level".

For the purposes of this Report (including the vesting tables for the PIR Plan in section 1.4 of the Appendix), the level of vesting is measured against both the Target LTI and the Maximum LTI for each year. As a further example, the table below relating to performance against the FFO hurdle in the Reporting Period expresses the level of vesting against that hurdle as both a percentage of the Target LTI (and the Maximum LTI).

2014 Long Term Incentives

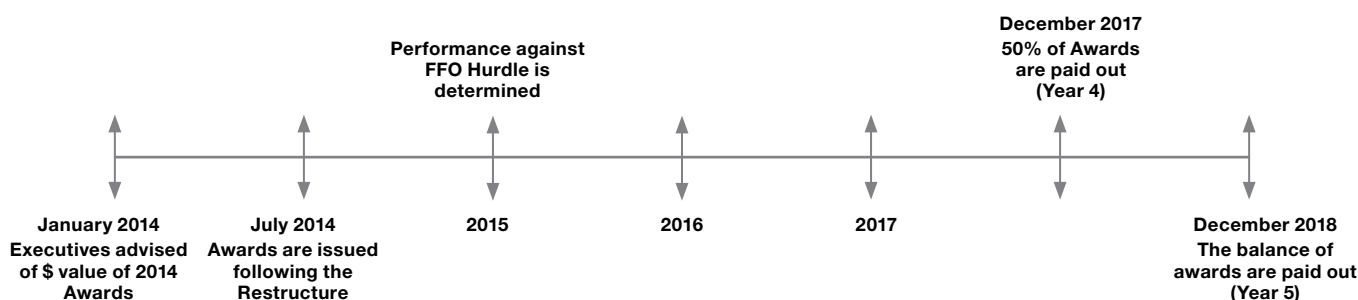
The annual grant of LTI awards to Westfield executives in 2014 was interrupted by the possibility of the Restructure occurring in the Reporting Period. Prior to the Restructure occurring, the Senior Executive Team was advised of the value of their 2014 awards under the LTI plan, but the issue of awards was deferred pending implementation of the Restructure. The view of the Committee was that it did not wish to issue awards which were subject to a Westfield Group related performance hurdle where that performance hurdle(s) would have to be waived on the occurrence of the Restructure (as the former Westfield Group would no longer exist).

As a consequence, the issue of 2014 awards was deferred until after the Restructure completed in June 2014. Having deferred the issue of awards, and having regard to the efforts and cooperation of Senior Executive Team in effecting the Restructure in a manner which preserved the pre-existing awards issued under long term plans operated by Westfield Group, the Board determined that it was appropriate to adopt a single performance hurdle for the 2014 LTI Plan awards. That hurdle related to achieving the FFO forecast for 2014 (as set out in the Westfield Group Securityholder Booklet) and is described in more detail below. The Board also had regard to the fact that in the six month period preceding the Restructure, Westfield Group achieved its target FFO as forecast in the Securityholder Booklet.

The Board and the Committee acknowledge that determining entitlements to the 2014 LTI Plan awards by reference to a single short term hurdle is exceptional. The decision to do so was based on a range of unusual circumstances which existed in 2014 as a result of the Restructure.

The 2015 awards will be issued subject to hurdles relating to both FFO (measured over 1 year) and a further 4 year hurdle which will measure the success of execution of the Group's \$11.4 billion current and future development program in that period. It is expected that these hurdles will have equal weighting. Establishing a new hurdle which focusses on the execution of the development program reflects the Board's expectation that the performance of the Senior Executive Team in this area will have a material impact on the value of the Group (and ultimately on the security price). Further details on these hurdles will be included in the Remuneration Report for 2015.

During 2015, the Committee will also conduct a full review of the Westfield Corporation remuneration structure, including the nature of the LTI Plan hurdles which will be adopted for 2016 and beyond.



The FFO Hurdle

The FFO hurdle is an important measure of the health of the operating business of the Group. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry. The basis for calculation of the Group's FFO is described in Appendix B to this Report. 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 Appendix B to this Report. FFO is the primary published earnings measure used by the Group and is reported to the market semi-annually.

Performance against this hurdle is measured in a single Qualifying Period (in the present case, the 6 month period to 31 December 2014). Awards are granted based on performance in the Qualifying Period, with a requirement that the executive remains with the Group for a further 4 years in order to achieve full vesting. The Committee considers that the structure of this hurdle, with performance measured in a single Qualifying Period and vesting over an extended period, provides an appropriate balance between providing a performance incentive and promoting retention.

As noted above, the Board reserves the right to adjust the performance hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period (e.g. a significant equity issue or the sale or joint venture of a material part of the portfolio). Where the Board considers that an adjustment is required, the methodology for the adjustment is referred by the Board to an independent expert for confirmation that the adjustment is fair and reasonable. No adjustment was made to the FFO performance hurdle in the Reporting Period.

The FFO per security hurdle adopted by the Board for the 2014 Qualifying Period incorporated a graduated scale of FFO earnings per security which was as follows:

FFO Target (US cents)		Percentage of Target LTI	Percentage of Maximum LTI
24.1 or Above	Maximum LTI	150%	100%
23.1 – 24.0		140%	93.2%
22.6 – 23.0		130%	86.6%
22.1 – 22.5		125%	83.3%
21.6 – 22.0		120%	79.9%
21.1 – 21.5		115%	76.6%
20.6 – 21.0		110%	73.3%
20.1 – 20.5		105%	69.9%
19.0 – 20.0		100%	66.6%
18.8 – 19.0	Target LTI	100%	66.6%
18.5 – 18.7		90%	59.9%
18.0 – 18.4		80%	53.3%
17.5 – 17.9		50%	33.3%
17.5 or Below	Threshold	0%	0%

In the 2014 Qualifying Period, the Group achieved FFO per security of 18.8 cents which was in line with the Group's forecast FFO as notified to the market and incorporated in the Securityholder Booklet issued in connection with the Restructure. As a consequence, the hurdle was satisfied at the "Target level" or 66.6% of the Maximum level of vesting achievable against this hurdle.

Other hurdles considered by the Board

As in previous years, the Human Resources 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 Corporation securities.

Although Westfield (and its predecessor) has a well established record of superior share market performance (which, as noted above, includes the Reporting Period) both in relative and absolute terms, the philosophy of the 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 Group's securities. The Board's view remains that the target level of vesting of 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 Corporation securities. Rather, performance hurdles should focus on the fundamentals of the Group's business and on the performance of the executive team in meeting the targets which the Group sets for itself. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, securityholders 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 Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive and vice versa.

The Human Resources Committee and the Board are satisfied that the hurdles used in respect of awards issued in the Reporting Period, and the remuneration structure in general, are appropriate having regard to the general objectives referred to above.

8.5 Remuneration of the Key Management Personnel

For the purposes of this section of the Report, the KMP disclosed are as follows:

1. Peter Lowy	Executive Director, Co-Chief Executive Officer and Chief Financial Officer
2. Steven Lowy	Executive Director, Co-Chief Executive Officer
3. Michael Gutman	Executive Director, President and Chief Operating Officer
4. Simon Tuxen	General Counsel and Company Secretary
5. Elliott Rusanow	Deputy Chief Financial Officer

The non-executive Directors are also KMP. Their remuneration in the Reporting Period is disclosed in section 8.7.

The remuneration of all KMP is determined by the Board, acting on recommendations made by the Human Resources Committee.

As this is the first Reporting Period of Westfield Corporation, there are no comparative figures from prior years.

The Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Human Resources Committee takes into account advice from independent consultants and advisers on trends in remuneration for KMP (see section 8.1 for further details). Given the nature of the business conducted by Westfield Corporation, including the fact that the vast majority of employees are located in the US and the UK and the Group's earnings are from its operations in those jurisdictions, the focus of the Committee is increasingly on global remuneration trends. In arriving at recommendations, the advisers consider a wide range of factors including the Group's financial profile, the complexity and geographic spread of its business and the size and scope of the responsibilities assumed by KMP.

Specific discussion in relation to the Short Term Incentives and Long Term Incentives paid to the executive KMP in the Reporting Period is included in section 8.4.

Directors' Report (continued)

8.5.1 Co-Chief Executive Officers

The employment arrangements of the Co-Chief Executive Officers are as follows.

Mr Peter Lowy

- Has been with Westfield since 1983.
- Has resided in the United States since 1990.
- Mr Lowy also serves as Chief Financial Officer and is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Towers Watson 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.
- Mr Lowy's Short Term Incentive for the Reporting Period was paid at 95% of the Maximum level.
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

Mr Peter Lowy: Fixed and at risk remuneration for the six months ended 31 December 2014

Component of remuneration	\$
Short term employee benefits	
– Base salary	1,250,000
– Fixed	
– Cash bonus ⁽¹⁾	1,720,000
– At risk	
– Other short term employee benefits ⁽²⁾	71,904
– Fixed	
– Non monetary benefits	–
– Fixed	
Total short term employee benefits	3,041,904
Post employment	
– Pension and superannuation benefits	–
Other long term benefits	–
Amortisation of all awards on issue ⁽³⁾	
– Cash settled awards (at risk)	1,160,191
– Equity settled awards (at risk)	1,162,797
Total remuneration	5,364,892

⁽¹⁾ No part of this bonus is payable in respect of any future financial year.

⁽²⁾ Comprising annual leave entitlements.

⁽³⁾ Refer to the tables in the Appendix for details of awards held by Mr Lowy under the Equity Linked Plans.

Mr Steven Lowy

- Has been with Westfield since 1987.
- Mr Lowy is a member of the Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Towers Watson 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.
- Mr Lowy's Short Term Incentive for the Reporting Period was paid at 95% of the Maximum level.
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

Mr Steven Lowy: Fixed and at risk remuneration for the six months ended 31 December 2014

Component of remuneration	\$
Short term employee benefits	
- Base salary ⁽¹⁾	1,112,750
Fixed	
- Cash bonus ⁽²⁾	1,758,145
At risk	
- Other short term employee benefits	-
Fixed	
- Non monetary benefits	-
Fixed	
Total short term employee benefits	2,870,895
Post employment	
- Pension and superannuation benefits	-
Other long term benefits	-
Amortisation of all awards on issue ⁽³⁾	
- Cash settled awards (at risk)	1,160,191
- Equity settled awards (at risk)	1,198,239
Total remuneration	5,229,325

⁽¹⁾ Mr Lowy's base salary is inclusive of statutory superannuation contributions.

⁽²⁾ No part of this bonus is payable in respect of any future financial year.

⁽³⁾ Refer to the tables in the Appendix for details of awards held by Mr Lowy under the Equity Linked Plans.

Directors' Report (continued)

8.5.2 President & Chief Operating Officer

Mr Michael Gutman

- Has been with Westfield since 1993.
- Is responsible for overall management of all aspects of the Group's operating business globally. Mr Gutman is also a member of the Executive Committee.
- All aspects of Mr Gutman's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Towers Watson 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.
- Mr Gutman's Short Term Incentive for the Reporting Period was paid at 90% of the Maximum level.
- Details of Mr Gutman's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Gutman's fixed and at risk remuneration for the Reporting Period.

Mr Michael Gutman: Fixed and at risk remuneration for the six months ended 31 December 2014

Component of remuneration	\$
Short term employee benefits	
– Base salary ⁽¹⁾	623,140
Fixed	
– Cash bonus ⁽²⁾	812,308
At risk	
– Other short term employee benefits ⁽³⁾	26,999
Fixed	
– Non monetary benefits ⁽⁴⁾	76,658
Fixed	
Total short term employee benefits	1,539,105
Post employment	
– Pension and superannuation benefits	40,352
Other long term benefits	–
Amortisation of all awards on issue ⁽⁵⁾	
– Cash settled awards (at risk)	580,104
– Equity settled awards (at risk)	1,182,452
Total remuneration	3,342,013

⁽¹⁾ Mr Gutman's base salary is exclusive of statutory superannuation contributions.

⁽²⁾ 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 such as medical benefits, home leave plus fringe benefit tax on those benefits.

⁽⁵⁾ Refer to the tables in the Appendix for details of awards held by Mr Gutman under the Equity Linked Plans.

8.5.3 General Counsel and Company Secretary

Mr Simon Tuxen

- Has been with Westfield since 2002.
- Is responsible for oversight of the legal, secretariat and compliance functions of the Group. Mr Tuxen is also a member of the Executive Committee.
- All aspects of Mr Tuxen's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Towers Watson 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.
- Mr Tuxen's Short Term Incentive for the Reporting Period was paid at Target – 80% of the Maximum level.
- Details of Mr Tuxen's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Tuxen's fixed and at risk remuneration for the Reporting Period.

Mr Simon Tuxen: Fixed and at risk remuneration for the six months ended 31 December 2014

Component of remuneration	\$
Short term employee benefits	
- Base salary ⁽¹⁾	422,845
Fixed	
- Cash bonus ⁽²⁾	356,080
At risk	
- Other short term employee benefits ⁽³⁾	23,747
Fixed	
- Non monetary benefits	-
Fixed	
Total short term employee benefits	802,672
Post employment	
- Pension and superannuation benefits	-
Other long term benefits	-
Amortisation of all awards on issue ⁽⁴⁾	
- Cash settled awards (at risk)	430,428
- Equity settled awards (at risk)	676,213
Total remuneration	1,909,313

⁽¹⁾ Mr Tuxen's base salary is inclusive of statutory superannuation contributions.

⁽²⁾ No part of this bonus is payable in respect of any future financial year.

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

⁽⁴⁾ Refer to the tables in the Appendix for details of awards held by Mr Tuxen under the Equity Linked Plans.

Directors' Report (continued)

8.5.4 Deputy Chief Financial Officer

Mr Elliott Rusanow

- Has been with Westfield since 1999.
- Is the Deputy Chief Financial Officer. Mr Rusanow is also a member of the Executive Committee.
- All aspects of Mr Rusanow's remuneration are reviewed annually by the Human Resources Committee and the Board. To assist in that review, an external review is conducted by Towers Watson 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.
- Mr Rusanow's Short Term Incentive for the Reporting Period was paid at Target – 80% of the Maximum level.
- Details of Mr Rusanow's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

The summary below outlines Mr Rusanow's fixed and at risk remuneration for the Reporting Period.

Mr Elliott Rusanow: Fixed and at risk remuneration for the six months ended 31 December 2014

Component of remuneration	\$
Short term employee benefits	
– Base salary ⁽¹⁾	422,845
Fixed	
– Cash bonus ⁽²⁾	422,845
At risk	
– Other short term employee benefits ⁽³⁾	14,066
Fixed	
– Non monetary benefits	–
Fixed	
Total short term employee benefits	859,756
Post employment	
– Pension and superannuation benefits	–
Other long term benefits	–
Amortisation of all awards on issue ⁽⁴⁾	
– Cash settled awards (at risk)	229,574
– Equity settled awards (at risk)	420,378
Total remuneration	1,509,708

⁽¹⁾ Mr Rusanow's base salary is inclusive of statutory superannuation contributions.

⁽²⁾ No part of this bonus is payable in respect of any future financial year.

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

⁽⁴⁾ Refer to the tables in the Appendix for details of awards held by Mr Rusanow under the Equity Linked Plans.

8.6 Executive Service Agreements and Termination Arrangements

Following the Restructure, those executives employed in the US and UK businesses continued to be employed by the same entity as and their existing Service Agreements remained in place (with minor amendments to reflect the change in groups). A small number of senior executives previously employed by Westfield Holdings (now Scentre Group Limited and part of Scentre Group) have executed new Service Agreements with Westfield Corporation on terms which are identical in all material respects to their Service Agreements prior to the Restructure.

The Service Agreements entered into between Westfield Corporation 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 Group (including base salary, performance bonus and participation in the 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 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 Group three months' notice.

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payments by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements are set out below. The provisions of these Service Agreements must be read subject to the requirements of the *Corporations Act 2001*. In certain circumstances, payment of the entitlements referred to below may require prior approval of the members.

(a) Resignation (excluding retirement) and termination by the Group for cause

An executive who resigns from the Group to pursue other opportunities or who is dismissed by the 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 Group's equity linked incentive plans are forfeited, without payment, on termination.

(b) Redundancy or termination by the Group (other than for cause)

An executive made redundant by the 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 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 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 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 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 Group's equity linked incentive plans until the date of vesting of outstanding awards granted at least 6 months 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 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 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 Human Resources Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balances the interests of the 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 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 Report assist in achieving those objectives.

Directors' Report (continued)

8.7 Remuneration of Non-Executive Directors

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

Non-Executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions) 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 Westfield Corporation is currently a maximum of A\$3.5 million per annum.

The fees paid to the non-executive Directors in the Reporting Period are set out in the table below. The aggregate fees for non-executive Directors (including standing Committee fees) for the Reporting Period were \$1,168,530. On the recommendation of the Human Resources Committee, the Board determined that all fees for non-executive Directors (inclusive of superannuation guarantee contributions) remain at the level paid by the former Westfield Group in 2014. The same policy applied to Committee fees, the additional fee for Deputy Chair and the fee for Committee chair.

The remuneration of the non-executive Directors is determined by the Board (within the limits set by Westfield Corporation Securityholders), acting on recommendations made by the Human Resources Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate high calibre non-executive Directors to serve on the Westfield Corporation Board.

In making recommendations to the Board, the Human Resources 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 Westfield's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by non-executive Directors.

The table below sets out the remuneration for the non-executive Directors for the Reporting Period.

Name	Year	Base fee ⁽¹⁾ A\$	Deputy Chair fee A\$	Audit & Risk Committee A\$	Board Risk Management Committee A\$	Nomination Committee A\$	Human Resources Committee A\$	Total A\$
Frank Lowy	2014	250,000	–	–	–	–	–	250,000
Brian Schwartz	2014	92,500	15,000	25,000	–	5,000	–	137,500
Ilana Atlas	2014	92,500	–	–	–	–	10,000	102,500
Roy Furman	2014	92,500	–	–	–	–	10,000	102,500
Peter Goldsmith	2014	92,500	–	–	–	–	–	92,500
Mark G. Johnson	2014	92,500	–	15,000	–	–	–	107,500
Mark R. Johnson	2014	92,500	–	–	–	–	15,000	107,500
Donald Kingsborough ⁽²⁾	2014	63,530	–	–	–	–	–	63,530
John McFarlane	2014	92,500	–	–	–	–	–	92,500
Judith Sloan	2014	92,500	–	15,000	–	5,000	–	112,500

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

⁽²⁾ Mr Donald Kingsborough was elected to the Board on 28 August 2014. Accordingly, his Board fees for 2014 are on a pro-rated basis.

8.8 Definitions

An understanding of the following definitions will assist the reader in reviewing this Report:

<i>Executive Director</i>	means each member of the Board who is employed as an executive of the Group – being Mr Peter Lowy and Mr Steven Lowy (Co-Chief Executive Officers) and Mr Michael Gutman (President & Chief Operating Officer).
<i>Key Management Personnel</i>	or KMP includes each of the Executive Directors and any other executive responsible for planning, directing and controlling the Group's activities. The remuneration of all KMP, including non-executive Directors, is reported in detail in this Report.
<i>Senior Executive Team</i>	means the Group's senior management team comprising approximately 30 executives performing senior operational and corporate roles in the various countries in which the Group operates.
<i>Base Salary</i>	means the fixed remuneration paid to an executive at regular intervals (typically fortnightly or monthly).
<i>Short Term Incentive</i>	or STI means the annual incentive paid to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. A further description of the process for awarding STIs is set out in section 8.4. For the Senior Executive Team, each STI has two components: (a) cash performance bonus paid shortly after the end of the relevant financial year; and (b) the grant of awards under the EPR Plan (see below) whereby part of the STI is deferred for 3 years. The value of the deferred awards received by the executive at that time will fluctuate with movements in the market price of the Group's securities.
<i>Key Performance Indicators</i>	or KPIs are the performance objectives or measures used to assess the entitlement of executives to Short Term Incentives in any year. Typically these measures are both financial and non-financial.
<i>Performance Bonus</i>	means that part of the STI which is paid in cash.
<i>Equity Linked Plans</i>	or Plans means the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), both of which Plans are established under the Westfield Performance Rights Plan. Under the EPR Plan, the Group grants 3 year equity linked awards to executives (including the Senior Executive Team) as part of the annual Short Term Incentive. Under the PIR Plan, the Group grants 5 year equity linked awards to the Group's most senior executives. Unlike the EPR Plan, in order to achieve vesting of awards granted under the PIR Plan, the executive must satisfy certain performance hurdles set by the Board at the commencement of each year. A full description of both Plans can be found in section 8.4 and in the Appendix.
<i>Long Term Incentive Plan</i>	or LTI Plan means the Partnership Incentive Rights Plan (PIR Plan) established under the Westfield Performance Rights Plan. A full description of the LTI Plan can be found in section 8.4 and in the Appendix.
<i>Performance Hurdles</i>	means the hurdles established by the Board in connection with awards granted under the LTI Plan with a view to measuring performance of the executive team against key business and shareholder metrics. The rationale for choosing these hurdles and the way in which the hurdles operate is set out in section 8.4.
<i>Restructure</i>	means the transaction approved by securityholders in June 2014 whereby Westfield Corporation was established following the demerger of the former Westfield Group's Australian and New Zealand business.
<i>Reporting Period</i>	means the period from 1 July 2014 to 31 December 2014.
<i>Securityholder Booklet</i>	means the documents dated 14 April 2014 and 9 May 2014 issued to Westfield Group securityholders in relation to the Restructure.
<i>Target STI</i>	is a reference to the Target Short Term Incentive which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the objectives set for that executive at the start of the financial year.
<i>Maximum STI</i>	is a reference to the maximum Short Term Incentive which could be earned by an executive in a financial year. See section 8.4 for a discussion of the relationship between Target STI and Maximum STI.
<i>Target LTI</i>	is a reference to the Target Long Term Incentive which would be awarded to a participant in the LTI Plan for performance against a Performance Hurdle at a level which meets the high expectations of the Group in relation to performance against that Performance Hurdle over the period of measurement.
<i>Maximum LTI</i>	is a reference to the maximum Long Term Incentive which could be awarded to a participant in the LTI Plan for performance against the relevant Performance Hurdle. See section 8.4 for a discussion of the relationship between Target LTI and Maximum LTI.

APPENDICES TO REMUNERATION REPORT

APPENDIX A

1. Westfield's Equity Linked Plans

1.1 Equity linked incentive plans

Westfield Corporation has 2 active equity linked incentive plans – the EPR Plan and the PIR Plan.

The terms of the EPR and PIR Plans provide the Group with an election as to whether to settle awards with a cash payment or with the Group's equity. That election must be made by the Group no later than the date of vesting of an award.

As noted in section 1.4 below, the Group has a legacy plan (the PIP Plan) from the former Westfield Group. Under the terms of the PIP Plan, all awards are cash settled.

1.2 Mechanics of the Plans

Under the EPR Plan and the PIR Plan (used in connection with the STI Plan and long term incentives), on maturity, the executive is entitled to receive, at the election of the Group and for no further consideration, either:

- one Westfield Corporation security for each award; or
- a cash payment to the same value.

The relevant common features of both Plans are as follows:

- based on principles and remuneration bands agreed with the Human Resources Committee, participating executives earn the opportunity to participate in a Plan;
- immediately prior to the commencement of participation in the Plan, the dollar value of the executive's entitlement is converted into an award based on the then current market price of Westfield Corporation's stapled securities. For example, assuming a market price of \$10.00 per stapled security, a participant entitled to a grant of \$400,000 would receive an award equal to the economic benefit of 4,000 Westfield Corporation stapled securities; and
- assuming the executive remains employed by the Group through the vesting period and any applicable performance hurdles are satisfied, the executive will receive either a physical Westfield Corporation security or a cash pay-out equal to the capital value of the securities represented by the award.

As noted above, the right to receive the benefit of an award under a Plan is dependent on the executive remaining employed by Westfield throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board will allow vesting of all or part of the awards granted under the Plans (see section 8.6), or allow the executive to remain as a participant in the Plan through to the vesting date.

1.3 Short Term Incentives – The EPR Plan

The EPR Plan is a broader based plan in which senior executives and high performing employees participate. The EPR 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. If it is determined that an executive is entitled to a Short Term Incentive which exceeds a specific dollar amount, part of that incentive, typically 25-35% depending on the seniority of the executive, will be deferred into the EPR Plan.

Executives qualify to receive a pay-out of that deferred compensation by satisfying the requirement that they remain in the employment of Westfield Corporation through the vesting period. That vesting period is typically 3 years. There are no additional performance hurdles applicable during the vesting period.

Participants in the EPR and PIR Plans only receive dividends on securities after the vesting date.

Participants will qualify to receive the benefit of each award on the qualification date or, in limited circumstances described below, the date that they cease to be an employee of the Group. Depending on age, length of service and the date of retirement, retiring executives may be eligible to continue to participate in the Plans up to the vesting 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.

The Board also utilises the EPR Plan to make non-recurring awards (known as retention awards) to the Group's most senior executives. These retention awards are distinguished from the typical EPR Plan awards described above. They are granted with the specific aim of retaining the services of key executives over a period of 2 to 5 years. The Co-Chief Executive Officers do not receive retention awards.

These retention awards are intended to provide a further incentive to a small number of the Group's most senior executives in order to better secure their services over the vesting period. In granting these awards, the sole objective of the Group is retention of key executives for an extended period. Where the retention awards are issued to executives who also participate in the PIR Plan, the vesting of the awards is typically 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 Incentive in each of those years. Failure to achieve that hurdle in any year will result in all retention awards being forfeited.

No retention awards were issued to KMP in the Reporting Period.

(a) Participation in EPR Plan

The following chart details awards under the EPR Plan⁽¹⁾ held by KMP.

Executive	Date of grant	Number of rights held	Total rights held post adjustment ⁽²⁾	Vesting date	Fair value at grant ⁽³⁾ A\$	Market value at 31 Dec 2014 ⁽⁴⁾ A\$	Performance hurdles
Peter Lowy	1 Jan 2012	146,928	228,823	15 Dec 2014	993,233	2,063,983	N/A
	1 Jan 2013	109,351	170,301	15 Dec 2015	996,188	1,536,115	N/A
	1 Jul 2014	268,984 ⁽⁵⁾	268,984	15 Dec 2016	1,552,717	2,426,236	N/A
Steven Lowy	1 Jan 2012	146,928	228,823	15 Dec 2014	993,233	2,063,983	N/A
	1 Jan 2013	109,351	170,301	15 Dec 2015	996,188	1,536,115	N/A
	1 Jul 2014	310,367 ⁽⁵⁾	310,367	15 Dec 2016	1,791,599	2,799,510	N/A
Michael Gutman	1 Jan 2011	771,923	1,202,175	15 Dec 2015	5,889,772	10,843,619	N/A
	1 Jan 2012	110,196	171,617	15 Dec 2014	744,925	1,547,985	N/A
	1 Jan 2013	82,013	127,726	15 Dec 2015	747,138	1,152,089	N/A
	1 Jul 2014	137,940 ⁽⁵⁾	137,940	15 Dec 2016	796,262	1,244,219	N/A
Simon Tuxen	1 Jan 2012	73,465	114,413	15 Dec 2014	496,623	1,032,005	N/A
	1 Jan 2012	405,420	631,392	15 Dec 2016	2,424,412	5,695,156	N/A
	1 Jan 2013	54,675	85,150	15 Dec 2015	498,089	768,053	N/A
	1 Jul 2014	86,214 ⁽⁵⁾	86,214	15 Dec 2016	497,668	777,650	N/A
Elliott Rusanow	1 Jan 2011	128,654	200,363	15 Dec 2015	981,630	1,807,274	N/A
	1 Jan 2012	36,732	57,206	15 Dec 2014	248,308	515,998	N/A
	1 Jan 2013	27,338	42,576	15 Dec 2015	249,049	384,036	N/A
	1 Jan 2013	118,638	184,764	15 Dec 2017	982,323	1,666,571	N/A
	1 Jul 2014	51,729 ⁽⁵⁾	51,729	15 Dec 2016	298,603	466,596	N/A

⁽¹⁾ In Australia, the issuer of rights under the EPR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

⁽²⁾ The number of rights held reflects the adjustment made as a consequence of the Restructure. All rights issued by Westfield Group prior to the Restructure (which rights related to Westfield Group securities) were converted to Westfield Corporation rights in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any right granted to any KMP under the PIR 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 Group for the full term of the EPR Plan.

⁽⁴⁾ The market value as at 31 December 2014 is based on the closing price of Westfield Corporation securities of \$9.02.

⁽⁵⁾ The issue of 2014 rights under the EPR Plan was postponed until after the Restructure. The 2014 rights related solely to Westfield Corporation stapled securities. Therefore no adjustment to the number of these rights was required.

1.4 Long Term Incentives – The PIR Plan

Only the senior leadership team of Westfield Corporation participates in the PIR Plan under which Long Term Incentives are awarded. In the Reporting Period, 21 executives, including the Executive Directors, participated in the PIR Plan.

The PIR Plan itself is designed to encourage a “partnership” amongst the senior leadership team which will emphasise the strategic leadership role of that team. Through the PIR 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 8.2(c). The operation of the PIR Plan is as described above.

The performance hurdle(s) applicable under the PIR Plan are determined annually by the Human Resources Committee when determining which executives will be invited to participate in the PIR Plan. Executives are informed of those hurdles at the same time as they are advised of the potential number of awards 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 Group (e.g. a major capital raising) or a strategic decision by the Group which prevents achievement of the hurdle.

The awards issued under the PIR 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 hurdle chosen by the Human Resources Committee in respect of awards issued in the Reporting Period is discussed in section 8.4(c).

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 Group aims, through the issue of awards under the PIR 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 PIR Plan will be required to remain with the Group for a period of 5 years in order to get the full benefit of each award.

Directors' Report (continued)

(b) Participation in PIR Plan

The following chart details awards under the PIR Plan⁽¹⁾ held by KMP.

Executive	Date of grant	Number of rights held/ vesting date	Total rights held post adjustment ⁽²⁾	Fair value at grant ⁽³⁾ A\$	Market value at 31 Dec 2014 ⁽⁴⁾ A\$	Performance hurdles % Vesting ⁽⁵⁾	
						Target	Maximum
Peter Lowy ⁽⁶⁾	1 Jan 2012	145,459:15/12/15	226,535	926,574	2,043,346	100%	67%
		163,820:15/12/16	255,131	979,644	2,301,282	110% ⁽⁷⁾	
	1 Jan 2013	113,994:15/12/16	177,532	989,468	1,601,339	100%	67%
		148,297:15/12/17	230,955	1,227,899	2,083,214	125% ⁽⁸⁾	
1 Jul 2014 ⁽¹⁰⁾	179,986:15/12/17	179,986	989,279	1,623,474	100% ⁽⁹⁾	67%	
	187,546:14/12/18	187,546	981,456	1,691,665	100% ⁽⁹⁾		
Steven Lowy ⁽⁶⁾	1 Jan 2012	145,459:15/12/15	226,535	926,574	2,043,346	100%	67%
		163,820:15/12/16	255,131	979,644	2,301,282	110% ⁽⁷⁾	
	1 Jan 2013	113,994:15/12/16	177,532	989,468	1,601,339	100%	67%
		148,297:15/12/17	230,955	1,227,899	2,083,214	125% ⁽⁸⁾	
1 Jul 2014 ⁽¹⁰⁾	179,986:15/12/17	179,986	989,279	1,623,474	100% ⁽⁹⁾	67%	
	187,546:14/12/18	187,546	981,456	1,691,665	100% ⁽⁹⁾		
Michael Gutman ⁽⁶⁾	1 Jan 2012	72,729:15/12/15	113,267	463,284	1,021,668	100%	67%
		81,911:15/12/16	127,567	489,828	1,150,654	110% ⁽⁷⁾	
	1 Jan 2013	56,997:15/12/16	88,766	494,734	800,669	100%	67%
		74,149:15/12/17	115,478	613,954	1,041,612	125% ⁽⁸⁾	
1 Jul 2014 ⁽¹⁰⁾	89,993:15/12/17	89,993	494,640	811,737	100% ⁽⁹⁾	67%	
	93,773:14/12/18	93,773	490,728	845,832	100% ⁽⁹⁾		
Simon Tuxen ⁽⁶⁾	1 Jan 2012	54,547:15/12/15	84,951	347,464	766,258	100%	67%
		61,432:15/12/16	95,673	367,363	862,970	110% ⁽⁷⁾	
	1 Jan 2013	42,748:15/12/16	66,575	371,053	600,507	100%	67%
		55,612:15/12/17	86,609	460,459	781,213	125% ⁽⁸⁾	
1 Jul 2014 ⁽¹⁰⁾	67,496:15/12/17	67,496	370,982	608,814	100% ⁽⁹⁾	67%	
	70,328:14/12/18	70,328	368,038	634,359	100% ⁽⁹⁾		
Elliott Rusanow ⁽⁶⁾	1 Jan 2012	29,092:15/12/15	45,308	185,316	408,678	100%	67%
		32,765:15/12/16	51,028	195,935	460,273	110% ⁽⁷⁾	
	1 Jan 2013	22,799:15/12/16	35,507	197,895	320,273	100%	67%
		29,659:15/12/17	46,191	245,577	416,643	125% ⁽⁸⁾	
1 Jul 2014 ⁽¹⁰⁾	35,998:15/12/17	35,998	197,856	324,702	100% ⁽⁹⁾	67%	
	37,510:14/12/18	37,510	196,293	338,340	100% ⁽⁹⁾		

⁽¹⁾ In Australia, the issuer of rights under the PIR Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

⁽²⁾ The number of rights held reflects the adjustment made as a consequence of the Restructure. All rights issued by Westfield Group prior to the Restructure (which rights related to Westfield Group securities) were converted to Westfield Corporation rights in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any right granted to any KMP 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 Group for the full term of the PIR Plan.

⁽⁴⁾ The market value as at 31 December 2014 is based on the closing price of Westfield Corporation securities of \$9.02.

⁽⁵⁾ For a discussion of the meaning of "Target LTI" and "Maximum LTI", refer to section 8.4(c) of this Report.

⁽⁶⁾ For 2010 and 2011, the KMPs did not participate in the PIR Plan. In respect of those years, the KMPs participated in the PIP Plan. Refer to the table below.

⁽⁷⁾ The reference to vesting of PIR awards at the Target level relates only to vesting against the FFO hurdle (which accounts for 75% of the total number of awards granted in 2012). As the Restructure occurred during the testing period for the ROCE performance hurdle, the level of vesting in respect of that hurdle was determined by the Remuneration Committee and Board of Westfield Holdings Limited (now known as Scentre Group Limited) prior to the Restructure being effected. That process is described in the Scentre Group Remuneration Report as Scentre Group Limited is now a member of Scentre Group. It was determined that, based on performance against that hurdle to the time of Restructure, that tranche of PIR Plan awards to which the ROCE hurdle related, should be adjusted on an assumed vesting level of 110% of Target.

⁽⁸⁾ The reference to vesting of PIR awards at the Target level relates only to vesting against the FFO hurdle (which accounts for 50% of the total number of awards granted in 2013). As the Restructure occurred during the testing period for the ROCE performance hurdle, the level of vesting in respect of that hurdle was determined by the Remuneration Committee and Board of Westfield Holdings Limited (now known as Scentre Group Limited) prior to the Restructure being effected. That process is described in the Scentre Group Remuneration Report as Scentre Group Limited is now a member of Scentre Group. It was determined that, based on performance against that hurdle to the time of Restructure, that tranche of PIR Plan awards to which the ROCE hurdle related, should be adjusted on an assumed vesting level of 125% of Target.

⁽⁹⁾ The reference to vesting of PIR awards at the Target level relates to vesting against the FFO hurdle (which accounts for 100% of the total number of awards).

⁽¹⁰⁾ The issue of 2014 rights under the PIR Plan was postponed until after the Restructure. The 2014 rights related solely to Westfield Corporation stapled securities. Therefore no adjustment to the number of these rights was required.

(c) Participation in the PIP Plan

The PIP Plan is a long term incentive plan operated previously by the former Westfield Group. The terms of the PIP Plan are largely identical to the PIR Plan except that awards are required to be settled in cash (and not by the transfer of securities).

The following chart details awards under the PIP Plan ⁽¹⁾ held by KMP.

Executive	Date of grant	Number of awards held/ vesting date	Total awards held post adjustment ⁽²⁾	Fair value at grant ⁽³⁾ A\$	Market value at 31 Dec 2014 ⁽⁴⁾ A\$	Performance hurdles % Vesting ⁽⁵⁾	
						Target	Maximum
Peter Lowy	1 Jan 2010	160,988:15/12/14	250,719	1,196,101	– ⁽⁶⁾	125%	82.5%
	1 Jan 2011	118,387:15/12/14	184,374	948,280	– ⁽⁷⁾	100%	66%
		123,520:15/12/15	192,368	942,458	1,735,159		
Steven Lowy	1 Jan 2010	160,988:15/12/14	250,719	1,196,101	– ⁽⁶⁾	125%	82.5%
	1 Jan 2011	118,387:15/12/14	184,374	948,280	– ⁽⁷⁾	100%	66%
		123,520:15/12/15	192,368	942,458	1,735,159		
Michael Gutman	1 Jan 2010	80,494:15/12/14	125,360	598,046	– ⁽⁶⁾	125%	82.5%
	1 Jan 2011	59,194:15/12/14	92,188	474,144	– ⁽⁹⁾	100%	66%
		61,760:15/12/15	96,184	471,229	867,580		
Simon Tuxen	1 Jan 2010	60,370:15/12/14	94,019	448,530	– ⁽¹⁰⁾	125%	82.5%
	1 Jan 2011	44,395:15/12/14	69,140	355,604	– ⁽¹¹⁾	100%	66%
		46,320:15/12/15	72,138	353,422	650,685		
Elliott Rusanow	1 Jan 2010	32,198:15/12/14	50,145	239,224	– ⁽¹²⁾	125%	82.5%
	1 Jan 2011	23,678:15/12/14	36,876	189,661	– ⁽¹³⁾	100%	66%
		24,704:15/12/15	38,474	188,491	347,035		

⁽¹⁾ In Australia, the issuer of awards under the PIP Plan is Westfield Corporation Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Europe Limited.

⁽²⁾ The number of awards held reflects the adjustment made as a consequence of the Restructure. All awards issued by the former Westfield Group prior to the Restructure (which awards related to Westfield Group securities) were converted to Westfield Corporation awards in the manner, and based on the formula, set out on page 146 of the Securityholder Booklet. Excluding this adjustment, there has been no alteration to the terms of any award granted to any KMP under the PIP Plan since the grant date.

⁽³⁾ The fair value of awards granted under the PIP plan is calculated using the Black Scholes pricing methodology and calculated on the assumption that the employee remains employed with the Group for the full term of the PIP Plan.

⁽⁴⁾ The market value as at 31 December 2014 is based on the closing price of Westfield Corporation securities of \$9.02.

⁽⁵⁾ For a discussion of the meaning of "Target LTI" and "Maximum LTI", refer to section 8.4(c) of the Report.

⁽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 2014. The payout amount was \$2,096,011 for each 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 2011. Tranche 1 vested on 15 December 2014. The payout amount was \$1,541,367 for each Co-Chief Executive Officer.

⁽⁸⁾ 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 2014. The payout amount to Mr Gutman was \$1,048,010.

⁽⁹⁾ 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 2011. Tranche 1 vested on 15 December 2014. The payout amount to Mr Gutman was \$770,692.

⁽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 December 2014. The payout amount to Mr Tuxen was \$785,999.

⁽¹¹⁾ 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 2011. Tranche 1 vested on 15 December 2014. The payout amount to Mr Tuxen was \$578,010.

⁽¹²⁾ 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 2014. The payout amount to Mr Rusanow was \$419,212.

⁽¹³⁾ 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 2011. Tranche 1 vested on 15 December 2014. The payout amount to Mr Rusanow is \$308,283.

1.5 Hedging Policy for Plan Participants

In addition to the restrictions placed on entering into hedging arrangements by operation of the 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 Group and its securityholders.

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 Corporation securities.

Directors' Report (continued)

APPENDIX B: Funds from operation

6 months
ended
31 Dec 14
US\$cents

(a) Summary of funds from operations per security

Funds from operations per stapled security attributable to securityholders of Westfield Corporation **18.80**

(b) Funds from operations

	US\$million
Reconciliation of profit after tax to funds from operations:	
Profit after tax for the period	582.3
Property revaluations	(387.0)
Amortisation of tenant allowances	21.8
Net fair value loss of currency derivatives that do not qualify for hedge accounting	6.6
Net fair value gain on interest rate hedges that do not qualify for hedge accounting	(0.6)
Net fair value loss on other financial liabilities	57.4
Deferred tax	110.2
Funds from operations attributable to securityholders of Westfield Corporation	390.7
Funds from operations, prepared in the proportionate format is represented by:	
Property revenue (excluding amortisation of tenant allowances)	671.7
Property expenses, outgoing and other costs	(211.4)
Net property income	460.3
Property development and project management revenue	98.5
Property development and project management costs	(63.2)
Project income	35.3
Property management income	36.0
Property management costs	(14.2)
Property management income	21.8
Overheads	(71.8)
Funds from operations before interest and tax	445.6
Interest income	4.4
Financing costs (excluding net fair value gain or loss) ^①	(48.5)
Currency gain/(loss) (excluding net fair value gain or loss)	5.9
Tax expense (excluding deferred tax and tax on capital transactions)	(16.7)
Funds from operations attributable to securityholders of Westfield Corporation	390.7

^① Financing costs (excluding net fair value gain or loss) consists of gross financing cost net of financing cost capitalised of \$40.9 million, finance leases interest expense of \$1.5 million and interest expense on other financial liabilities of \$6.1 million.

Funds from operations (**FFO**) is a non IFRS performance measure which is considered to be a useful supplemental measure of operating performance. FFO is a measure that is widely accepted in offshore and domestic real estate markets, gaining further importance in the Australian markets as more property trusts adopt FFO reporting.

The National Association of Real Estate Investment Trusts (**NAREIT**), a US based representative body for publicly traded real estate companies with an interest in US real estate and capital markets, defines FFO as net income (computed in accordance with the United States Generally Accepted Accounting Principles), including interest capitalised on property development and excluding gains (or losses) from sales of property plus depreciation and amortisation, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis.

The Group's measure of FFO is based upon the NAREIT definition, adjusted to reflect that Group's profit after tax and non controlling interests reported in accordance with the Australian Accounting Standards and IFRS.

The Group's FFO excludes property revaluations of consolidated and equity accounted property investments, unrealised currency gains/losses, net fair value gains or losses on interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances from the reported profit after tax.

(c) Income and security data

The following reflects the income data used in the calculations of Funds from Operations (FFO) per stapled security:

	6 months ended 31 Dec 14 US\$million
Funds from operations used in calculating funds from operations per stapled security	390.7

The following reflects the security data used in the calculations of funds from operations per stapled security:

	No. of securities
Weighted average number of ordinary securities used in calculating FFO per stapled security	2,078,089,686

9. ASIC DISCLOSURES

9.1 Rounding

The Company is of a kind referred to in Australian Securities & Investments Commission Class Order 98/0100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and Notes have been rounded to the nearest tenth of a million dollars.

9.2 Relief from section 323D(5) of the Corporations Act

Each of WCL and WAML (as RE of WFDT) has obtained ASIC relief from section 323D(5) of the Corporations Act. The effect of the relief is that the first half-year for WCL is deemed to be the period from its incorporation on 28 November 2013 until 30 June 2014 and that the first half-year for WFDT is deemed to be the period from its registration on 9 April 2014 until 30 June 2014.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove Westfield Corporation Limited, Westfield America Trust and WFD Trust from the official list of ASX if any of the shares or units comprising those stapled securities cease to be stapled together, or any equity securities are issued by a Westfield Corporation entity which are not stapled to the equivalent securities in other entities.

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

25 February 2015



Brian Schwartz AM
Director

Independent Audit Report

TO MEMBERS OF WESTFIELD CORPORATION LIMITED



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Independent auditor's report to the members of Westfield Corporation Limited Report on the Financial Report

We have audited the accompanying financial report of Westfield Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Year Financial Report

The directors of the company 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(d), 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 a conclusion 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 the company 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 Corporation Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as 31 December 2014 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(d).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 31 of the Directors' Report for the year ended 31 December 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Corporation for the year ended 31 December 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Graham Ezzy
Partner

Sydney, 25 February 2015

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The results for the comparative year ended 31 December 2013 comprise the earnings of WAT only.

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Revenue			
Property revenue	4	572.5	695.3
Property development and project management revenue		185.3	105.5
Property management income		60.8	47.8
		818.6	848.6
Share of after tax profits of equity accounted entities			
Property revenue		564.0	452.2
Property revaluations	10	418.0	380.9
Property expenses, outgoings and other costs		(168.9)	(131.2)
Net interest expense		(67.7)	(53.0)
Tax expense		(0.3)	(0.2)
	17(a)	745.1	648.7
Expenses			
Property expenses, outgoings and other costs		(209.7)	(240.6)
Property development and project management costs		(136.1)	(83.6)
Property management costs		(29.8)	(25.0)
Overheads		(105.5)	(96.2)
		(481.1)	(445.4)
Interest income		7.9	39.5
Currency gain/(loss)	5	(117.5)	10.7
Financing costs	6	(326.8)	(307.7)
Gain/(loss) in respect of capital transactions			
– asset dispositions	7	(7.6)	(35.5)
– financing costs in respect of capital transactions	7	–	(74.9)
Property revaluations	10	152.3	20.0
Charges and credits in respect of the Restructure and Merger	8	(800.8)	–
Profit before tax for the period		(9.9)	704.0
Tax expense	9	(205.1)	(185.5)
Profit after tax for the period		(215.0)	518.5
Profit after tax for the period attributable to:			
– Members of Westfield Corporation		(215.0)	471.4
– Non controlling interests		–	47.1
Profit after tax for the period		(215.0)	518.5
Net profit after tax comprising:			
Profit after tax for the six months ended 31 December 2014 ⁽ⁱ⁾	3(a)	582.3	484.1
Profit after tax for the six months ended 30 June 2014 ⁽ⁱⁱ⁾		(797.3)	34.4
Profit after tax for the period		(215.0)	518.5
Net profit attributable to members of Westfield Corporation analysed by amounts attributable to:			
Westfield Corporation Limited (WCL) members		160.9	–
WFD Trust (WFDT) and Westfield America Trust (WAT) members		(375.9)	471.4
Net profit attributable to members of Westfield Corporation		(215.0)	471.4
		US cents	US cents
Basic earnings per WCL share		10.23	–
Diluted earnings per WCL share		10.12	–
Basic earnings per stapled security	28(a)	(11.63)	27.94
Diluted earnings per stapled security	28(a)	(11.63)	19.57

⁽ⁱ⁾ Comprise the results of Westfield Corporation (including WAT, WCL and WFDT) for the 6 months ended 31 December 2014 following the Restructure, details of which are included in note 1(b). The results for the 6 months ended 31 December 2013 comprises only the earnings of WAT prior to the Restructure.

⁽ⁱⁱ⁾ Comprise the results of WAT (not including WCL and WFDT) for the 6 months ended 30 June 2014 and 30 June 2013 prior to the Restructure.

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

The results for the year ended 31 December 2014 comprise the earnings of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The results for the comparative year ended 31 December 2013 comprise the earnings of WAT only.

	31 Dec 14 US\$million	31 Dec 13 US\$million
Profit after tax for the period	(215.0)	518.5
Other comprehensive income		
<i>Movement in foreign currency translation reserve⁽ⁱ⁾</i>		
– Net exchange difference on translation of foreign operations	(212.1)	11.1
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	(7.6)	–
Total comprehensive income for the period	(434.7)	529.6
Total comprehensive income attributable to:		
– Members of Westfield Corporation	(434.7)	482.5
– Non controlling interests	–	47.1
Total comprehensive income for the period	(434.7)	529.6
Total comprehensive income attributable to members of Westfield Corporation analysed by amounts attributable to:		
WCL members	114.9	–
WFDT and WAT members ⁽ⁱⁱ⁾	(549.6)	482.5
Total comprehensive income attributable to members of Westfield Corporation	(434.7)	482.5

⁽ⁱ⁾ These items may be subsequently recycled to the profit and loss. In relation to the foreign currency translation reserve, the portion relating to the foreign operations held by WFDT and WAT may be recycled to the profit and loss depending on how the foreign operations are sold.

⁽ⁱⁱ⁾ Total comprehensive income attributable to members of WFDT and WAT consists of a loss after tax for the period of US\$375.9 million (31 December 2013: gain of US\$471.4 million) and the net exchange loss on translation of foreign operations of US\$173.7 million (31 December 2013: gain of US\$11.1 million).

Balance Sheet

AS AT 31 DECEMBER 2014

Comprising the Balance Sheet of Westfield Corporation which is representative of Westfield Corporation's financial position as at 31 December 2014 and the Balance Sheet of WAT as at 31 December 2013.

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Current assets			
Cash and cash equivalents	11(a)	308.6	749.9
Trade debtors		17.2	16.3
Investment properties	15	438.7	–
Derivative assets	12	5.7	72.4
Receivables	13	164.2	1,032.0
Inventories		152.1	38.1
Prepayments and deferred costs	14	33.0	22.5
Total current assets		1,119.5	1,931.2
Non current assets			
Investment properties	15	8,849.6	5,424.2
Equity accounted investments	17(c)	6,814.6	5,393.2
Other investments	18	257.9	101.6
Derivative assets	12	159.3	200.4
Receivables	13	69.7	67.5
Plant and equipment	19	77.4	54.6
Deferred tax assets	9(b)	10.3	–
Prepayments and deferred costs	14	129.0	67.2
Total non current assets		16,367.8	11,308.7
Total assets		17,487.3	13,239.9
Current liabilities			
Trade creditors		38.9	25.9
Payables and other creditors	20	895.6	634.9
Interest bearing liabilities	21	123.4	830.5
Other financial liabilities	22	2.7	139.0
Tax payable		96.7	63.9
Derivative liabilities	23	0.5	–
Total current liabilities		1,157.8	1,694.2
Non current liabilities			
Payables and other creditors	20	134.8	80.8
Interest bearing liabilities	21	5,306.8	5,356.9
Other financial liabilities	22	231.9	1,074.3
Deferred tax liabilities	9(c)	2,922.2	2,757.5
Derivative liabilities	23	–	41.4
Total non current liabilities		8,595.7	9,310.9
Total liabilities		9,753.5	11,005.1
Net assets		7,733.8	2,234.8
Equity attributable to members of WCL			
Contributed equity	24(b)	888.3	–
Reserves	25	(6.9)	–
Retained profits	26	160.9	–
Total equity attributable to members of WCL		1,042.3	–
Equity attributable to WFDT and WAT members (31 December 2013: WAT)			
Contributed equity	24(b)	10,571.0	4,957.5
Reserves	25	(137.2)	39.7
Retained profits	26	(3,742.3)	(2,966.2)
Total equity attributable to WFDT and WAT members (31 December 2013: WAT)		6,691.5	2,031.0
Equity attributable to non controlling interests			
Contributed equity		–	228.1
Retained profits		–	(24.3)
Total equity attributable to non controlling interests		–	203.8
Total equity		7,733.8	2,234.8
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:			
WCL members		1,042.3	–
WFDT and WAT members (31 December 2013: WAT)		6,691.5	2,031.0
Total equity attributable to members of Westfield Corporation		7,733.8	2,031.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Comprehensive Income 31 Dec 14 US\$million	Equity and Reserves 31 Dec 14 US\$million	Total 31 Dec 14 US\$million	Total 31 Dec 13 US\$million
Changes in equity attributable to members of Westfield Corporation					
Opening balance of contributed equity		–	4,957.5	4,957.5	5,265.2
– Buy-back and cancellation of securities and associated cost		–	–	–	(307.7)
– Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation ⁽ⁱ⁾	49	–	901.8	901.8	–
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation ⁽ⁱ⁾	49	–	5,613.5	5,613.5	–
– Transfer of residual balance of exercised rights from the employee share plan benefits reserve		–	(13.5)	(13.5)	–
Closing balance of contributed equity		–	11,459.3	11,459.3	4,957.5
Opening balance of reserves		–	39.7	39.7	27.4
– Movement in foreign currency translation reserve ⁽ⁱⁱ⁾		(219.7)	–	(219.7)	11.1
– Movement in employee share plan benefits reserve ⁽ⁱⁱ⁾		–	(6.8)	(6.8)	1.2
– Employee share plan benefits reserve contributed for WCL pursuant to the establishment of Westfield Corporation ⁽ⁱ⁾	49	–	42.7	42.7	–
Closing balance of reserves		(219.7)	75.6	(144.1)	39.7
Opening balance of retained profits/(accumulated losses)		–	(2,966.2)	(2,966.2)	(2,945.0)
– Profit after tax for the period ⁽ⁱⁱⁱ⁾		(215.0)	–	(215.0)	471.4
– Dividend/distribution paid		–	(553.7)	(553.7)	(492.6)
– Amounts previously included in non controlling interest ^(iv)		–	153.5	153.5	–
Closing balance of retained profits/(accumulated losses)		(215.0)	(3,366.4)	(3,581.4)	(2,966.2)
Closing balance of equity attributable to members of Westfield Corporation		(434.7)	8,168.5	7,733.8	2,031.0
Changes in equity attributable to non controlling interests					
Opening balance of equity		–	203.8	203.8	156.7
Total comprehensive income attributable to non controlling interests ⁽ⁱⁱⁱ⁾		–	(50.3)	(50.3)	47.1
Amounts previously included in non controlling interest ^(iv)		–	(153.5)	(153.5)	–
Closing balance of equity attributable to non controlling interests		–	–	–	203.8
Total equity		(434.7)	8,168.5	7,733.8	2,234.8
Closing balance of equity attributable to:					
– WCL members		114.9	927.4	1,042.3	816.0
– WFDT and WAT members		(549.6)	7,241.1	6,691.5	14,513.5
Closing balance of equity attributable to members of Westfield Corporation		(434.7)	8,168.5	7,733.8	15,329.5

⁽ⁱ⁾ Total equity contributed for WCL of US\$944.5 million comprises contributed equity of US\$901.8 million and employee share plan benefits reserve of US\$42.7 million. Total equity contributed for WFDT comprises of contributed equity of US\$5,613.5 million.

⁽ⁱⁱ⁾ Movement in reserves attributable to members of WFDT and WAT consists of the net exchange loss on translation of foreign operations of US\$173.7 million (31 December 2013: gain of US\$11.1 million) and net credit to the employee share plan benefits reserve of nil (31 December 2013: US\$1.2 million).

⁽ⁱⁱⁱ⁾ Total comprehensive income for the period amounts to a loss of US\$434.7 million (31 December 2013: gain of US\$482.5 million).

^(iv) The non controlling interest previously held in WAT, representing the portion of Westfield America, Inc. (WEA) held by Westfield Holdings Limited (now Scentre Group Limited), has been derecognised as a result of the Restructure as the interest in WEA is now held by WCL.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

The cash flows for the year ended 31 December 2014 comprise the cash flows of WAT (not including WFDT and WCL) for the six months ended 30 June 2014 (which is not representative of ongoing Westfield Corporation operations) and the cash flows of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014. The cash flows for the comparative year ended 31 December 2013 comprise the cash flows of WAT only.

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		816.8	873.4
Payments in the course of operations (including sales tax)		(523.6)	(404.8)
Settlement of income hedging currency derivatives		20.7	28.6
Dividends/distributions received from equity accounted associates		279.6	199.9
Income and withholding taxes paid		(30.7)	–
Sales tax paid		(7.1)	–
Net cash flows from operating activities	11(b)	555.7	697.1
Cash flows from investing activities			
Capital expenditure on property investments – consolidated		(422.3)	(300.5)
Capital expenditure on property investments – equity accounted		(152.4)	(111.8)
Acquisition of property investments – consolidated		(626.5)	–
Proceeds from the disposition of property investments – consolidated		252.0	1,998.3
Tax paid on disposition of property investments		(77.2)	(30.2)
Capital distribution and advances from equity accounted associates		324.0	189.8
Purchase of plant and equipment		(7.6)	(16.6)
Financing costs capitalised to qualifying development projects and construction in progress		(60.2)	(13.2)
Settlement of asset hedging currency derivatives		–	236.3
Cash held by entities of WCL and WFDT consolidated during the period		146.5	–
Net cash flows (used in)/from investing activities		(623.7)	1,952.1
Cash flows used in financing activities			
Buy-back of securities		–	(311.1)
Net proceeds/(repayment) from interest bearing liabilities and other financial liabilities		(10.6)	(1,308.9)
Net payment of interest on borrowings and derivatives (excluding interest capitalised)			
– normal course of operations		(123.4)	(244.0)
– accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		(61.1)	–
Interest received		9.7	41.6
Financing costs capitalised to inventories and work in progress		(5.2)	–
Dividends/distributions paid		(553.7)	(492.6)
Dividends/distributions paid to non controlling interests		(41.7)	(6.0)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		–	(51.2)
Loans received from Westfield Group related entities prior to the Restructure and Merger		404.3	333.7
Charges and credits in respect of the Restructure and Merger			
– Drawdown from bridging facilities		3,000.0	–
– Loans received from related entities		2,286.4	–
– Repayment of bonds and banking facilities		(4,584.6)	–
– Refinancing costs		(744.9)	–
– Settlement of amount due from Scentre Group as at 30 June 2014		61.2	–
Net cash flows used in financing activities		(363.6)	(2,038.5)
Net (decrease)/increase in cash and cash equivalents held		(431.6)	610.7
Add opening cash and cash equivalents brought forward		749.9	139.4
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(9.8)	(0.2)
Cash and cash equivalents at the end of the period	11(a)	308.5	749.9

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Corporation (Group), comprising Westfield Corporation Limited (Parent Company) and its controlled entities, for the year ended 31 December 2014 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 25 February 2015.

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

(b) Detail on the Restructure and Merger Background

On 30 June 2014, the Westfield Group implemented the restructure of the Group (Restructure and Merger), under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, was separated from the Westfield Group's international business and merged with Westfield Retail Trust to create two new listed groups:

- Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and
- Westfield Corporation – comprising Westfield Group's international business.

The Restructure and Merger was approved by Westfield Group securityholders on 29 May 2014, Westfield Retail Trust securityholders on 20 June 2014 and by the Supreme Court of New South Wales on 23 June 2014.

The Restructure and Merger was implemented in three main stages:

- A restructure stage (Restructure), where Westfield Group's international business was transferred to Westfield Corporation Limited and WFD Trust, and shares in Westfield Corporation Limited and units in WFD Trust were distributed in-specie to Westfield Group securityholders and stapled to Westfield Group;
- A destapling stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were each destapled from the Westfield Group and from each other resulting in the formation of Westfield Corporation; and
- A merger stage, where the shares in Westfield Holdings Limited and the units in Westfield Trust were stapled to the units in each of Westfield Retail Trust 1 and Westfield Retail Trust 2, resulting in the formation of Scentre Group.

Accounting for the establishment of Westfield Corporation

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the "Merger".

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, these financial statements present the results of WAT for the year ended 31 December 2014 and the assets and liabilities of WAT as at 31 December 2014; the financial statements also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014 and the fair value of assets and liabilities of the Parent and WFDT as at 31 December 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

(c) Change in presentation currency

The Group has adopted United States dollars as its presentation currency, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

The Group's financial report is the continuation of the WAT financial report, and WAT previously adopted Australian dollars as its presentation currency. Therefore, the adoption of United States dollars presentation currency has been accounted for as a change in accounting policy which is accounted for retrospectively. Comparative financial information included in this financial report previously reported in Australian dollars has been restated into United States dollars using the procedures outlined below:

Assets and liabilities denominated in non-United States dollar currencies were translated into United States dollars at the closing rates of exchange on the relevant balance sheet date;

Non-United States dollar income and expenditure was translated at the average rates of exchange prevailing for the relevant period;

Contributed equity was translated at the historic rates prevailing at 1 July 1996, being the date of establishment of WAT, and subsequent transactions have been translated at the rates prevailing on the date of each transaction;

The foreign currency translation reserve was reset to nil at 1 July 2004 as the adoption of AIFRS resulted in the foreign currency translation reserve balance at 1 July 2004 being transferred to opening retained profits;

The foreign currency translation reserve has been restated on the basis that the Group has reported in United States dollars since 1 July 2004; and

All exchange rates were extracted from the Group's underlying financial records. The A\$/US\$ exchange rates used were:

- 1 January 2013 opening rate – 1.0370;
- 31 December 2013 closing rate – 0.8932; and
- 2013 average rate – 0.9678.

(d) 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 used in the Westfield America Trust annual financial report for the year ended 31 December 2013 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2014.

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets;
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting; and
- AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

For the financial period, the adoption of these amended standards had 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 2014. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

- AASB 9 Financial Instruments (effective from 1 January 2018)

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

(d) Statement of Compliance (continued)

- IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017)

This standard determines the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer. 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 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2018);
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual framework, Materiality and Financial Instruments (effective from 1 January 2018); and
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018).

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.

(e) 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 (Cth)*, 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.

(f) 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 16: Details of shopping centre investments and Note 41: 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the Group

The Group was established by the stapling of securities of each of the Parent Company, WFDT and WAT. The securities trade as one security on the Australian Securities Exchange (ASX) under the code WFD. The stapling transaction is referred to as the "Merger".

The Merger has been accounted for as a business combination by contract alone in accordance with AASB 3 Business Combinations. WAT has been identified as the acquirer for accounting purposes as WAT is the stapled entity whose relative size is the largest.

AASB 3 and AASB 10 Consolidated Financial Statements require one of the stapled entities in a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. WCL has been deemed to be the parent entity of the Group as it has legal control of WFDT and WAT due to its subsidiary, Westfield America Management Limited, being the responsible entity of both WFDT and WAT.

However, as WAT is the deemed acquirer in accordance with AASB 3, the consolidated financial statements are issued under the name of Westfield Corporation but are a continuation of the financial statements of WAT. Accordingly, these financial statements present the results of WAT for the year ended 31 December 2014 and the assets and liabilities of WAT as at 31 December 2014; the financial statements also include the results of the Parent Company and WFDT from the date of stapling, being 30 June 2014 and the fair value of assets and liabilities of the Parent and WFDT as at 31 December 2014. The results and equity attributable to WFDT and WAT are shown separately in the financial statements as non controlling interests.

This financial report has been prepared based upon a business combination by the Parent Company of WFDT and WAT and in recognition of the fact that the securities issued by the Parent Company, WFDT and WAT have been stapled and cannot be traded separately.

(b) Consolidation and classification

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

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

i) Joint arrangements

Joint operations

The Group has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Group has the rights to the individual assets and obligations arising from these interests and recognises their share of the net assets, liabilities, revenues and expenses of the operation.

Joint ventures

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

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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties

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

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 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 is 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, generally prepared annually, 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. Refer to Note 16 for the estimated yield. It is the Group's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

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, payments and advances to contractors and where applicable, borrowing costs incurred on qualifying developments.

Development projects and construction in progress are carried at fair value based on the 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 the 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 investments, 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

Listed and unlisted investments

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. 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.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. 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 the market value of similar investments.

(e) Foreign currency translation

i) Presentation currency

The Group's financial statements are presented in United States dollars, as that presentation currency most reliably reflects the global business performance of the Group as a whole.

ii) Translation of foreign currency transactions

The functional currency for each entity in the Group, and for joint arrangements and associates, is the currency of the primary economic environment in which that entity operates.

The functional currency of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars and of the United Kingdom entities is British pounds.

Foreign currency transactions are converted to the functional currency at exchange rates ruling at the date of those transactions. Monetary assets and liabilities denominated in foreign currencies are translated at year end exchange rates. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise, except as noted below.

iii) Translation of accounts of foreign operations

The balance sheets of foreign subsidiaries and equity accounted associates are translated at exchange rates at the 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 a 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 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition (continued)

Revenue for development and construction projects carried out for third parties is recognised on a percentage of 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 capital gains tax as detailed below:

i) WFDT

Under current Australian income tax legislation, WFDT 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 WFDT's constitution.

ii) WAT

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

Westfield America, Inc. (WEA), a subsidiary of WAT, 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, holders of the stapled securities of the Group may be entitled to receive a foreign income tax offset for United States withholding tax deducted from dividends paid to WAT by WEA.

iii) Deferred tax

Deferred tax is provided on all temporary differences at the 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 disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantively 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.

iv) Parent Company – tax consolidation

The Parent Company and its Australian resident wholly owned subsidiaries have formed a Tax Consolidated Group. The Parent Company has entered into tax funding arrangements with its Australian resident wholly owned subsidiaries, so that each subsidiary has agreed to pay or receive a tax equivalent amount to or from the Parent Company based on the net taxable amount or loss of the subsidiary at the current tax rate. The Tax Consolidated Group has applied the modified separate tax payer approach in determining the appropriate amount of current taxes to allocate.

(i) Sales Tax

Revenues, expenses and assets are recognised net of the amount of sales tax except where the sales tax incurred on purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax 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 sales tax included.

The net amount of sales tax 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 sales tax component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of sales tax 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 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 and work in progress

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 of 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.

(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 the 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 securities are recognised directly in equity as a reduction of the proceeds received.

(p) Derivative and other 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 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, and hedges of share based payments, 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 derivatives have been determined with reference to market observable inputs for contracts with similar maturity profiles. The valuation is a present value calculation which incorporates interest rate curves, foreign exchange spot and forward rates, option volatilities and the credit quality of all counterparties.

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 their 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.

The fair value of the Group's interest bearing borrowings are determined as follows:

- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- The fair value of unquoted instruments, loans from banks, finance leases and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Group's borrowing rate at the balance date, for debt with similar maturity, credit risk and terms.

Other financial liabilities

Other financial liabilities include convertible notes, 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 convertible notes, preference and convertible preference securities is determined in accordance with generally accepted pricing models using current market prices.

(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 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 security

Basic earnings per security is calculated as net profit attributable to members divided by the weighted average number of ordinary securities. Diluted earnings per security is calculated as net profit attributable to members adjusted for any profit recognised in the period in relation to dilutive potential ordinary shares divided by the weighted average number of ordinary securities and dilutive potential ordinary securities.

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 SEGMENTAL REPORTING

Results of Westfield Corporation following the Restructure implemented on 30 June 2014

The results for the year ended 31 December 2014 comprises the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Note 3(a) presents the operating segments of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Operating segments

Note 3(b) presents the operating segments of Westfield Corporation for the year ended 31 December 2014. It comprises the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

Note 3(c) presents the operating segments of WAT for the comparative year ended 31 December 2013 (which is not representative of Westfield Corporation operations).

The Group's operating segments are as follows:

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

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments and other operational expenses. A geographic analysis of net property investment income is also provided.

(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) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of investment properties, change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/(loss) and financing costs in respect of 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 and 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 considers that, given the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is, United States and United Kingdom shopping centres), most of the centres are under common management, and therefore the drivers of their results are considered to be similar. As such, the proportionate format 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 shopping centres and only reflecting their performance as a single item of profit or loss, as the statutory format requires.

(a) Results of Westfield Corporation for the period 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014

The following results comprise the earnings of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i) Income and expenses

	Operational			Six months ended 31 Dec 14 Total US\$million
	Property investment US\$million	Property and project management US\$million	Corporate US\$million	
1 July 2014 to 31 December 2014				
Revenue				
Property revenue	649.9	–	–	649.9
Property development and project management revenue	–	98.5	–	98.5
Property management income	–	36.0	–	36.0
	649.9	134.5	–	784.4
Expenses				
Property expenses, outgoings and other costs	(211.4)	–	–	(211.4)
Property development and project management costs	–	(63.2)	–	(63.2)
Property management costs	–	(14.2)	–	(14.2)
Overheads	–	–	(71.8)	(71.8)
	(211.4)	(77.4)	(71.8)	(360.6)
	438.5	57.1	(71.8)	423.8
Revaluation of properties and development projects				127.0
Equity accounted-revaluation of properties and development projects				260.0
Currency gain/(loss)				(0.7)
Interest income				4.4
Financing costs				(105.3)
Tax expense				(126.9)
Net profit attributable to members of the Group				582.3

NOTE 3 SEGMENTAL REPORTING (CONTINUED)**(a) Results of Westfield Corporation for the period 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014 (continued)**

(ii)_Geographic information – Total revenue

1 July 2014 to 31 December 2014	United Kingdom and Europe US\$million	United States US\$million	Six months ended 31 Dec 14 US\$million
Property revenue	135.7	514.2	649.9
Property development and project management revenue	43.2	55.3	98.5
Property management revenue	5.9	30.1	36.0
Total revenue	184.8	599.6	784.4

(iii)_Geographic information – Net property income

Shopping centre base rent and other property income	137.2	534.5	671.7
Amortisation of tenant allowances	(1.5)	(20.3)	(21.8)
Property revenue	135.7	514.2	649.9
Property expenses, outgoings and other costs	(37.7)	(173.7)	(211.4)
Net property income	98.0	340.5	438.5

	Six months ended 31 Dec 14 US\$million
(iv)_Currency gain/(loss)	
Realised gain on income hedging currency derivatives	5.9
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	(6.6)
	(0.7)

(v)_Financing costs

Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)	(89.2)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	48.3
Financing costs	(40.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	0.6
Finance leases interest expense	(1.5)
Interest expense on other financial liabilities	(6.1)
Net fair value loss on other financial liabilities	(57.4)
	(105.3)

(vi)_Taxation

Current – underlying operations	(16.7)
Deferred tax	(110.2)
	(126.9)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments

The operating segments of Westfield Corporation for the year ended 31 December 2014 comprise the earnings of WAT for the six months ended 30 June 2014 (which is not representative of Westfield Corporation operations) and the results of Westfield Corporation from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

(i) Income and expenses

	Operational		Corporate US\$million	Total US\$million
	Property investment US\$million	Property and project management US\$million		
1 January 2014 to 31 December 2014				
Revenue				
Property revenue	1,136.5	–	–	1,136.5
Property development and project management revenue	–	185.3	–	185.3
Property management income	–	60.8	–	60.8
	1,136.5	246.1	–	1,382.6
Expenses				
Property expenses, outgoings and other costs	(378.6)	–	–	(378.6)
Property development and project management costs	–	(136.1)	–	(136.1)
Property management costs	–	(29.8)	–	(29.8)
Overheads	–	–	(105.5)	(105.5)
	(378.6)	(165.9)	(105.5)	(650.0)
Segment result	757.9	80.2	(105.5)	732.6
Revaluation of properties and development projects				152.3
Equity accounted-revaluation of properties and development projects				418.0
Currency gain/(loss)				(117.5)
Gain/(loss) in respect of capital transactions				
– asset dispositions				(7.6)
Interest income				7.9
Financing costs				(394.5)
Tax expense				(205.4)
Charges and credits in respect of the Restructure and Merger				(800.8)
Net profit attributable to members of the Group				(215.0)

(ii) Assets and liabilities of Westfield Corporation

	Operational		Corporate US\$million	Total US\$million
	Property investment US\$million	Property and project management US\$million		
As at 31 December 2014				
Total segment assets	19,088.1	157.9	388.2	19,634.2
Total segment liabilities	1,145.1	3.9	10,751.4	11,900.4
Total segment net assets	17,943.0	154.0	(10,363.2)	7,733.8
Equity accounted associates included in – segment assets	8,961.5	–	–	8,961.5
Equity accounted associates included in – segment liabilities	148.2	–	1,998.7	2,146.9
Additions to segment non current assets during the period	1,278.0	–	–	1,278.0

NOTE 3 SEGMENTAL REPORTING (CONTINUED)**(b) Operating segments (continued)**

(iii)_Geographic information – Total revenue

1 January 2014 to 31 December 2014	United Kingdom and Europe⁽ⁱ⁾ US\$million	United States US\$million	Total US\$million
Property revenue	135.7	1,000.8	1,136.5
Property development and project management revenue	43.2	142.1	185.3
Property management revenue	5.9	54.9	60.8
Total revenue	184.8	1,197.8	1,382.6

(iv)_Geographic information – Net property income

Shopping centre base rent and other property income	137.2	1,042.7	1,179.9
Amortisation of tenant allowances	(1.5)	(41.9)	(43.4)
Property revenue	135.7	1,000.8	1,136.5
Property expenses, outgoings and other costs	(37.7)	(340.9)	(378.6)
Net property income	98.0	659.9	757.9

(v)_Geographic information – Property investment assets and non current assets

As at 31 December 2014

Property investment assets	4,808.5	14,279.6	19,088.1
Non current assets	4,163.4	11,997.8	16,161.2
Group non current assets			206.6
Total non current assets⁽ⁱⁱ⁾	4,163.4	11,997.8	16,367.8

⁽ⁱ⁾ These financial statements exclude the results of the Parent Company and WFDT (representing principally the United Kingdom operations) prior to the Restructure implemented on 30 June 2014.

⁽ⁱⁱ⁾ Total non current assets as reported in Statutory Balance Sheet.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(b) Operating segments (continued)

(vi) 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:

1 January 2014 to 31 December 2014	Consolidated US\$million	Equity Accounted US\$million	Total US\$million
Revenue			
Property revenue	572.5	564.0	1,136.5
Property development and project management revenue	185.3	–	185.3
Property management income	60.8	–	60.8
	818.6	564.0	1,382.6
Expenses			
Property expenses, outgoings and other costs	(209.7)	(168.9)	(378.6)
Property development and project management costs	(136.1)	–	(136.1)
Property management costs	(29.8)	–	(29.8)
Overheads	(105.5)	–	(105.5)
	(481.1)	(168.9)	(650.0)
	337.5	395.1	732.6
Segment result			
Revaluation of properties and development projects	152.3	–	152.3
Equity accounted-revaluation of properties and development projects	–	418.0	418.0
Currency gain/(loss)	(117.5)	–	(117.5)
Gain/(loss) in respect of capital transactions			
– asset dispositions	(7.6)	–	(7.6)
Interest income	7.9	–	7.9
Financing costs	(326.8)	(67.7)	(394.5)
Tax expense	(205.1)	(0.3)	(205.4)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Net profit attributable to members of the Group	(960.1)	745.1	(215.0)
As at 31 December 2014			
Cash	308.6	92.4	401.0
Shopping centre investments	7,396.6	8,437.4	15,834.0
Development projects and construction in progress	1,891.7	378.9	2,270.6
Inventories	152.1	–	152.1
Other assets	923.7	52.8	976.5
Total segment assets	10,672.7	8,961.5	19,634.2
Interest bearing liabilities	5,430.2	1,998.7	7,428.9
Other financial liabilities	234.6	–	234.6
Deferred tax liabilities	2,922.2	–	2,922.2
Other liabilities	1,166.5	148.2	1,314.7
Total segment liabilities	9,753.5	2,146.9	11,900.4
Total segment net assets	919.2	6,814.6	7,733.8

NOTE 3 SEGMENTAL REPORTING (CONTINUED)**(c) Operating segments of WAT**

(i) Income and expenses of WAT

1 January 2013 to 31 December 2013	Operational		Corporate US\$million	Total US\$million
	Property investment US\$million	Property and project management US\$million		
Revenue				
Property revenue	1,147.5	–	–	1,147.5
Property development and project management revenue	–	105.5	–	105.5
Property management income	–	47.8	–	47.8
	1,147.5	153.3	–	1,300.8
Expenses				
Property expenses, outgoings and other costs	(371.8)	–	–	(371.8)
Property development and project management costs	–	(83.6)	–	(83.6)
Property management costs	–	(25.0)	–	(25.0)
Overheads	–	–	(96.2)	(96.2)
	(371.8)	(108.6)	(96.2)	(576.6)
Segment result	775.7	44.7	(96.2)	724.2
Revaluation of properties and development projects				20.0
Equity accounted-revaluation of properties and development projects				380.9
Currency gain/(loss)				10.7
Gain/(loss) in respect of capital transactions				
– asset dispositions				(35.5)
– financing costs in respect of capital transactions				(74.9)
Interest income				40.4
Financing costs				(361.6)
Tax expense				(185.7)
Non controlling interests				(47.1)
Net profit attributable to members of the Group⁽ⁱ⁾				471.4

⁽ⁱ⁾ Net profit attributable to members of the Group was US\$471.4 million. Net profit after tax for the period which includes profit attributable to non controlling interests of US\$47.1 million was US\$518.5 million.

(ii) Assets and liabilities of WAT

As at 31 December 2013	Operational		Corporate US\$million	Total US\$million
	Property investment US\$million	Property and project management US\$million		
Total segment assets	13,505.8	38.1	1,038.9	14,582.8
Total segment liabilities	653.5	–	11,694.5	12,348.0
Total segment net assets	12,852.3	38.1	(10,655.6)	2,234.8
Equity accounted associates included in – segment assets	6,736.1	–	–	6,736.1
Equity accounted associates included in – segment liabilities	97.8	–	1,245.1	1,342.9
Additions to segment non current assets during the period	228.2	–	–	228.2

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 3 SEGMENTAL REPORTING (CONTINUED)

(c) Operating segments of WAT (continued)

(iii) Geographic information – Total revenue of WAT

1 January 2013 to 31 December 2013	United Kingdom⁽ⁱ⁾ US\$million	United States US\$million	Total US\$million
Property revenue	–	1,147.5	1,147.5
Property development and project management revenue	–	105.5	105.5
Property management revenue	–	47.8	47.8
Total revenue	–	1,300.8	1,300.8

(iv) Geographic information – Net property income of WAT

Shopping centre base rent and other property income	–	1,201.6	1,201.6
Amortisation of tenant allowances	–	(54.1)	(54.1)
Property revenue	–	1,147.5	1,147.5
Property expenses, outgoings and other costs	–	(371.8)	(371.8)
Net property income	–	775.7	775.7

(v) Geographic information – Property investment assets and non current assets of WAT

As at 31 December 2013

Property investment assets	–	13,505.8	13,505.8
Non current assets	–	11,078.7	11,078.7
Group non current assets			230.0
Total non current assets⁽ⁱⁱ⁾	–	11,078.7	11,308.7

⁽ⁱ⁾ These financial statements exclude the results of the Parent Company and WFDT (representing principally the United Kingdom operations) prior to the Restructure implemented on 30 June 2014.

⁽ⁱⁱ⁾ Total non current assets as reported in Statutory Balance Sheet.

NOTE 3 SEGMENTAL REPORTING (CONTINUED)**(c) Operating segments of WAT (continued)**

(vi) Reconciliation of segmental results of WAT

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:

1 January 2013 to 31 December 2013	Consolidated US\$million	Equity Accounted US\$million	Total US\$million
Revenue			
Property revenue	695.3	452.2	1,147.5
Property development and project management revenue	105.5	–	105.5
Property management income	47.8	–	47.8
	848.6	452.2	1,300.8
Expenses			
Property expenses, outgoings and other costs	(240.6)	(131.2)	(371.8)
Property development and project management costs	(83.6)	–	(83.6)
Property management costs	(25.0)	–	(25.0)
Overheads	(96.2)	–	(96.2)
	(445.4)	(131.2)	(576.6)
	403.2	321.0	724.2
Segment result			
Revaluation of properties and development projects	20.0	–	20.0
Equity accounted-revaluation of properties and development projects	–	380.9	380.9
Currency gain/(loss)	10.7	–	10.7
Gain/(loss) in respect of capital transactions			
– asset dispositions	(35.5)	–	(35.5)
– financing costs in respect of capital transactions	(74.9)	–	(74.9)
Interest income	39.5	0.9	40.4
Financing costs	(307.7)	(53.9)	(361.6)
Tax expense	(185.5)	(0.2)	(185.7)
Non controlling interests	7.8	(54.9)	(47.1)
Net profit attributable to members of the Group	(122.4)	593.8	471.4
As at 31 December 2013			
Cash	749.9	59.7	809.6
Shopping centre investments	5,160.4	6,255.6	11,416.0
Development projects and construction in progress	263.8	376.9	640.7
Inventories	38.1	–	38.1
Other assets	1,634.5	43.9	1,678.4
Total segment assets	7,846.7	6,736.1	14,582.8
Interest bearing liabilities	6,187.4	1,245.1	7,432.5
Other financial liabilities	1,213.3	–	1,213.3
Deferred tax liabilities	2,757.5	–	2,757.5
Other liabilities	846.9	97.8	944.7
Total segment liabilities	11,005.1	1,342.9	12,348.0
Total segment net assets	(3,158.4)	5,393.2	2,234.8

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		600.5	730.9
Amortisation of tenant allowances and leasing costs		(28.0)	(35.6)
		572.5	695.3
NOTE 5 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		11.7	23.5
Net fair value loss on currency derivatives that do not qualify for hedge accounting	10	(129.2)	(12.8)
		(117.5)	10.7
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		(151.7)	(305.5)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		65.4	13.2
Financing costs		(86.3)	(292.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	10	(37.2)	(137.0)
Finance leases interest expense		(3.0)	(3.2)
Interest expense on other financial liabilities ⁽ⁱ⁾		(19.3)	(22.5)
Net fair value (loss)/gain on other financial liabilities ⁽ⁱ⁾	10	(181.0)	147.3
		(326.8)	(307.7)
⁽ⁱ⁾ Interest expense on other financial liabilities and net fair value loss on other financial liabilities include amounts in respect of Westfield Group entities up to 30 June 2014.			
NOTE 7 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions		–	2,722.5
– less: carrying value of assets disposed and other capital costs		(7.6)	(2,758.0)
Gain/(loss) in respect of asset dispositions	10	(7.6)	(35.5)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments and the mark to market of fixed rate mortgages in respect of disposed properties			
		–	(74.9)
Financing costs in respect of capital transactions	10	–	(74.9)
NOTE 8 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER			
Refinancing costs in respect of the Restructure and Merger	10	(770.8)	–
Transaction costs in respect of the Restructure and Merger	10	(30.0)	–
		(800.8)	–

NOTE 9 TAXATION

(a) Tax expense

Current – underlying operations		(31.6)	(21.4)
Deferred tax	10	(173.5)	(164.1)
		(205.1)	(185.5)

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		(9.9)	704.0
Prima facie tax expense at 30% (31 December 2013: Prima facie withholding tax expense at 15%)		3.0	(105.6)
Trust income not taxable for the Group – tax payable by securityholders		(11.6)	4.5
Differential of effective tax rates on foreign income		46.2	(84.4)
Capital transactions not deductible		(242.7)	–
Tax expense		(205.1)	(185.5)

(b) Deferred tax assets

Provisions and accruals		10.3	–
		10.3	–

(c) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties		2,893.7	2,746.6
Unrealised fair value gain on financial derivatives		6.9	10.9
Other timing differences		21.6	–
		2,922.2	2,757.5

NOTE 10 SIGNIFICANT ITEMS

The following significant items are relevant in explaining the financial performance of the business:

Property revaluations		152.3	20.0
Equity accounted property revaluations		418.0	380.9
Net fair value loss on currency derivatives that do not qualify for hedge accounting	5	(129.2)	(12.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	(37.2)	(137.0)
Net fair value (loss)/gain on other financial liabilities	6	(181.0)	147.3
Gain/(loss) in respect of asset dispositions	7	(7.6)	(35.5)
Financing costs in respect of capital transactions	7	–	(74.9)
Refinancing costs in respect of the Restructure and Merger	8	(770.8)	–
Transaction costs in respect of the Restructure and Merger	8	(30.0)	–
Deferred tax	9	(173.5)	(164.1)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 11 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		308.6	749.9
Bank overdrafts	21	(0.1)	–
Total cash and cash equivalents		308.5	749.9

(b) Reconciliation of profit after tax to net cash flows from operating activities

Profit after tax		(215.0)	518.5
Property revaluations		(152.3)	(20.0)
Share of equity accounted profit in excess of dividend/distribution		(465.5)	(448.8)
Deferred tax		173.5	164.1
Net fair value loss on currency derivatives		129.2	12.8
Financing costs		326.8	307.7
Interest income		(7.9)	(39.5)
Gain/(loss) in respect of capital transactions		7.6	110.4
Charges and credits in respect of the Restructure and Merger		800.8	–
(Increase)/decrease in working capital attributable to operating activities		(41.5)	91.9
Net cash flows from operating activities		555.7	697.1

NOTE 12 DERIVATIVE ASSETS

Current

Receivables on currency derivatives		–	20.0
Receivables on interest rate derivatives		5.7	52.4
		5.7	72.4

Non Current

Receivables on interest rate derivatives		159.3	200.4
		159.3	200.4

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2014, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US\$165.0 million are reduced by US\$0.5 million to the net amount of US\$164.5 million (31 December 2013: derivative assets of US\$272.8 million reduced by US\$41.4 million to the net amount of US\$231.4 million).

NOTE 13 RECEIVABLES

Current

Sundry debtors		164.2	332.6
Receivable from Scentre Group		–	699.4
		164.2	1,032.0

Non Current

Other receivables		69.7	67.5
		69.7	67.5

NOTE 14 PREPAYMENTS AND DEFERRED COSTS

Current

Prepayments and deposits		19.1	6.7
Deferred costs – other		13.9	15.8
		33.0	22.5

Non Current

Deferred costs – other		129.0	67.2
		129.0	67.2

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 15 INVESTMENT PROPERTIES			
Current			
Shopping centre investments		409.3	–
Development projects and construction in progress		29.4	–
		438.7	–
Non current			
Shopping centre investments		6,987.3	5,160.5
Development projects and construction in progress		1,862.3	263.7
		8,849.6	5,424.2
Total investment properties		9,288.3	5,424.2
Total investment properties comprised of:			
Shopping centre investments	16	7,396.6	5,160.5
Development projects and construction in progress		1,891.7	263.7
		9,288.3	5,424.2
Movement in total investment properties			
Balance at the beginning of the year		5,424.2	8,175.2
Acquisition of properties		611.0	–
Disposal of properties		–	(2,483.6)
Transfer from/(to) equity accounted investment properties		152.1	(638.7)
Redevelopment costs		509.7	351.3
Additions from the Restructure		2,596.6	–
Net revaluation increment		226.2	20.0
Retranslation of foreign operations		(231.5)	–
Balance at the end of the year ^①		9,288.3	5,424.2

^① The fair value of investment properties at the end of the year of US\$9,288.3 million (31 December 2013: US\$5,424.2 million) comprises investment properties at market value of US\$9,255.2 million (31 December 2013: US\$5,390.7 million) and ground leases included as finance leases of US\$33.1 million (31 December 2013: US\$33.5 million).

NOTE 16 DETAILS OF SHOPPING CENTRE INVESTMENTS

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Consolidated shopping centres	15	7,396.6	5,160.5
Equity accounted shopping centres	17(c)	8,437.4	6,255.6
		15,834.0	11,416.1
		Carrying Amount 31 Dec 14 US\$million	Estimated Yield^① 31 Dec 14 %
		Carrying Amount 31 Dec 13 US\$million	Estimated Yield ^① 31 Dec 13 %
Flagship and Regional			
Flagship			
– United States		5,897.6	4.93%
– United Kingdom		3,770.0	4.76%
		9,667.6	4.86%
Regional			
– United States		6,166.4	6.08%
Total		15,834.0	5.34%

^① The estimated yield is calculated on a weighted average basis.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 16 DETAILS OF SHOPPING CENTRE INVESTMENTS (CONTINUED)

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 leases, straight-line rent and revaluation increments and decrements.

Independent valuations are conducted in accordance with guidelines set by RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated weighted average yield and net operating income. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties.

The following qualified independent valuers were appointed by the Group to carry out property appraisals for the current financial year:

United States shopping centres

- Altus Group U.S. Inc.
- Cushman & Wakefield, Inc.
- Cushman & Wakefield Regional, Inc.
- Cushman & Wakefield of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited

NOTE 17 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	United States		United Kingdom		Total	
	31 Dec 14 US\$million	31 Dec 13 US\$million	31 Dec 14 US\$million	31 Dec 13 US\$million	31 Dec 14 US\$million	31 Dec 13 US\$million

(a) Details of the Group's aggregate share of equity accounted entities net profit

Property revenue	504.3	452.2	59.7	–	564.0	452.2
Share of after tax profit of equity accounted entities	695.2	648.7	49.9	–	745.1	648.7

During the financial year, there was no profit or loss from discontinued operations.

(b) Details of the Group's aggregate share of equity accounted entities comprehensive income

Share of after tax profit of equity accounted entities	695.2	648.7	49.9	–	745.1	648.7
Other comprehensive income ⁽ⁱ⁾	–	–	(117.1)	–	(117.1)	–
Share of total comprehensive income of equity accounted entities	695.2	648.7	(67.2)	–	628.0	648.7

⁽ⁱ⁾ Relates to the net exchange difference on translation of equity accounted foreign operations.

	United States		United Kingdom		Total	
	31 Dec 14 US\$million	31 Dec 13 US\$million	31 Dec 14 US\$million	31 Dec 13 US\$million	31 Dec 14 US\$million	31 Dec 13 US\$million

(c) Details of the Group's aggregate share of equity accounted entities assets and liabilities

Cash	59.3	59.7	33.1	–	92.4	59.7
Shopping centre investments	6,825.5	6,255.6	1,611.9	–	8,437.4	6,255.6
Development projects and construction in progress	203.4	376.9	175.5	–	378.9	376.9
Other assets	21.7	43.9	31.1	–	52.8	43.9
Total assets	7,109.9	6,736.1	1,851.6	–	8,961.5	6,736.1
Payables	(103.9)	(97.8)	(44.3)	–	(148.2)	(97.8)
Interest bearing liabilities – current ⁽ⁱ⁾	21(d) (4.4)	(4.2)	–	–	(4.4)	(4.2)
Interest bearing liabilities – non current ⁽ⁱ⁾	21(d) (1,409.1)	(1,240.9)	(585.2)	–	(1,994.3)	(1,240.9)
Total liabilities	(1,517.4)	(1,342.9)	(629.5)	–	(2,146.9)	(1,342.9)
Net assets	5,592.5	5,393.2	1,222.1	–	6,814.6	5,393.2

⁽ⁱ⁾ The fair value of interest bearing liabilities was US\$2,061.9 million compared to the book value of US\$1,998.7 million.

NOTE 17 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest	
			31 Dec 14	31 Dec 13
(d) Equity accounted entities economic interest				
United Kingdom investments ⁽ⁱ⁾				
Croydon ⁽ⁱⁱ⁾	Partnership interest	31 Dec	50.0%	–
Stratford City ⁽ⁱⁱⁱ⁾	Partnership interest	31 Dec	50.0%	–
United States investments ^(iv)				
Annapolis ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Brandon	Membership units	31 Dec	50.0%	50.0%
Broward	Membership units	31 Dec	50.0%	50.0%
Citrus Park	Membership units	31 Dec	50.0%	50.0%
Countryside	Membership units	31 Dec	50.0%	50.0%
Culver City ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Fashion Square	Partnership units	31 Dec	50.0%	50.0%
Garden State Plaza	Partnership units	31 Dec	50.0%	50.0%
Horton Plaza ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Mission Valley	Partnership units	31 Dec	41.7%	41.7%
Montgomery	Partnership units	31 Dec	50.0%	50.0%
North County ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Oakridge ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Plaza Bonita ^(iv)	Partnership units	31 Dec	55.0%	55.0%
San Francisco Emporium	Partnership units	31 Dec	50.0%	50.0%
Santa Anita	Partnership units	31 Dec	49.3%	49.3%
Sarasota	Membership units	31 Dec	50.0%	50.0%
Southcenter ^(iv)	Partnership units	31 Dec	55.0%	55.0%
Southgate	Membership units	31 Dec	50.0%	50.0%
Topanga ^(iv)	Partnership units	31 Dec	55.0%	55.0%
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%

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

⁽ⁱⁱ⁾ These equity accounted investments have been included in the Group following the Restructure.

⁽ⁱⁱⁱ⁾ Stratford is considered a material joint venture. Summarised financial information are as follows: Revenue of US\$57.1 million, total assets of US\$1,681.1 million and total liabilities of \$619.0 million.

^(iv) Per the Co-ownership, Limited Partnership and Property Management Agreements with Canada Pension Plan Investment Board (CPPIB), the Group is restricted from exercising control over these interests even though it has 55% ownership interest and voting rights. Major decisions require the approval of both the Group and CPPIB and operating and capital budgets must be approved by the Management Committee (both owners have equal representation on this Committee). The Group therefore has joint control over the investments and is treating them as equity accounted interests.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 18 OTHER INVESTMENTS		
Listed investments	143.2	–
Unlisted investments	114.7	101.6
	257.9	101.6

Movement in other investments		
Balance at the beginning of the year	101.6	465.1
Additions	16.2	61.5
Disposals	(0.5)	(425.0)
Net revaluation increment to income statement	19.8	–
Additions from the Restructure	140.6	–
Retranslation of foreign operations	(19.8)	–
Balance at the end of the year	257.9	101.6

NOTE 19 PLANT AND EQUIPMENT		
At cost	216.7	136.6
Accumulated depreciation	(139.3)	(82.0)
Total plant and equipment	77.4	54.6

Movement in plant and equipment		
Balance at the beginning of the year	54.6	73.6
Additions	7.6	16.7
Disposals/transfers	(8.0)	(14.5)
Depreciation expense	(15.1)	(21.2)
Additions from the Restructure	43.3	–
Retranslation of foreign operations and other differences	(5.0)	–
Balance at the end of the year	77.4	54.6

Plant and equipment of US\$77.4 million (31 December 2013: US\$54.6 million) comprises the following: aircraft US\$40.3 million (31 December 2013: US\$24.7 million); and other plant and equipment US\$37.1 million (31 December 2013: US\$29.9 million).

NOTE 20 PAYABLES AND OTHER CREDITORS

Current

Payables and other creditors	849.9	526.4
Employee benefits	45.7	–
Payables to related entities	–	108.5
	895.6	634.9

Non current

Sundry creditors and accruals	120.5	80.8
Employee benefits	14.3	–
	134.8	80.8

Note	31 Dec 14 US\$million	31 Dec 13 US\$million
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NOTE 21 INTEREST BEARING LIABILITIES

Interest bearing liabilities – consolidated

Current

Unsecured

Bank overdraft	11(a)	0.1	–
Finance leases		0.4	0.4
Loans payable to related entities		–	827.4

Secured

Bank loans and mortgages			
– US\$ denominated		122.9	2.7
		123.4	830.5

Non current

Unsecured

Bank loans			
– £ denominated		873.1	–
– € denominated		100.2	–
– US\$ denominated		50.0	–
Notes payable			
– US\$ denominated		3,500.0	4,450.1
Finance leases		32.7	33.1

Secured

Bank loans and mortgages			
– US\$ denominated		750.8	873.7
		5,306.8	5,356.9

Total interest bearing liabilities – consolidated		5,430.2	6,187.4
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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.

	31 Dec 14 US\$million	31 Dec 13 US\$million
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(a) Summary of financing facilities

Committed financing facilities available to the Group:

Total financing facilities at the end of the year	8,675.3	8,761.2
Total interest bearing liabilities	(5,430.2)	(6,187.4)
Total bank guarantees	(13.7)	(11.8)
Available financing facilities ⁰⁾	3,231.4	2,562.0
Cash	308.6	749.9
Financing resources available at the end of the year	3,540.0	3,311.9

⁰⁾ Total available financing facilities at the end of the financial period of US\$3,231.4 million (31 December 2013: US\$2,562.0 million) is in excess of the Group's net current liabilities of US\$38.3 million (31 December 2013: net current assets of US\$237.0 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 14 US\$million	Total interest bearing liabilities 31 Dec 14 US\$million	Committed financing facilities 31 Dec 13 US\$million	Total interest bearing liabilities 31 Dec 13 US\$million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2014	–	–	830.5	830.5
Year ending December 2015	123.4	123.4	543.7	123.3
Year ending December 2016	153.5	153.5	2,769.2	1,053.5
Year ending December 2017	1,772.2	1,727.1	339.8	3.8
Year ending December 2018	4.0	4.0	1,205.8	1,104.1
Year ending December 2019	4,504.3	1,304.3	1,154.3	1,154.3
Year ending December 2020	172.7	172.7	172.7	172.7
Year ending December 2021	0.6	0.6	1,000.7	1,000.7
Year ending December 2022	415.7	415.7	715.6	715.6
Year ending December 2023	0.7	0.7	0.7	0.7
Year ending December 2024	1,000.7	1,000.7	0.7	0.7
Due thereafter	527.5	527.5	27.5	27.5
	8,675.3	5,430.2	8,761.2	6,187.4

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 14 million	Total interest bearing liabilities (local currency) 31 Dec 14 million	Committed financing facilities (local currency) 31 Dec 13 million	Total interest bearing liabilities (local currency) 31 Dec 13 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Loan payable to related entities	At call	–	–	A\$926.4	A\$926.4
Secured mortgage – San Francisco Centre	6-Jul-15	US\$120.0	US\$120.0	US\$120.0	US\$120.0
Undrawn Westfield Group unsecured bank bilateral facilities ⁽ⁱ⁾	2015	–	–	US\$420.3	–
Unsecured notes payable – bonds ⁽ⁱⁱ⁾	1-Oct-16	–	–	US\$900.0	US\$900.0
Secured mortgage – Fox Valley	11-Nov-16	US\$150.0	US\$150.0	US\$150.0	US\$150.0
Undrawn Westfield Group unsecured bank bilateral facilities ⁽ⁱ⁾	2016	–	–	US\$1,715.7	–
Unsecured bank loan – bridge facility ⁽ⁱⁱⁱ⁾	20-Mar-17	£524.5	£524.5	–	–
Unsecured bank loan – bilateral facility	3-Jul-17	US\$200.0	£35.0 €82.5	–	–
Unsecured notes payable – bonds	15-Sep-17	US\$750.0	US\$750.0	–	–
Undrawn Westfield Group unsecured bank bilateral facilities ⁽ⁱ⁾	2017	–	–	US\$336.1	–
Unsecured notes payable – bonds ⁽ⁱⁱ⁾	15-Apr-18	–	–	US\$1,100.0	US\$1,100.0
Undrawn Westfield Group unsecured bank bilateral facilities ⁽ⁱ⁾	2018	–	–	US\$101.7	–
Unsecured bank loan – syndicated facility ^(iv)	30-Jun-19	US\$3,250.0	US\$50.0	–	–
Unsecured notes payable – bonds ⁽ⁱⁱ⁾	2-Sep-19	–	–	US\$1,150.0	US\$1,150.0
Unsecured notes payable – bonds	17-Sep-19	US\$1,250.0	US\$1,250.0	–	–
Secured mortgage – Old Orchard	1-Mar-20	US\$188.7	US\$188.7	US\$191.4	US\$191.4
Unsecured notes payable – bonds ⁽ⁱⁱ⁾	10-May-21	–	–	US\$1,000.0	US\$1,000.0
Secured mortgage – Galleria at Roseville	1-Jun-22	US\$275.0	US\$275.0	US\$275.0	US\$275.0
Secured mortgage – Mainplace	1-Jun-22	US\$140.0	US\$140.0	US\$140.0	US\$140.0
Unsecured notes payable – bonds ⁽ⁱⁱ⁾	3-Oct-22	–	–	US\$300.0	US\$300.0
Unsecured notes payable – bonds	17-Sep-24	US\$1,000.0	US\$1,000.0	–	–
Unsecured notes payable – bonds	17-Sep-44	US\$500.0	US\$500.0	–	–
Total US\$ equivalent of the above		8,642.1	5,397.0	8,727.7	6,153.9
Add:					
Finance leases		33.1	33.1	33.5	33.5
Bank overdraft		0.1	0.1	–	–
Consolidated financing facilities and interest bearing liabilities		8,675.3	5,430.2	8,761.2	6,187.4

⁽ⁱ⁾ These are aggregate bank bilateral facilities unutilised by other members of the Westfield Group prior to the Restructure.

⁽ⁱⁱ⁾ During the year, notice was given to repurchase and cancel US\$4,450.0 million of bonds for US\$5,164.8 million.

⁽ⁱⁱⁱ⁾ Assumes option has been exercised to extend the facility from 2016 to 2017.

^(iv) Assumes option has been exercised to extend the facility from 2018 to 2019.

Unsecured bank loans, bank overdraft and notes payable are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

Total secured liabilities are US\$873.7 million (31 December 2013: US\$876.4 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of US\$2.3 billion (31 December 2013: US\$2.2 billion). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 21 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 14 US\$million	Total interest bearing liabilities 31 Dec 14 US\$million	Committed financing facilities 31 Dec 13 US\$million	Total interest bearing liabilities 31 Dec 13 US\$million
(d) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured mortgages	1,991.6	1,991.6	1,235.5	1,235.5
Finance leases	7.1	7.1	9.6	9.6
	1,998.7	1,998.7	1,245.1	1,245.1
Interest bearing liabilities – current	4.4	4.4	4.2	4.2
Interest bearing liabilities – non current	1,994.3	1,994.3	1,240.9	1,240.9
	1,998.7	1,998.7	1,245.1	1,245.1

(e) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities

Year ending December 2014	–	–	4.2	4.2
Year ending December 2015	4.4	4.4	4.4	4.4
Year ending December 2016	4.6	4.6	4.6	4.6
Year ending December 2017	222.5	222.5	222.5	222.5
Year ending December 2018	34.5	34.5	34.6	34.6
Year ending December 2019	592.1	592.1	7.1	7.1
Year ending December 2020	188.7	188.7	188.8	188.8
Year ending December 2021	3.3	3.3	3.4	3.4
Year ending December 2022	3.4	3.4	3.5	3.5
Year ending December 2023	501.6	501.6	501.6	501.6
Year ending December 2024	437.7	437.7	262.7	262.7
Due thereafter	5.9	5.9	7.7	7.7
	1,998.7	1,998.7	1,245.1	1,245.1

Type	Maturity date	Committed financing facilities (local currency) 31 Dec 14 million	Total interest bearing liabilities (local currency) 31 Dec 14 million	Committed financing facilities (local currency) 31 Dec 13 million	Total interest bearing liabilities (local currency) 31 Dec 13 million
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(f) Details of equity accounted financing facilities and interest bearing liabilities

Secured mortgage – San Francisco Emporium	11-Jan-17	US\$217.5	US\$217.5	US\$217.5	US\$217.5
Secured mortgage – Southgate ⁽ⁱ⁾	09-Jun-18	US\$28.5	US\$28.5	US\$28.5	US\$28.5
Secured mortgage – Stratford City ⁽ⁱⁱ⁾	27-Oct-19	£375.0	£375.0	–	–
Secured mortgage – Southcenter	11-Jan-20	US\$129.8	US\$129.8	US\$131.6	US\$131.6
Secured mortgage – Brandon	01-Mar-20	US\$73.1	US\$73.1	US\$74.2	US\$74.2
Secured mortgage – Valencia Town Center	01-Jan-23	US\$97.5	US\$97.5	US\$97.5	US\$97.5
Secured mortgage – Santa Anita	01-Feb-23	US\$142.2	US\$142.2	US\$142.2	US\$142.2
Secured mortgage – Broward	01-Mar-23	US\$47.5	US\$47.5	US\$47.5	US\$47.5
Secured mortgage – Citrus Park	01-Jun-23	US\$71.7	US\$71.7	US\$72.9	US\$72.9
Secured mortgage – Countryside	01-Jun-23	US\$77.5	US\$77.5	US\$77.5	US\$77.5
Secured mortgage – Sarasota	01-Jun-23	US\$19.0	US\$19.0	US\$19.0	US\$19.0
Secured mortgage – Mission Valley	01-Oct-23	US\$64.6	US\$64.6	US\$64.6	US\$64.6
Secured mortgage – Garden State Plaza	01-Jan-24	US\$262.5	US\$262.5	US\$262.5	US\$262.5
Secured mortgage – Montgomery	01-Aug-24	US\$175.0	US\$175.0	–	–
Total US\$ equivalent of the above		1,991.6	1,991.6	1,235.5	1,235.5
Add:					
Finance leases		7.1	7.1	9.6	9.6
		1,998.7	1,998.7	1,245.1	1,245.1

⁽ⁱ⁾ Assumes three one year options have been exercised to extend the loan from 2015 to 2018.

⁽ⁱⁱ⁾ During the year, this liability was transferred from Westfield Group to Westfield Corporation as a result of the Restructure and subsequently refinanced in October 2014.

Total equity accounted secured liabilities are US\$1,998.7 million (31 December 2013: US\$1,245.1 million). The aggregate net asset value of equity accounted entities with secured borrowings is US\$3,356.1 million (31 December 2013: US\$1,838.3 million). These properties are noted above. 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 22 OTHER FINANCIAL LIABILITIES

Current

Convertible redeemable preference shares	(a)	2.7	1.9
Other redeemable preference shares/units	(b)	–	137.1
		2.7	139.0

Non current

Convertible redeemable preference shares/units	(a)	94.9	82.3
Other redeemable preference shares/units	(b)	137.0	126.3
Convertible redeemable preference shares/units held by related entities ⁰		–	865.7
		231.9	1,074.3

⁰ These convertible redeemable preference shares/units held by related entities were eliminated upon consolidation in accordance with accounting standards.

The maturity profile in respect of current and non current other financial liabilities is set out below:

Current – within one year	2.7	139.0
Non current – after one year	231.9	1,074.3
	234.6	1,213.3

(a) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units); (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

- (i) As at 31 December 2014, the Jacobs Group holds 1,508,382 (31 December 2013: 1,529,467) 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.
- (ii) As at 31 December 2014, the previous owners of the Sunrise Mall holds Series I units 1,401,426 (31 December 2013: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.
- (iii) As at 31 December 2014, 1,538,481 (31 December 2013: 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 stapled securities); or (iii) a combination of both.
- (iv) The investor unit rights in the operating and property partnerships have a fixed life and are able to be redeemed either for: (i) cash; (ii) shares in WEA; or (iii) a combination of both, at the Group's discretion.
- (v) As at 31 December 2014, 764,205 (31 December 2013: 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) stapled securities; or (iii) a combination of both.

(b) Other redeemable preference units

The other redeemable preference units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); (ii) a Preferred Partnership in Head Acquisition L.P. (Head LP); and (iii) Series A Partnership Preferred Units (Series A units).

- (i) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US\$0.125 for the first four calendar quarters after the Series H-2 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.
- (ii) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 23 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	0.5	–
	0.5	–
Non current		
Payables on interest rate derivatives	–	41.4
	–	41.4

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2014, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US\$0.5 million are reduced by US\$0.5 million to the net amount of nil (31 December 2013: derivative liabilities of US\$41.4 million reduced by US\$41.4 million to the net amount of nil).

	Securities	Securities
--	------------	------------

NOTE 24 CONTRIBUTED EQUITY

(a) Number of securities on issue

Balance at the beginning of the year	2,078,089,686	2,228,403,362
Buy-back and cancellation of securities	–	(150,313,676)
Balance at the end of the year	2,078,089,686	2,078,089,686

Stapled securities have the right to receive declared dividends from the Parent Company and distributions from WFDT and WAT and, in the event of winding up the Parent Company, WFDT and WAT, 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 Corporations Act, either in person or by proxy, at a meeting of either the Parent Company, WFDT and WAT (as the case may be).

	US\$million	US\$million
(b) Amount of contributed equity		
of WCL	888.3	–
of WFDT and WAT	10,571.0	4,957.5
of the Group	11,459.3	4,957.5

Movement in contributed equity attributable to members of the Group

Balance at the beginning of the year	4,957.5	5,265.2
Initial equity contributed for WCL pursuant to the establishment of Westfield Corporation	901.8	–
Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	5,613.5	–
Buy-back and cancellation of securities	–	(307.4)
Cost associated with the buy-back of securities	–	(0.3)
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	(13.5)	–
Balance at the end of the year	11,459.3	4,957.5

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 25 RESERVES		
of WCL	(6.9)	–
of WFDT and WAT	(137.2)	39.7
of the Group	(144.1)	39.7
Total reserves of the Group		
Foreign currency translation reserve	(183.2)	36.5
Employee share plan benefits reserve	39.1	3.2
Balance at the end of the year	(144.1)	39.7
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	36.5	25.4
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	(219.7)	11.1
Balance at the end of the year	(183.2)	36.5
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	3.2	2.0
– movement in equity settled share based payment	35.9	1.2
Balance at the end of the year	39.1	3.2
NOTE 26 RETAINED PROFITS		
of WCL	160.9	–
of WFDT and WAT	(3,742.3)	(2,966.2)
of the Group	(3,581.4)	(2,966.2)
Movement in retained profits		
Balance at the beginning of the year	(2,966.2)	(2,945.0)
Profit after tax for the period	(215.0)	471.4
Dividend/distribution paid	(553.7)	(492.6)
Amounts previously included in non controlling interest	153.5	–
Balance at the end of the year	(3,581.4)	(2,966.2)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	Number of options and rights 31 Dec 14	Weighted average exercise price US\$ 31 Dec 14	Number of options and rights 31 Dec 13	Weighted average exercise price US\$ 31 Dec 13
NOTE 27 SHARE BASED PAYMENTS					
(a) Options and rights over Westfield Corporation stapled securities					
(31 December 2013: Westfield Group stapled securities)					
– Series F Special options ⁽ⁱ⁾		–	–	52,500	1.57
– Series G1 Special options ⁽ⁱ⁾		–	–	277,778	0.88
– Series H Special options ⁽ⁱ⁾		–	–	11,805,862	0.99
– Series I Special options ⁽ⁱ⁾		–	–	13,260,859	0.96
– Executive performance rights	(b)(i)	11,143,275	–	3,890,676	–
– Partnership incentive rights	(b)(ii)	6,226,538	–	1,224,723	–
– Executive performance and partnership incentive rights issued to employees of related parties		–	–	10,629,417	–
		17,369,813	–	41,141,815	1.02

⁽ⁱ⁾ These Special options are issued by WAT to WCL entities. At 31 December 2014, these Special options were eliminated upon consolidation in accordance with accounting standards.

Movement in options and rights on issue

Balance at the beginning of the year		41,141,815	–	36,618,753	1.20
Special options issued by WAT to WCL entities eliminated upon consolidation		(25,396,999)	–	–	–
Movement in Executive performance rights					
– Rights transferred pursuant to the Restructure ⁽ⁱ⁾		4,958,141	–	–	–
– Adjustment to rights upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾		2,219,153	–	–	–
– Rights transferred on employee relocation		196,886	–	(356,056)	–
– Rights issued during the year		3,695,644	–	1,422,217	–
– Rights exercised during the year		(3,639,501)	–	–	–
– Rights forfeited during the year		(177,724)	–	(238,370)	–
Movement in Partnership incentive rights					
– Rights transferred pursuant to the Restructure ⁽ⁱ⁾		2,233,946	–	–	–
– Adjustment to rights upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾		693,186	–	–	–
– Rights transferred on employee relocation		–	–	(55,421)	–
– Rights issued during the year		2,139,186	–	555,159	–
– Rights exercised during the year		–	–	(30,050)	–
– Rights forfeited during the year		(64,503)	–	–	–
Movement in Executive performance and partnership incentive rights issued to employees of related parties					
– Rights transferred on employee relocation		–	–	411,477	–
– Rights issued during the year		–	–	3,390,822	–
– Rights exercised during the year		–	–	(478,035)	–
– Rights forfeited during the year		–	–	(98,681)	–
– Rights issued to employees of related parties of WAT eliminated upon consolidation ⁽ⁱⁱⁱ⁾		(10,629,417)	–	–	–
Balance at the end of the year ^(iv)		17,369,813	–	41,141,815	1.02

⁽ⁱ⁾ Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

⁽ⁱⁱ⁾ As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security)/Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

⁽ⁱⁱⁱ⁾ As a result of the Restructure on 30 June 2014, 10,629,417 Executive performance and Partnership incentive rights on issue to employees of related parties of WAT were eliminated upon consolidation.

^(iv) At 31 December 2014, the 17,369,813 rights (31 December 2013: 41,141,815 options and rights) on issue are convertible to 17,369,813 (31 December 2013: 111,556,672) Westfield Corporation stapled securities (31 December 2013: Westfield Group stapled securities).

NOTE 27 SHARE BASED PAYMENTS (CONTINUED)**(b) Executive Performance Rights and Partnership Incentive Rights Plans**

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

	Number of rights 31 Dec 14	Number of rights 31 Dec 13
Movement in Executive Performance Rights		
Balance at the beginning of the year	3,890,676	3,062,885
Rights transferred pursuant to the Restructure ⁽ⁱ⁾	4,958,141	–
Adjustment to rights upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾	2,219,153	–
Rights transferred on employee relocation	196,886	(356,056)
Rights issued during the year	3,695,644	1,422,217
Rights exercised during the year	(3,639,501)	–
Rights forfeited during the year	(177,724)	(238,370)
Balance at the end of the year	11,143,275	3,890,676

⁽ⁱ⁾ Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

⁽ⁱⁱ⁾ As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

Vesting profile	Fair value granted US\$million 31 Dec 14	Number of rights⁽ⁱ⁾ 31 Dec 14	Fair value granted US\$million 31 Dec 13	Number of rights ⁽ⁱ⁾ 31 Dec 13
2014	–	–	9.9	1,621,061
2015	20.2	4,641,240	10.0	1,329,790
2016	20.6	4,808,665	2.9	527,646
2017	4.5	962,500	0.4	57,203
2018	3.4	730,870	2.9	354,976
	48.7	11,143,275	26.1	3,890,676

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

The EPR Plan is a plan in which senior executives and high performing employees participate. 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 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 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. The terms of the EPR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 27 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 14	Number of rights 31 Dec 13
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	1,224,723	755,035
Rights transferred pursuant to the Restructure ⁽ⁱ⁾	2,233,946	–
Adjustment to rights upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾	693,186	–
Rights transferred on employee relocation	–	(55,421)
Rights issued during the year ⁽ⁱⁱⁱ⁾	2,139,186	555,159
Rights exercised during the year	–	(30,050)
Rights forfeited during the year	(64,503)	–
Balance at the end of the year	6,226,538	1,224,723

⁽ⁱ⁾ Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these rights which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these rights had been adjusted in accordance with the formula in footnote (ii) below.

⁽ⁱⁱ⁾ As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of rights held by Plan participants prior to the adjustment occurring.

⁽ⁱⁱⁱ⁾ As outlined in section 8.4(c) of the Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan.

In 2012 and 2013, qualification for 25% and 50% (respectively) of rights issued under the PIR Plan was determined by reference to the ROCE hurdle. A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 Remuneration Report published by Westfield Group. Immediately prior to the Restructure, having regard to the fact that the Westfield Group would no longer exist (and therefore it would not be possible to measure performance against the ROCE hurdle) the Westfield Group Board agreed to determine the level of vesting in respect of these 2012 and 2013 rights having regard to the actual performance up to the implementation of the Restructure including the six months to 30 June 2014. The Board also had regard to expected performance over the balance of the qualification period having regard to performance up to implementation of the Restructure. As a consequence, the ROCE hurdles were met to 110% and 125% for the 2012 and 2013 years respectively.

For 2014, the rights were issued under the new Westfield Corporation Plans. Vesting against the FFO hurdles was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Directors' Report.

Vesting profile	Fair value granted US\$million 31 Dec 14	Number of rights ⁽ⁱ⁾ 31 Dec 14	Fair value granted US\$million 31 Dec 13	Number of rights ⁽ⁱ⁾ 31 Dec 13
2015	3.3	982,628	1.7	304,699
2016	7.5	1,986,961	3.8	600,278
2017	9.6	2,173,378	2.2	301,997
2018	4.7	1,083,571	0.1	17,749
	25.1	6,226,538	7.8	1,224,723

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

The senior leadership team of the Group participate in the PIR Plan. The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the 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 security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2014 qualifying year are set out in section 8.4(c) of the Directors' Report. 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. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US\$22.2 million (31 December 2013: US\$6.1 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 27 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 14	Number of award securities 31 Dec 13
Movement in Executive Deferred Awards		
Balance at the beginning of the year	768,539	2,046,388
Awards transferred pursuant to the Restructure ⁽ⁱ⁾	309,918	–
Adjustment to awards upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾	354,235	–
Rights transferred on employee relocation	–	(28,458)
Awards exercised during the year	(96,184)	(1,065,679)
Awards lapsed during the year	(133,002)	(183,712)
Balance at the end of the year	1,203,506	768,539

⁽ⁱ⁾ Following implementation of the Restructure on 30 June 2014, Westfield Corporation assumed obligations with respect to these awards which were issued under the Australian and United Kingdom Plans operated by the former Westfield Group. At the time of assumption of those obligations, these awards had been adjusted in accordance with the formula in footnote (ii) below.

⁽ⁱⁱ⁾ As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

As a consequence, the awards relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

The adjustment mechanism operated in a manner which preserved the value of awards held by Plan participants prior to the adjustment occurring.

Vesting profile	Cumulative value granted US\$million 31 Dec 14	Number of award securities 31 Dec 14	Cumulative value granted US\$million 31 Dec 13	Number of award securities 31 Dec 13
2014	–	–	0.6	66,108
2015	6.1	1,203,506	6.1	702,431
	6.1	1,203,506	6.7	768,539

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 Group stapled security prices and the distribution policy during the vesting period. The EDA Plan operates in much the same manner as the EPR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the EDA Plan.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 27 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 14	Number of award securities 31 Dec 13
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	843,331	1,648,467
Awards transferred pursuant to the Restructure ⁽ⁱ⁾	1,482,257	–
Adjustment to awards upon the establishment of Westfield Corporation ⁽ⁱⁱ⁾	444,385	–
Rights transferred on employee relocation	–	(146,190)
Awards exercised during the year	(1,894,569)	(658,946)
Awards lapsed during the year	(46,066)	–
Balance at the end of the year	829,338	843,331

⁽ⁱ⁾ Following implementation of the Restructure on 30 June 2014, the number of awards that were issued under the Australian and United Kingdom versions of the Westfield Group Plans that relate to securities in Westfield Corporation were transferred from Scentre Group. These awards have been adjusted in accordance with the formula in footnote (ii) below.

⁽ⁱⁱ⁾ As a result of the Restructure on 30 June 2014, existing awards in the United States versions of the Westfield Group Plans had been modified such that the value of the awards held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities. The awards over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the awards on issue in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. The value of awards adjusted immediately before the transaction was the same as the value of awards immediately after the transaction.

Vesting profile	Cumulative value granted US\$million 31 Dec 14	Number of award securities 31 Dec 14	Cumulative value granted US\$million 31 Dec 13	Number of award securities 31 Dec 13
2014	–	–	5.0	588,048
2015	4.2	829,338	2.2	255,283
	4.2	829,338	7.2	843,331

The senior leadership team of the Group, participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The PIP Plan operates in much the same manner as the PIR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

As from 2012 onwards, it is not anticipated that any further issues will be made under the PIP plan.

Accounting for cash settled Share Based Payments

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

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and 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 (and at the date of settlement) the awards are adjusted to fair market value with any adjustments in fair value recognised in the profit or loss.

During the year, US\$3.8 million (31 December 2013: US\$6.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

NOTE 28 EARNINGS PER SECURITY

(a) Summary of earnings per security

Basic earnings per stapled security attributable to members of Westfield Corporation	(11.63)	27.94
Diluted earnings per stapled security attributable to members of Westfield Corporation	(11.63)	19.57

(b) Income and security data

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

	31 Dec 14	31 Dec 13
	US\$million	US\$million
Earnings used in calculating basic earnings per stapled security	(215.0)	471.4
Adjustment to earnings on options which are considered dilutive ⁽ⁱ⁾	-	(128.0)
Earnings used in calculating diluted earnings per stapled security	(215.0)	343.4

The following reflects the security data used in the calculations of basic and diluted earnings per stapled security:

	No. of	No. of
	securities	securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security	2,078,089,686	2,167,947,730
Adjustment for the acquisition of the United Kingdom operations as a result of the Restructure implemented on 30 June 2014	49 (229,676,886)	(480,533,078)
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security ⁽ⁱⁱ⁾	1,848,412,800	1,687,414,652
Adjusted weighted average number of ordinary securities used in calculating basic earnings per stapled security ⁽ⁱⁱⁱ⁾	1,848,412,800	1,687,414,652
Weighted average of potential employee awards scheme security options which, if issued would be dilutive ^(iv)	20,698,363	5,483,263
Bonus element of options which if issued, would be dilutive ⁽ⁱ⁾	-	61,449,049
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security ^(v)	1,869,111,163	1,754,346,964

⁽ⁱ⁾ Bonus element of options relating to other financial liabilities issued to Westfield Holdings Limited (now Scentre Group Limited) that are dilutive for the current period were nil (31 December 2013: 61,449,049), earnings in respect of the options were nil (31 December 2013: US\$128.0 million).

⁽ⁱⁱ⁾ The weighted average number of ordinary securities used in calculating basic earnings per stapled security has been adjusted for the acquisition of the United Kingdom operations which occurred on 30 June 2014.

⁽ⁱⁱⁱ⁾ 1,848.4 million (31 December 2013: 1,687.4 million) adjusted weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement.

^(iv) At 31 December 2014 17,369,813 actual employee award scheme security options were on hand (31 December 2013: 5,115,399).

^(v) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 3,328,550 (31 December 2013: 570,629).

(c) Conversions, calls, subscription or issues after 31 December 2014

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

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	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 29 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 31 December 2014		
– to be paid on 27 February 2015		
WFDT: 8.66 US cents per unit, 90% estimated tax deferred	180.0	–
WAT: 3.64 US cents per unit, 0% estimated tax deferred	75.6	–
Dividend/distribution in respect of the 6 months to 31 December 2013		
WAT: 7.01 US cents (7.84 A\$ cents) per unit, 27% tax deferred	–	145.7
	255.6	145.7

Interim dividend/distributions of 21.00 A\$ cents were paid on 29 August 2014. Final dividend/distributions will be paid on 27 February 2015. The record date for the final dividends/distributions was 5pm, 13 February 2015. No distribution reinvestment plan is operational for the distribution.

(b) Interim dividends/distributions paid		
Dividend/distribution in respect of the 6 months to 30 June 2014		
WAT: 19.63 US cents (21.00 A\$ cents) per unit	408.0	–
Dividend/distribution in respect of the 6 months to 30 June 2013		
WAT: 19.24 US cents (21.50 A\$ cents) per unit, 27% tax deferred	–	417.1
	408.0	417.1

Dividends paid by the Parent Company have been franked at the corporate tax rate of 30%.

(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	0.2	–
Franking credits available for future distributions	0.2	–
	31 Dec 14 US\$	31 Dec 13 US\$

NOTE 30 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	3.72	0.98

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,078,089,686 (31 December 2013: 2,078,089,686).

	US\$million	US\$million
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NOTE 31 LEASE COMMITMENTS		
The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure 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.		
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	694.2	538.4
Due between one and five years	2,099.8	1,598.2
Due after five years	1,860.7	1,105.7
	4,654.7	3,242.3

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 any recovery of outgoings.

Operating lease payables		
Expenditure contracted but not provided for		
Due within one year	8.3	5.6
Due between one and five years	37.7	21.1
Due after five years	66.9	53.8
	112.9	80.5

NOTE 32 CAPITAL EXPENDITURE COMMITMENTS

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

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

Due within one year	405.2	1,075.1
Due between one and five years	328.3	396.6
Due after five years	–	–
	733.5	1,471.7

NOTE 33 CONTINGENT LIABILITIES

The following are prepared on a proportionate basis which includes both consolidated and equity accounted capital expenditure commitments.

Performance guarantees	121.0	43.1
Guaranteed borrowings of associates of the Responsible Entity ⁰	–	6,677.6
	121.0	6,720.7

⁰ A member of Westfield Corporation has guaranteed the A\$1,409.1 million Property Linked Notes issued by Scentre Group. However, under the Implementation Deed in relation to the Restructure and Merger, Westfield Corporation has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

The Group's obligation in respect of performance guarantees may be called on at anytime dependant 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 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 34 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 maintained within the stated distribution policy.

The Group is able to alter its capital mix by issuing new stapled securities and hybrid securities, activating its distribution reinvestment plan, electing to have the dividend reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buy-back program, divesting assets 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 35 FINANCIAL RISK MANAGEMENT

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

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

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

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

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.

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NOTE 36 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 14 US\$million	31 Dec 13 US\$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	21	123.4	830.5
Non current interest bearing liabilities	21	5,306.8	5,356.9
Share of equity accounted entities interest bearing liabilities	21(d)	1,998.7	1,245.1
Cross currency swaps			
– £90.0 million (31 December 2013: nil)	37(ii)	140.4	–
– US\$	37(ii)	–	760.0
Principal amounts subject to interest rate payable exposure		7,569.3	8,192.5
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A\$210.8 million (31 December 2013: A\$1,064.7 million)	37(ii)	172.9	951.0
Loans receivable from related entities	13	–	699.4
Cash	11(a)	308.6	749.9
Share of equity accounted entities cash	17(c)	92.4	59.7
Principal amounts subject to interest rate receivable exposure		573.9	2,460.0
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		6,995.4	5,732.5

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £375.0 million (31 December 2013: nil)	36(ii)	585.2	–
– US\$	36(ii)	5,751.6	6,470.1
Fixed rate derivatives			
– US\$	36(ii)	2,750.0	2,750.0
Interest rate options			
– US\$	36(iii)	27.0	27.4
Principal amounts on which interest rate payable exposure has been hedged		9,113.8	9,247.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A\$200.0 million (31 December 2013: A\$950.0 million)	36(ii)	164.0	848.5
– US\$	36(ii)	3,250.0	4,100.0
Principal amounts on which interest rate receivable exposure has been hedged		3,414.0	4,948.5
Principal amounts on which net interest rate payable exposure has been hedged		5,699.8	4,299.0

At 31 December 2014, the Group has hedged 81% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 19% is exposed to floating rates on a principal payable of US\$1,295.6 million, at an average interest rate of 1.2%, including margin (31 December 2013: 75% hedged with floating exposure of US\$1,433.5 million at an average rate of 3.0%). Changes to derivatives due to interest rate movements are set out in Notes 36(ii) and 36(iii).

Interest rate sensitivity		31 Dec 14 US\$million	31 Dec 13 US\$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%	25.9	28.7
	-1.0%	13.0	14.4
	-0.5%	6.5	7.2
	0.5%	(6.5)	(7.2)
	1.0%	(13.0)	(14.4)
	2.0%	(25.9)	(28.7)

NOTE 36 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 and contracted rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	Interest rate swaps		Fixed rate borrowings		Interest rate swaps		Fixed rate borrowings	
	31 Dec 14 Notional principal amount million	31 Dec 14 Average rate	31 Dec 14 Principal amount million	31 Dec 14 Average rate including margin	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 Average rate including margin
US\$ payable								
31 December 2013	-	-	-	-	US\$(2,750.0)	1.80%	US\$(6,470.1)	5.59%
31 December 2014	US\$(2,750.0)	1.80%	US\$(5,751.6)	3.76%	US\$(2,750.0)	1.80%	US\$(6,463.5)	5.59%
31 December 2015	-	-	US\$(5,626.3)	3.74%	-	-	US\$(6,341.7)	5.60%
31 December 2016	US\$(1,350.0)	1.39%	US\$(5,468.7)	3.70%	-	-	US\$(5,292.6)	5.60%
31 December 2017	-	-	US\$(4,493.2)	3.92%	-	-	US\$(5,067.2)	5.58%
31 December 2018	-	-	US\$(4,484.3)	3.93%	-	-	US\$(3,958.1)	5.16%
31 December 2019	-	-	US\$(3,223.8)	4.42%	-	-	US\$(2,797.8)	4.53%
31 December 2020	-	-	US\$(2,861.1)	4.05%	-	-	US\$(2,449.2)	4.20%
31 December 2021	-	-	US\$(2,858.0)	4.05%	-	-	US\$(1,446.2)	3.92%
31 December 2022	-	-	US\$(2,439.7)	4.03%	-	-	US\$(659.0)	3.98%
31 December 2023	-	-	US\$(1,937.5)	4.02%	-	-	-	-
31 December 2024-43	-	-	US\$(500.0)	4.75%	-	-	-	-
£ payable								
31 December 2014	-	-	£(375.0)	2.69%	-	-	-	-
31 December 2015	-	-	£(375.0)	2.69%	-	-	-	-
31 December 2016	-	-	£(375.0)	2.69%	-	-	-	-
31 December 2017	-	-	£(375.0)	2.69%	-	-	-	-
31 December 2018	-	-	£(375.0)	2.69%	-	-	-	-
A\$ receivable								
31 December 2013	-	-	-	-	A\$950.0	6.36%	-	-
31 December 2014	A\$200.0	6.77%	-	-	A\$200.0	6.77%	-	-
US\$ receivable								
31 December 2013	-	-	-	-	US\$4,100.0	3.13%	-	-
31 December 2014	US\$3,250.0	2.81%	-	-	US\$3,250.0	2.80%	-	-
31 December 2015	US\$3,250.0	2.81%	-	-	US\$3,250.0	2.80%	-	-
31 December 2016	US\$3,250.0	2.81%	-	-	US\$3,250.0	2.80%	-	-
31 December 2017	US\$500.0	3.69%	-	-	US\$500.0	3.69%	-	-
31 December 2018	US\$500.0	3.69%	-	-	US\$500.0	3.69%	-	-
31 December 2019	US\$500.0	3.69%	-	-	US\$500.0	3.69%	-	-

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 2014, the aggregate fair value is a receivable of US\$162.6 million (31 December 2013: US\$203.5 million). The change in fair value for the year ended 31 December 2014 was US\$40.9 million (31 December 2013: US\$80.2 million).

Fair value sensitivity	31 Dec 14 US\$million		31 Dec 13 US\$million
	Interest rate movement	(Increase)/decrease in interest expense	
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	-2.0%	160.9	202.9
	-1.0%	78.8	99.1
	-0.5%	38.9	48.6
	0.5%	(38.0)	(47.6)
	1.0%	(75.5)	(94.2)
	2.0%	(148.0)	(183.9)

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.

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NOTE 36 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

Interest rate options contracted as at the reporting date and outstanding at	Interest rate options		Interest rate options	
	31 Dec 14 Notional principal amount million	31 Dec 14 Average strike rates	31 Dec 13 Notional principal amount million	31 Dec 13 Average strike rate
US\$ payable caps				
31 December 2013	-	-	US\$(27.4)	3.50%
31 December 2014	US\$(27.0)	3.50%	US\$(27.4)	3.50%
31 December 2015	US\$(675.0)	0.56%	-	-

The Group's interest rate options 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 2014, the aggregate fair value is a payable of US\$0.1 million (31 December 2013: US\$1,846). The change in fair value for the year ended 31 December 2014 was US\$0.1 million (31 December 2013: US\$1,846).

Fair value sensitivity	Interest rate movement	31 Dec 14 US\$million	31 Dec 13 US\$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:			(Increase)/decrease in interest expense
	-2.0%	(0.6)	-
	-1.0%	(0.6)	-
	-0.5%	(0.6)	-
	0.5%	2.0	-
	1.0%	4.6	-
	2.0%	10.0	-

NOTE 37 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 these exposures are as follows:

	31 Dec 14 million	31 Dec 13 million
Foreign currency net investments		
British Pound		
£ net assets	£2,788.5	-
£ borrowings	£(934.6)	-
£ denominated net assets	£1,853.9	-
Euro		
€ net assets	€90.3	-
€ borrowings	€(82.5)	-
€ denominated net assets	€7.8	-
Australian Dollar		
A\$ net assets	A\$(32.0)	-
A\$ denominated net assets	A\$(32.0)	-

NOTE 37 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)**Summary of foreign exchange balance sheet positions at balance date (continued)**

The Group's foreign currency net assets are subject to exchange rate risk. Gains and losses arising from translation of the Group's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Group has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

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 14 US\$million	31 Dec 13 US\$million
The sensitivity of £ denominated net assets to changes in the year end US\$/£0.6409 rate is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	1,312.4	-
	- 10 pence	534.9	-
	- 5 pence	244.8	-
	+ 5 pence	(209.4)	-
	+ 10 pence	(390.5)	-
	+ 20 pence	(688.1)	-
The sensitivity of € denominated net assets to changes in the year end US\$/€0.8230 rate is as follows:	US\$/€ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	3.0	-
	- 10 cents	1.3	-
	- 5 cents	0.6	-
	+ 5 cents	(0.5)	-
	+ 10 cents	(1.0)	-
	+ 20 cents	(1.8)	-
The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.2195 rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	(5.1)	-
	- 10 cents	(2.3)	-
	- 5 cents	(1.1)	-
	+ 5 cents	1.0	-
	+ 10 cents	2.0	-
	+ 20 cents	3.7	-

(i) 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 and are considered ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate		Amount receivable/(payable) million			
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 14	31 Dec 13	31 Dec 13
US\$						
Contracts to buy A\$ and sell US\$						
31 December 2014	-	0.7869	-	-	A\$93.3	US\$(73.4)
	-	0.9139	-	-	A\$(80.3)	US\$73.4

At 31 December 2014, 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 2014, the aggregate fair value is nil (31 December 2013: US\$20.0 million). The change in fair value for the year ended 31 December 2014 was US\$20.0 million (31 December 2013: US\$25.4 million).

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FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 37 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(ii) Cross currency interest rate swaps to hedge the Group's foreign currency cash flows

The Group has entered into the following foreign currency derivative financial instruments to sell US\$ and £ 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 cash flows and are considered ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Amount receivable/ (payable) million			
	31 Dec 14	31 Dec 13	31 Dec 14	31 Dec 14	31 Dec 13	31 Dec 13
US\$						
Contracts to receive A\$ and pay US\$						
31 December 2013	-	0.7138	-	-	A\$1,064.7	US\$(760.0)
£						
Contracts to receive A\$ and pay £						
31 December 2014	0.4270	-	A\$210.8	£(90.0)	-	-

At 31 December 2014, 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 2014, the aggregate fair value is a receivable of US\$1.7 million (31 December 2013: US\$8.1 million). The change in fair value for the year ended 31 December 2014 was US\$6.4 million (31 December 2013: US\$31.4 million).

Foreign currency sensitivity	US\$/A\$ Currency movement	31 Dec 14	31 Dec 13
		US\$million	US\$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US\$/A\$1.2195 rate (31 December 2013: 1.1196) is as follows:			Gain/(loss) to income statement
	- 20 cents	0.4	2.0
	- 10 cents	0.2	0.9
	- 5 cents	0.1	0.4
	+ 5 cents	(0.1)	(0.4)
	+ 10 cents	(0.2)	(0.8)
	+ 20 cents	(0.3)	(1.4)
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US\$/£0.6409 rate is as follows:	US\$/£ Currency movement		Gain/(loss) to income statement
	- 20 pence	(0.2)	-
	- 10 pence	(0.1)	-
	- 5 pence	-	-
	+ 5 pence	-	-
	+ 10 pence	0.1	-
	+ 20 pence	0.1	-

NOTE 38 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 2014, the aggregate credit risk in respect of cash and cash equivalents is US\$401.0 million (31 December 2013: US\$749.9 million).

At 31 December 2014, the aggregate credit risk in respect of derivative financial instruments is US\$165.0 million (31 December 2013: US\$272.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 58% (31 December 2013: 54%) of its aggregate credit risk spread over four 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 21.

NOTE 39 FINANCIAL COVENANTS

The Group is required to comply with certain financial covenants in respect of its unsecured borrowings facilities and bond offerings. The major financial covenants are summarised as follows:

- a) Leverage ratio (net debt to net assets)
 - shall not exceed 65%
- b) Secured debt ratio (secured debt to total assets)
 - shall not exceed 40% (and not exceed 45% on certain facilities)
- c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)
 - at least 1.5 times
- d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)
 - at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2014 and 2013, the Group was in compliance with all the above financial covenants.

NOTE 40 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 14 US\$million	31 Dec 13 US\$million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 21) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	(280.6)	(1,135.6)
Due between one and five years	(3,712.8)	(3,294.6)
Due after five years	(2,912.1)	(3,331.1)
	(6,905.5)	(7,761.3)
Comprising:		
- principal amounts of current and non current interest bearing liabilities	(5,430.2)	(6,187.4)
- aggregate future estimated nominal interest	(1,475.3)	(1,573.9)
	(6,905.5)	(7,761.3)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	88.3	122.2
Due between one and five years	149.2	205.5
Due after five years	2.0	19.2
	239.5	346.9

Contingent liabilities are set out in Note 33 and are not included in the amounts shown above.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 41 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 14 US\$million	31 Dec 13 US\$million	31 Dec 14 US\$million	31 Dec 13 US\$million
Consolidated assets				
Cash	308.6	749.9	308.6	749.9
Trade receivables ⁽ⁱ⁾	17.2	16.3	17.2	16.3
Receivables ⁽ⁱⁱ⁾	233.9	1,099.5	233.9	1,099.5
Other investments ⁽ⁱⁱ⁾	257.9	101.6	257.9	101.6
Derivative assets ⁽ⁱⁱ⁾	165.0	272.8	165.0	272.8
Consolidated liabilities				
Payables ⁽ⁱ⁾	1,069.3	741.6	1,069.3	741.6
Interest bearing liabilities ⁽ⁱⁱ⁾				
– Fixed rate debt	4,484.5	5,934.2	4,373.7	5,326.4
– Floating rate debt	1,056.5	861.0	1,056.5	861.0
Other financial liabilities ⁽ⁱⁱ⁾	234.6	1,213.3	234.6	1,213.3
Derivative liabilities ⁽ⁱⁱ⁾	0.5	41.4	0.5	41.4

⁽ⁱ⁾ These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

⁽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.

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 14 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	143.2	143.2	–	–
– Unlisted investments	114.7	–	–	114.7
Derivative assets				
– Interest rate derivatives	165.0	–	165.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,484.5	–	4,484.5	–
– Floating rate debt	1,056.5	–	1,056.5	–
Other financial liabilities				
– Redeemable preference shares/units	234.6	–	–	234.6
Derivative liabilities				
– Interest rate derivatives	0.5	–	0.5	–

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

NOTE 41 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 13 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investments	101.6	–	–	101.6
Derivative assets				
– Interest rate derivatives	252.8	–	252.8	–
– Currency derivatives	20.0	–	20.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	5,934.2	–	5,934.2	–
– Floating rate debt	861.0	–	861.0	–
Other financial liabilities				
– Redeemable preference shares/units	1,213.3	–	865.7	347.6
Derivative liabilities				
– Interest rate derivatives	41.4	–	41.4	–

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

	Unlisted investments⁽ⁱ⁾ 31 Dec 14 US\$million	Redeemable preference shares/units⁽ⁱⁱ⁾ 31 Dec 14 US\$million	Unlisted investments ⁽ⁱ⁾ 31 Dec 13 US\$million	Redeemable preference shares/units ⁽ⁱⁱ⁾ 31 Dec 13 US\$million
Level 3 fair value movement				
Balance at the beginning of the year	101.6	347.6	465.1	326.6
Additions	15.6	–	61.5	–
Disposals	(0.5)	(160.4)	(425.0)	–
Elimination upon consolidation as a result of the Restructure	(2.0)	–	–	–
Net fair value gain/loss to income statement	–	47.4	–	21.0
Balance at the end of the year	114.7	234.6	101.6	347.6

⁽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 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 2014, an increment of 1% to the earnings yield would result in an additional gain of US\$37.4 million (31 December 2013: US\$49.5 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US\$57.0 million (31 December 2013: US\$69.6 million) in the income statement.

Investment properties are considered Level 3, refer to Note 16: Details of shopping centre investments for relevant fair value disclosures.

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FOR THE YEAR ENDED 31 DECEMBER 2014

31 Dec 14
US\$million

NOTE 42 PARENT COMPANY

Westfield Corporation Limited is the Parent Company upon the Restructure on 30 June 2014. As a result, there are no comparative financial information.

The Parent Company 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 Company is disclosed as follows:

(a) Assets

Current assets	5.3
Non current assets	1,409.6
Total assets	1,414.9

(b) Liabilities

Current liabilities	372.8
Non current liabilities	-
Total liabilities	372.8

(c) Total equity

Contributed equity	869.3
Foreign currency translation reserve	(134.2)
Retained profits	307.0
Total equity	1,042.1

(d) Comprehensive income

Profit/(loss) after tax for the period	307.0
Other comprehensive income	(134.2)
Total comprehensive income for the period	172.8

(e) Contingent liabilities

Guaranteed borrowings of controlled entities	4,523.3
	4,523.3

NOTE 43 SUBSIDIARIES

Financial information of WFDT and WAT are provided below as they have material non controlling interests:

WFD Trust

As at 31 December 2014, WFDT held current assets of US\$3.4 billion, non current assets of US\$1.8 billion and liabilities of nil.

As at 31 December 2014, the total equity held by WFDT was US\$5.2 billion.

The profit after tax for the period was US\$258.9 million and total comprehensive loss was US\$474.9. The revenue for the period was US\$1.0 million.

Westfield America Trust

As at 31 December 2014, WAT held current assets of US\$0.9 billion, non current assets of US\$12.2 billion, current liabilities of US\$3.3 billion and non current liabilities of US\$8.4 billion.

As at 31 December 2014, the total equity held by WAT was US\$1.4 billion.

The loss after tax for the period was US\$592.8 million and total comprehensive loss was US\$265.6 million. The revenue for the period was US\$693.0 million.

NOTE 44 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:

– Audit or review of the financial reports	1,284	283
– Assurance and compliance services	334	–
– Technical accounting advice and services	59	–
– Due Diligence Services	451	–
	2,128	283

Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:

– Audit or review of the financial reports	2,650	2,501
– Assurance and compliance services	303	8
– Taxation advice and compliance	169	471
	3,122	2,980
	5,250	3,263

NOTE 45 SUPERANNUATION COMMITMENTS

The Group sponsors accumulation style superannuation funds to provide retirement benefits to its employees. There are no unfunded liabilities in respect of these superannuation funds and plans. The Group does not sponsor defined benefits style superannuation funds and plans.

NOTE 46 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.

Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

Scentre Group is considered to be a related party of the Group as Directors Mr Frank Lowy and Mr Steven Lowy are also Directors of Scentre Group.

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

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

Transactions and their terms and conditions with related parties

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

The Group has established protocols governing transactions with other related parties which are monitored and reviewed by the Audit and Risk Committee.

(a) Scentre Group

Arrangements with Scentre Group

Following the Restructure on 30 June 2014, the Group has the following ongoing contractual arrangements with Scentre Group:

- Scentre Group will have an exclusive, royalty free licence to use the Westfield brand for its existing shopping centres and any future shopping centres in Australia and New Zealand meeting certain agreed characteristics;
- Scentre Group will have access to the digital innovation activities of Westfield Labs; and
- Scentre Group will provide transitional services to the Group while both entities develop standalone resources and support services.

(i) Royalty free licence to use the Westfield brand

Scentre Group's existing shopping centres and any new shopping centres in Australia and New Zealand will continue to be branded Westfield under an exclusive, royalty free licence from the Group.

Under the Trade Mark Licence Agreement, Scentre Group will have the royalty free right to use (and to sub-license) the Westfield brand in Australia and New Zealand in relation to its existing shopping centres and any new shopping centres managed by Scentre Group which meet certain agreed characteristics.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 46 RELATED PARTY DISCLOSURES (CONTINUED)

(a) Scentre Group (continued)

Arrangements with Scentre Group (continued)

(ii) Access to the digital innovation activities of Westfield Labs (LABS)

LABS is a San Francisco based team owned by the Group which serves as a global digital lab focussed on innovating and developing the technological platform and infrastructure necessary to better connect consumers with physical shopping centre assets.

Scentre Group has entered into an agreement with the Group under which it will have access to core digital services to be provided by LABS in return for an agreed contribution to the funding of LABS over the term of the agreement and to product innovations by LABS on a case by case basis. Scentre Group may, but is not obliged to, use LABS to develop its own digital initiatives, again on a case by case basis. The LABS Agreement has been entered into for an initial term until 31 December 2016.

Under the LABS Agreement, LABS will provide agreed core services to Scentre Group, which will include services relating to the Searchable Mall, data analytics, mobile applications, consumer website development, platform (including publishing) hosting and maintenance, consumer insights reporting and certain research and development. The Group charged Scentre Group US\$4.5 million (A\$5.5 million) for the six month period to December 2014, and Scentre Group will not without agreement of the parties be required to pay more than A\$11.2 million for the year ending 31 December 2015 or A\$11.6 million for the year ending 31 December 2016. Payment for LABS services are made in arrears.

(iii) Provision of transitional services by Scentre Group

As part of the transition, Scentre Group and the Group have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to the Group for a transitional period. For the six months ended 31 December 2014, Scentre Group charged the Group US\$5.5 million for transitional services. The transition is expected to be substantially completed by 30 June 2016.

As part of the transition, the Group also provides corporate services to Scentre Group. For the six months ended 31 December 2014, the Group charged Scentre Group US\$0.3 million for the provision of corporate services.

The Group subleases office space from Scentre Group at its Westfield Sydney premises. The lease is at commercial, arms length terms. For the six months ended 31 December 2014, the total office rent charged to the Group was US\$0.6 million.

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

Nature	Type	2014 US\$million	2013 US\$million
Owing to Scentre Group	Current payable	0.5	nil
Owing from Scentre Group	Current receivable	4.5	nil

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

(b) LFG

Following the Restructure on 30 June 2014, the 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 Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for the 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. During the six months to 31 December 2014, the Group utilised 12.8 hours of LFG's aircraft which was offset by LFG's use of the Group's aircraft for an equivalent number of hours.

In addition to the interchange agreement, there are arrangements between the Group and LFG in relation to the use of the Group's aircraft by LFG and use of LFG's aircraft by the Group. These arrangements, including rates, are at arm's length.

The Group charged LFG US\$274,124 during the six months ended 31 December 2014 in relation to their use of the Group's aircraft in excess of the interchange agreement. Amounts charged were payable on 7 day terms.

The 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 the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. For the six months ended 31 December 2014, the Group charged LFG US\$481,390 in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms.

For the six months ended 31 December 2014, the Group charged LFG US\$483,388 for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

For the six months ended 31 December 2014, the Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

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

Nature	Type	2014 US\$million	2013 US\$million
Owing to LFG	Current payable	nil	nil
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 LFG during the period.

(c) The Lowy Institute

Following the Restructure on 30 June 2014, the Group charged The Lowy Institute US\$7,468 for service costs in relation to the provision of security and other services on arm's length terms and conditions.

There were no amounts payable to or receivable from The Lowy Institute at 31 December 2014.

NOTE 47 REMUNERATION OF KEY MANAGEMENT PERSONNEL**(a) Remuneration of Key Management Personnel**

The Key Management Personnel of the Group for the six month period from 1 July 2014 to 31 December 2014 are set out below:

- Frank Lowy	Chairman
- Brian Schwartz	Deputy Chairman/Lead Independent Director
- Ilana Atlas	Non-Executive Director
- Roy Furman	Non-Executive Director
- Peter Goldsmith	Non-Executive Director
- Michael Gutman	President/Chief Operating Officer
- Mark G. Johnson	Non-Executive Director
- Mark R. Johnson	Non-Executive Director
- Don Kingsborough	Non-Executive Director
- Peter Lowy	Co-Chief Executive Officer/Chief Financial Officer
- Steven Lowy	Co-Chief Executive Officer
- John McFarlane	Non-Executive Director
- Elliott Rusanow	Deputy Chief Financial Officer
- Judith Sloan	Non-Executive Director
- Simon Tuxen	General Counsel

The amounts below represent the total remuneration amounts for Key Management Personnel of the Group for the six month period from 1 July 2014 to 31 December 2014, being the first financial year of the restructured Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the six month period to 31 December 2014 was ⁽ⁱ⁾:

	Short term benefits				Post Employment	Share Based	TOTAL ^(iv)
Key Management Personnel	Cash salary, fees and short term compensated absences US\$	Short term cash profit sharing and other bonuses US\$	Non-monetary benefits US\$	Other short term employee benefits ⁽ⁱⁱ⁾ US\$	Other post employment benefits US\$	Amortisation of cash and equity settled share based payments ⁽ⁱⁱⁱ⁾ US\$	US\$
KEY MANAGEMENT PERSONNEL – DIRECTORS							
31 December 2014	4,026,116	4,290,452	76,659	98,904	40,352	6,443,974	14,976,457
KEY MANAGEMENT PERSONNEL – NON DIRECTORS							
31 December 2014	845,690	778,925	-	37,813	-	1,756,592	3,419,020
TOTAL KEY MANAGEMENT PERSONNEL							
31 December 2014	4,871,806	5,069,377	76,659	136,717	40,352	8,200,566	18,395,477

⁽ⁱ⁾ As the first result of the new Group only includes six months of operations, the remuneration disclosed also includes six months. The remuneration covering the period from 1 January to 30 June 2014 was incurred by the former Westfield Group and that portion is disclosed in the Financial Report of the Scentre Group.

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

⁽ⁱⁱⁱ⁾ Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

^(iv) In 2013, Westfield America Trust was charged an amount of corporate services fees by a related entity of the Westfield Group which indirectly included a proportion of the Key Management Personnel's remuneration.

(b) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 46.

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

Notes to the Financial Statements

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NOTE 48 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 14 – Interest			31 Dec 13 – Interest	
	Beneficial ^① Parent Company %	Westfield Corporation %	Consolidated or Equity accounted %	Beneficial ^① Parent Company %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA					
Parent Company					
Westfield Corporation Limited (31 December 2013: Westfield America Trust)	100.0	100.0	100.0	100.0	100.0
Consolidated Controlled Entities					
WFD Trust	–	100.0	100.0	–	–
Westfield America Trust	–	100.0	100.0	–	–
WCL Finance Pty Limited	100.0	100.0	100.0	–	–
WCL Management Pty Limited	100.0	100.0	100.0	–	–
Westfield Investments Pty Limited	100.0	100.0	100.0	–	–
WFA Finance (Aust) Pty Limited	–	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN IRELAND					
Consolidated Controlled Entities					
Westfield Europe Finance PLC	100.0	100.0	100.0	–	–
ENTITIES INCORPORATED IN UNITED KINGDOM					
Consolidated Controlled Entities					
Westfield Europe Limited (formerly Westfield Shoppingtowns Limited)	100.0	100.0	100.0	–	–
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	–	–
ENTITIES INCORPORATED IN UNITED STATES					
Consolidated Controlled Entities					
Westfield America, Inc.	17.4	100.0	100.0	100.0	100.0
WCI Finance, LLC	17.4	100.0	100.0	100.0	100.0
WEA Finance, LLC	17.0	100.0	100.0	100.0	100.0
Westfield, LLC	17.0	100.0	100.0	100.0	100.0
Westfield America, LP	17.0	100.0	100.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	100.0	100.0

^① Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Corporation Limited and its subsidiaries (excluding WFDT and WAT) and the Westfield Corporation's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

^② Beneficial interest in underlying controlled and equity accounted entities reflects the WAT's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

NOTE 49 BUSINESS COMBINATIONS

Acquisition of Westfield Group's United Kingdom assets and operations

As a result of the Restructure on 30 June 2014, the securities of WAT were stapled with the securities of the Parent Company and WFDT to form Westfield Corporation. Westfield Corporation was formed as a result of the Westfield Group restructure, and is an internally managed and vertically integrated international retail property group with an initial focus on the United States, United Kingdom and Europe. As part of the Restructure, Westfield Group's international business was transferred to the Parent Company and WFDT.

The stapling transaction has been accounted for as a business combination by contract alone. WAT has been identified as the acquirer as WAT is the stapled entity whose relevant size is largest. No purchase consideration was transferred for the acquisition.

The fair value of the identifiable assets and liabilities of the Parent Company and WFDT as at 30 June 2014 were:

	US\$million
Assets	
Cash and cash equivalents	146.5
Trade receivables	1.7
Investment properties	2,596.5
Equity accounted investments	
– Cash and cash equivalents	34.7
– Investment properties	1,897.1
– Other assets	18.7
– Payables and other creditors	(55.5)
– Interest bearing liabilities	(468.7)
– Deferred tax liabilities	–
Derivative assets	5.3
Intercompany receivable	2,849.5
Other assets	1,527.9
	8,553.7
Liabilities	
Trade creditors	18.9
Payables and other creditors	419.4
Interest bearing liabilities	1,452.6
Other non current liabilities	104.8
	1,995.7
Total identifiable net assets at fair value	6,558.0
Equity attributable to members of Westfield Corporation analysed by amounts attributable to:	
– WCL members	944.5
– WFDT members (non controlling interest)	5,613.5
	6,558.0

The acquisition results in an increase to equity attributable to the security holders of Westfield Corporation equivalent to the fair value of net assets acquired. The equity attributable to WFDT is presented as non controlling interest of US\$5,613.5 million in the Westfield Corporation financial report.

The fair value of trade receivables acquired approximates the gross amount of trade receivables acquired.

Charges and credits in respect of the Restructure and Merger are detailed in Note 8.

As the business combination occurred on 30 June 2014, the financial report includes the acquired assets and liabilities of the Parent Company and WFDT at acquisition date, but not their results for the half-year then ended. Had the acquisition occurred on 1 January 2014, the results of the Parent Company and WFDT, representing principally the United Kingdom operations, would have contributed the results as set out below:

	31 Dec 14 ⁽ⁱ⁾ US\$million	31 Dec 13 US\$million
Property revenue	152.1	317.4
Property expenses, outgoings and other costs	(46.5)	(97.9)
Net property income	105.6	219.5
Net property development and project management income and net property management income	30.7	63.6
Revaluation	137.8	232.9
Current and deferred tax	63.3	4.9
Profit after tax ⁽ⁱⁱ⁾	423.0	115.9

⁽ⁱ⁾ Represents principally the results of the United Kingdom operations for the period from 1 January 2014 to 30 June 2014. Refer to Note 3(a) for the results from 1 July 2014 to 31 December 2014 following the Restructure implemented on 30 June 2014.

⁽ⁱⁱ⁾ Financing costs and tax charges included above has been compiled from the financing costs and tax charges included in the legal entities that form the United Kingdom operations. As a result of the Restructure, these financing costs will not be indicative of the future financing costs.

Notes to the Financial Statements

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NOTE 50 DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE YEAR

Name of entity	Date of gain/loss of control	Interest (%)	
		31 Dec 14	31 Dec 13
ENTITIES INCORPORATED IN AUSTRALIA			
Westfield Corporation Limited	30 June 2014	100.0	–
WFD Trust	30 June 2014	100.0	–
Cavemont Pty Limited	30 June 2014	100.0	–
Descon Invest Pty Limited	30 June 2014	100.0	–
Fidele Pty Limited	30 June 2014	100.0	–
Nauthiz Pty Limited	30 June 2014	100.0	–
WCL Finance Pty Limited	30 June 2014	100.0	–
WCL Management Pty Limited	30 June 2014	100.0	–
Westfield American Investments Pty Limited	30 June 2014	100.0	–
Westfield America Management Limited	30 June 2014	100.0	–
Westfield Capital Corporation Finance Pty Limited	30 June 2014	100.0	–
Westfield Developments Pty Limited	30 June 2014	100.0	–
Westfield Investments Pty Limited	30 June 2014	100.0	–
Westfield Queensland Pty Limited	30 June 2014	100.0	–
Westfield R.S.C.F Management Pty Limited	30 June 2014	100.0	–
Westfield UK Investments Pty Limited	30 June 2014	100.0	–
Stratford City (No. 1) Trust	30 June 2014	100.0	–
Stratford City (No. 2) Trust	30 June 2014	100.0	–
Stratford City (No. 3) Trust	30 June 2014	100.0	–
Stratford City (No. 4) Trust	30 June 2014	100.0	–
MH (No. 1) Trust	30 June 2014	100.0	–
MH (No. 2) Trust	30 June 2014	100.0	–
White City Investments Trust	30 June 2014	100.0	–
WSCF Management Trust	30 June 2014	100.0	–
Fidele Trust	30 June 2014	100.0	–
New Bradford Trust	30 June 2014	100.0	–
ENTITIES INCORPORATED IN IRELAND			
Consolidated Controlled Entities			
Westfield Europe Finance PLC	30 June 2014	100.0	–
ENTITIES INCORPORATED IN UNITED KINGDOM			
Consolidated Controlled Entities			
Westfield Europe Limited (formerly Westfield Shoppingtowns Limited)	30 June 2014	100.0	–
Westfield UK & Europe Finance PLC	30 June 2014	100.0	–

NOTE 51 SUBSEQUENT EVENTS

Since the end of the financial year, Westfield Corporation announced that it has entered into a series of transactions with O'Connor Capital Partners (O'Connor) which resulted in a US\$925 million joint venture for three of its regional shopping centres.

O'Connor's investment represents a 47.4% interest in the joint venture which comprises Westfield Palm Desert, Westfield Trumbull and Westfield Wheaton. The gross transaction value approximates the Group's book value.

Westfield will be the property and leasing manager, and developer for the properties on terms consistent with Westfield's other joint ventures.

Directors' Declaration

The Directors of Westfield Corporation Limited (Company) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company 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:
 - (i) complying with accounting standards and regulations in accordance with section 296 of the Corporations Act 2001;
 - (ii) giving a true and fair view of the financial position as at 31 December 2014 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;
 - (iii) 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 (Cw/ith).

Made on 25 February 2015 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman

25 February 2015



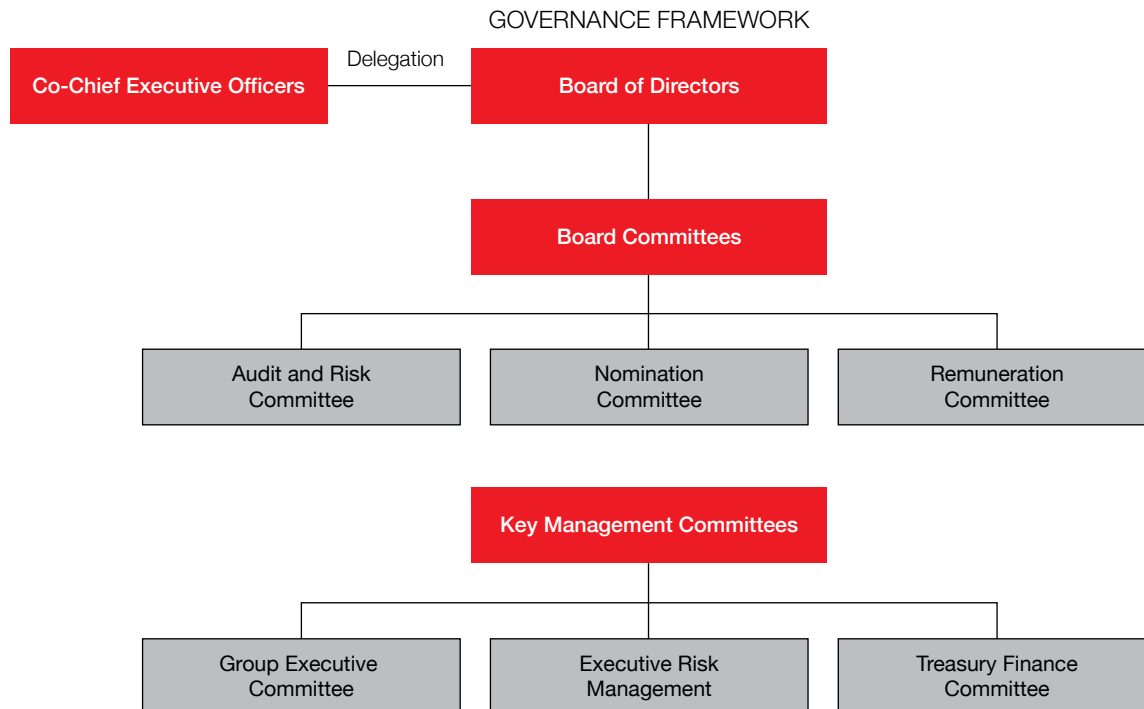
Brian Schwartz AM
Director

Corporate Governance Statement

Westfield Corporation recognises the need to establish and maintain corporate governance policies and practices which reflect the requirements of the market regulators and participants and the expectations of members and others who deal with Westfield. These policies and practices remain under constant review as both regulation and good practice evolve.

On 30 June 2014, the restructure of the Westfield Group was implemented, and Westfield Corporation and Scentre Group were formed. This statement outlines Westfield's main corporate governance practices during the 6 month period to 31 December 2014 and the extent of compliance with them as at the end of the financial year by reference to the second edition of the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council (as amended in 2010) (the **Recommendations**) and to the *Corporations Act 2001*. Westfield Corporation notes that the ASX Corporate Governance Council has published a third edition of the Corporate Governance Principles and Recommendations and that future reports will be by reference to that edition.

As at 31 December 2014, Westfield Corporation complied with the Recommendations in all respects other than the requirement for an independent Chairman and for the Nomination Committee to be chaired by an independent director. Corporate governance documentation, including board and committee charters and relevant corporate governance policies and codes referred to in this statement can be found in the corporate governance section of Westfield Corporation's corporate website at westfieldcorp.com/corporate.



1. THE BOARD

Westfield Corporation is a triple stapled group which operates as a single economic entity.

The Board of Westfield Corporation Limited (the **Company**) and Westfield America Management Limited (**WAML**) (the responsible entity of Westfield America Trust and WFD Trust) each have common membership.⁽¹⁾ Each Board has adopted a common Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board.

The Board is responsible for overseeing the effective management and operation of Westfield Corporation. The Board is accountable to securityholders and seeks to ensure that the business objectives of Westfield Corporation are aligned with the expectations of securityholders and that the operations are being effectively managed in a manner that is focussed on those business objectives, as well as conforming to regulatory and ethical requirements.

As noted above, this statement reports against the corporate governance framework for the financial year ended 31 December 2014, and accordingly is reporting against the policies and charters in place for Westfield Corporation for the 6 month period to 31 December 2014.

1.1 Board Charter and Board Responsibility

The Board Charter sets out the primary objectives of the Board and the practices and processes the Board has adopted to discharge its responsibilities including the matters reserved for the Board and the delegation of authority to the Co-Chief Executive Officers, including the limits on the execution of that authority by the Co-Chief Executive Officers and Chief Financial Officer.

Specifically, the Board reserves its authority over the following matters (with a power of delegation to a committee of the Board, the Co-Chief Executive Officers or another nominated member of the senior management team):

Strategy and direction

- Setting policies regarding the overall strategic direction and plans for each of Westfield Corporation's major business units, key business and financial objectives.
- Approving the distribution policy, amounts and timing of any distribution payments.
- Approving any significant acquisitions or disposals of assets and significant expenditure.

Financial controls, compliance and risk management

- Approving annual operating and capital expenditure budgets for Westfield Corporation.
- Approving treasury policies.
- Approving financial statements and published reports, including the Directors' Report and the corporate governance statement.
- Approving any significant changes in accounting policies or procedures.
- Reviewing the effectiveness of the internal control systems and risk management processes and compliance with statutory and regulatory obligations.
- Approving any matters impacting on compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on Westfield Corporation's business.

Capital and debt structure

- Approving any changes to the capital structure of Westfield Corporation, including any reductions in share capital, buy-backs or issue of new securities other than in accordance with the equity linked incentive plans.
- Approving changes to Westfield Corporation's debt structure including entry into new facilities, the refinancing of existing debt and the issue of bonds and other instruments in local and international markets.

Appointments

- Appointing Directors to the Board, following a review by the Nomination Committee.

- Appointing and reviewing the performance of the Co-Chief Executive Officers and the Chief Financial Officer.
- Appointing the external auditors, on the recommendation of the Audit and Risk Committee and approving the fees payable to the external auditor.
- Appointing the Company Secretary.

Delegation of authority

- Approving any changes to the membership or charter of any Committee of the Board.
- Determining the scope of authority delegated to the Co-Chief Executive Officers, the Chief Financial Officer and any other significant matters.

Policies

- Approving significant policies including the Code of Conduct, security trading policies, health and safety policies, risk management policies and continuous disclosure and communications policies.

Corporate governance matters

- Determining the independence of non-executive Directors.
- Taking into account the recommendations of the Human Resources Committee in determining the remuneration of non-executive Directors and the senior executive team.
- Determining the resolutions and documentation to be put to members in general meeting.
- Reviewing and approving announcements and media releases concerning matters decided by the Board, including announcements relating to the operating performance of Westfield Corporation.

The Board may amend the matters reserved for its consideration and decision subject to the limitations imposed by the constitutional documents and the law. A copy of the Westfield Corporation Board Charter is available in the corporate governance section of the corporate website.

1.2 Delegation to Management

The Board delegates a number of responsibilities to its Committees. The roles and responsibilities of these Committees are explained later in this statement. All Directors may attend any Committee meeting. The Board also receives copies of the minutes of all Committee meetings.

During the financial year, day to day management of the business and operations of Westfield Corporation was delegated by the Board to management through the Co-Chief Executive Officers subject to the agreed authority limits applicable to the senior executive management team.

Whilst retaining control of decision making on policy and strategic matters, the Board has delegated to management (as part of its day to day role) responsibility for:

- *Strategy*: development of strategies and the management and performance of the business and operations, and making recommendations to the Board on such strategies.
- *Management*: managing Westfield Corporation in accordance with the strategy, business plans and policies approved by the Board.
- *Financial performance*: developing the annual budget, managing day to day operations within the budget and ensuring that the financial reports present a true and fair view of Westfield Corporation's financial condition and operational results and are in accordance with the relevant accounting standards.
- *Risk management*: establishing and maintaining effective risk management frameworks and internal control systems.
- *Continuous disclosure*: keeping the Board and the market fully informed about material developments in Westfield Corporation's business.
- *Selection of senior management*: making recommendations for the appointment of senior executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for senior management.

⁽¹⁾ Unless otherwise specified, the Board of the individual entities comprising Westfield Corporation sit as the Westfield Corporation Board. In this statement, the Westfield Corporation Board is referred to as the Board.

Corporate Governance Statement (continued)

1.3 Board Composition

The membership of the Board is reviewed by the full Board, from time to time, having regard to the ongoing needs of Westfield Corporation. It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of Westfield Corporation, and non-executive members who bring to the Board a broad range of general commercial expertise and experience.

Westfield Corporation's objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives and skills and in the interests of the Company.

Board renewal and succession planning is a key component of Westfield Corporation's overall governance program. The Board is committed to a membership that draws on a combination of executive and non-executive members with exceptional track records and reputations at the highest levels of business and commerce generally.

Under the Westfield Corporation Board Charter, the appointment of a new member to the Board is only made after consultation between the Nomination Committee and the Board. New Directors are initially appointed by the full Board and then must submit themselves to election by members of Westfield Corporation Limited at the Annual General Meeting (**AGM**) following their appointment and, except in the case of one of the Chief Executive Officers, are subject to re-election every three years. The notice of meeting for the AGM will contain a statement by the Board as to whether the Board endorses the proposed candidates.

As noted at 1.8 below, the Westfield Corporation Board undertakes on-going self-assessment on various matters including skill sets. Board surveys are conducted on a regular basis to establish the views of all Directors on issues, including Board performance and composition.

During the reporting period, the Board comprised the following Directors.

Name	Position Held	Independent (Y/N)	Year Appointed ⁽¹⁾
Frank Lowy	Non-Executive Director / Chairman	N	2014 / 1996
Brian Schwartz	Non-Executive Director / Deputy Chairman	Y	2014 / 2009
Ilana Atlas	Non-Executive Director	Y	2014 / 2011
Roy Furman	Non-Executive Director	Y	2014 / 2002
Peter Goldsmith	Non-Executive Director	Y	2014 / 2008
Michael Gutman	Executive Director, President and Chief Operating Officer	N	2014
Mark G. Johnson	Non-Executive Director	Y	2014 / 2013
Mark R. Johnson	Non-Executive Director	Y	2014 / 2010
Don Kingsborough	Non-Executive Director	Y	2014
Peter Lowy	Co-Chief Executive Officer / Executive Director	N	2014 / 1996
Steven Lowy	Co-Chief Executive Officer / Executive Director	N	2014 / 1996
John McFarlane	Non-Executive Director	Y	2014 / 2008
Judith Sloan	Non-Executive Director	Y	2014 / 2008

⁽¹⁾ The dates noted relate to both Westfield Corporation Limited and Westfield America Management Limited.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors as at the date of this statement are set out in the Directors' Report.

1.4 Code of Conduct

The Directors' Code of Conduct outlines the responsibilities of Directors in maintaining Westfield Corporation's commitment to high standards of ethical conduct.

As part of the Code of Conduct, Directors are required to undertake, amongst other things, to:

- always act fairly, honestly and with integrity in all matters relating to Westfield Corporation;
- perform their duties to the best of their ability;
- never act in a manner which is likely to harm the reputation of Westfield Corporation; and
- always abide by applicable laws.

Directors' personal and business dealings must be separated from the performance of their duties as a Director of Westfield Corporation, and any matter which may give rise to an actual or perceived conflict of interest has to be fully disclosed to the Board at all times.

A Director cannot use his or her position as a Director or the name of Westfield Corporation to further that Director's personal or business interests.

All commercial dealings by Directors with Westfield Corporation in a personal capacity must be at arm's length and on normal commercial terms or otherwise approved by securityholders.

Directors must ensure that all confidential information, whether relating to the business operations or assets of Westfield Corporation or its retailers or customers, received by them in the course of performing their duties, will not be disclosed to third parties except in circumstances where disclosure has been authorised by Westfield Corporation or is otherwise required by law.

1.5 Directors' Independence

The Board considers that it should include significant representation by Directors who were capable and willing to make decisions which are in the best interests of securityholders, free from interests and influences which conflict with that duty and are also independent of management.

The Board regularly assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

The Westfield Corporation Board currently comprises 13 members. Of these, 9 are considered to be independent non-executive Directors. These Directors were determined by the Board to be independent of management and free of any business or other relationship or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

In making this determination the Board sought to assess whether Directors were:

- (a) independent of management; and
- (b) free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and
- (c) capable of making decisions without bias and which are in the best interests of all securityholders.

A non-executive Director is not regarded as an independent director if that Director:

- (a) was a substantial securityholder of Westfield Corporation or an officer of, or otherwise associated directly with, a substantial securityholder of Westfield Corporation;
- (b) within the last 3 years had been employed in an executive capacity by any member of Westfield Corporation, or has been a Director after ceasing to hold any such employment;

- (c) within the last 3 years had been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of Westfield Corporation;
- (d) within the last 3 years had been a principal, employee or consultant of a material professional adviser to any member of Westfield Corporation – for this purpose a material professional adviser is an adviser whose billings to Westfield exceed 1% of the adviser's total revenues;
- (e) was a principal, employee or associate of a material supplier to, or material customer of, any member of Westfield Corporation – for this purpose a material supplier to Westfield Corporation means a supplier whose revenues from Westfield exceed 5% of the supplier's total revenues. A material customer is a customer whose payments to Westfield Corporation exceed 1% of the customer's operating costs;
- (f) had a material contractual relationship with any member of Westfield Corporation other than as a Director of the Board; and
- (g) had any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of Westfield Corporation and independently of management.

As regards the non-executive Directors, applying the criteria set out in the Board Charter, Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Lord (Peter) Goldsmith, Mr Mark G. Johnson, Mr Mark R. Johnson, Mr Don Kingsborough, Mr John McFarlane and Professor Judith Sloan are all considered to be independent Directors.

In determining the independence of Lord Goldsmith, the Board has noted that Lord Goldsmith is the European Chair of Litigation at Debevoise & Plimpton LLP (**Debevoise**) based in London. Debevoise is one of several law firms which provide legal services to Westfield Corporation in the United States.

The fees charged by Debevoise in the United States are on arm's length terms, and are no more favourable than those paid to other advisers providing similar services. The Board noted that the fees derived by Debevoise represented considerably less than 1% of the total revenues of Debevoise's operations in the United States in the same period, and an even smaller percentage of the revenues of the global Debevoise firm. In view of that, the Board considered that the engagement of Debevoise is not a material contractual relationship to Westfield Corporation or to Debevoise, such as might give rise to any actual or perceived loss of independence on the part of Lord Goldsmith.

Professor Sloan currently sits on the board of directors of the Lowy Institute for International Policy (the **Lowy Institute**), an independent international policy think tank providing analysis on international issues affecting Australians. The Lowy Institute is a not-for-profit organisation, and members of the board, a majority of whom are independent of the Lowy family, do not receive any remuneration for provision of their services. The Board has assessed the relationship between Westfield Corporation and the Institute, and is of the view that the fact that Professor Sloan is a director of the Lowy Institute does not interfere with the exercise by Professor Sloan of objective, unfettered or independent judgement or her ability to act in the best interests of Westfield Corporation.

Each Non-Executive Director signs a letter of appointment which, amongst other things, requires each independent Director to promptly and fully disclose to the Board any matter or circumstance which may have impacted on their status as an independent Director, or the likely perception of their status, as an independent member of the Board. If a Director loses their status as an independent Director, that determination is required to be reported to the market.

The Nomination Committee's Charter sets out the process for selection and appointment of new Directors and re-election of incumbent Directors. The role and responsibilities of the Nomination Committee are set out later in this statement.

1.6 Chairperson and Independence

Westfield Corporation notes the ASX Corporate Governance Council's recommendation that listed companies should have an independent director as Chairman.

For the reasons set out below, the Board considers Mr Frank Lowy to be the most appropriate person to act as Chairman of the Westfield Corporation Boards, notwithstanding that he is not an independent Director.

Mr Lowy is the co-founder of Westfield, and has overseen the rapid growth and success of Westfield since 1960. He has over 50 years direct experience in the design, construction and management of shopping centres, and related fund and asset management. Mr Lowy's depth of knowledge, range of experience and reputation is unrivalled in the industry.

In Australia and internationally, Mr Lowy is regarded as an exceptional and iconic individual who has overseen the growth of a global retail business, which is a leader in its industry.

Apart from Mr Lowy's experience and knowledge, it is considered that Mr Lowy's chairmanship of Westfield Corporation provides continuity in dealings with all stakeholders (including over 2,000 employees) under the Westfield Corporation banner.

For these reasons, the Board takes the view that it is in the best interests of members that Mr Lowy, with his extensive background and experience, be the Chairman of Westfield Corporation.

In arriving at this view, it is important to note that there is a majority of independent Directors on the Westfield Corporation Board.

1.7 The Company Secretary

The Company Secretary is appointed and removed by the Board. The Company Secretary works with the Chairman, the Board and the Board Committees on all governance related issues. All Directors have access to the Company Secretary for the purpose of obtaining information or advice. The Company Secretary may also retain the services of independent advisory bodies, from time to time, if requested by the Board or Board Committees.

The office of the Company Secretary is responsible for the systems and processes that enable the Board to perform its role and provides secretariat services for each of the Board Committees. Committee agendas, papers and minutes are available to all members of the Board.

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

1.8 Board Self-Assessment and Performance

Westfield Corporation Board will conduct ongoing self-assessment and reviews of its performance and of the performance of the Board Committees. Board surveys will be conducted on a regular basis to establish the views of all Directors on these issues, as well as views on the composition of the Board and the range of skills of Board members. The initial Board survey will be conducted in 2015.

At this time, the Westfield Corporation Board is satisfied that the current composition of the Board continues to reflect the required mix of skills, experience and perspectives for the business of Westfield Corporation.

1.9 Process for Evaluating the Performance of Senior Executives, including Executive Directors

Westfield Corporation has a process of objective setting and performance review of all staff, which is to be conducted on an annual basis. Senior executives, with a discretionary component in their total remuneration package, have clearly defined objectives which are agreed at the commencement of the performance period. Their performance against these objectives is assessed annually in a meeting with the manager to whom they report, in addition to regular feedback during the performance period. In that meeting, the potential future development of that executive is discussed, along with any training or development required to enhance the prospects of the development objectives being achieved and career progression within the business.

In the case of the senior executive team (including the Executive Directors) an assessment of their performance is undertaken by the Human Resources Committee and the Board. Details of Westfield Corporation's remuneration policies and practices are detailed in the Remuneration Report which forms part of the Directors' Report.

During the Reporting Period, each member of Westfield Corporation's senior executive team, including the Executive Directors, were subject to a performance review as described above. Details of the performance criteria against which the Executive Directors were assessed for this Reporting Period are set out in section 8.4 of the Remuneration Report.

Corporate Governance Statement (continued)

2. BOARD COMMITTEES

The Westfield Corporation Board delegates certain responsibilities to standing Committees which operate in accordance with charters approved by the Board. Currently, there are 3 standing Board Committees, namely the Audit and Risk Committee, the Human Resources Committee and the Nomination Committee.

As the composition of the Board of each of the Company and Westfield America Management Limited are identical; likewise each Committee has the same membership and, for all purposes, operates as one "Westfield Corporation" Committee.

Each Committee is authorised to investigate any activity or function of Westfield Corporation in accordance with its charter. The Committees are authorised to make recommendations to the Board regarding appropriate action resulting from such investigations. Each Board Committee has unrestricted access to executive management, all employees and all Westfield Corporation records, tax and other financial advisers, legal advisers, and internal and external auditors, as required.

Each Board Committee or any member of the Committee is authorised (at the cost of Westfield Corporation) to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it was considered necessary for the proper performance of the Committee's functions under its charter.

The Chair of each Board Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities. As noted, the Board receives copies of the minutes of all Committee meetings.

2.1 Audit and Risk Committee

Composition

The primary function of the Audit and Risk Committee is to oversee and monitor the integrity of consolidated financial reports and statements of the listed entities within Westfield Corporation, and Westfield Corporation's systems of risk management, internal controls and legal compliance. A copy of the Committee's Charter is available on the corporate website.

The Committee is assisted in its role and responsibilities by the Executive Committee, details of which are outlined below. The Committee is also aided by the independent assurance functions provided by the Business Review and Audit department (internal auditors) and the external auditors.

The Westfield Corporation Audit and Risk Committee currently comprise the following members:

Name	Position Held	Status
Brian Schwartz	Chairman	Independent Director
Mark G. Johnson	Member	Independent Director
Judith Sloan	Member	Independent Director

The Audit and Risk Committee met twice during the reporting period. The full Committee was in attendance at all meetings.

All members of the Committee are independent non-executive Directors, who are financially literate with significant relevant financial and/or accounting experience and significant understanding of Westfield Corporation's business. Members of the Committee have a sound understanding of Westfield Corporation's structure, internal controls and typical transactions which enable them to assess the risks faced by Westfield Corporation.

Role and responsibilities of the Audit and Risk Committee

The objective of the Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

- (a) monitoring and reviewing:
- the integrity and reliability of financial reports and statements of the listed entities of Westfield Corporation;
 - the effectiveness of the systems of internal controls, risk management and legal compliance;
 - the objectivity and effectiveness of the internal audit function;
 - the independence, objectivity and effectiveness of the external audit function;

(b) overseeing the processes for:

- identifying significant risks faced by Westfield Corporation;
- Westfield Corporation's compliance with applicable laws and regulations; and
- implementing appropriate and adequate control, monitoring and reporting systems; and

(c) making recommendations to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of their engagement.

Compliance officers have been appointed for each region in which Westfield Corporation operates. These officers are responsible for reviewing and monitoring the efficacy of compliance systems within the business on an ongoing basis in order to ensure that appropriate measures are in place to educate staff on their compliance responsibilities and to report to the Audit and Risk Committee on those matters.

The Audit and Risk Committee meets with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the external audit. Both internal and external auditors have a direct line of communication at any time to, either the Chairman of the Committee, or the Chairman of the Board. The Audit and Risk Committee reports to the Board after each Committee meeting and the minutes of each Audit and Risk Committee meeting are provided to the Board. At least annually, the Audit and Risk Committee meets with the internal auditor and external auditors, without management being present.

Non-Audit Services Protocol

During the reporting period, Westfield Corporation had a Non-Audit Services Protocol (the **Protocol**) in place which was designed to ensure that the external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of Westfield Corporation.

The Protocol sets out the parameters under which Westfield Corporation can engage the external auditor to provide certain non-audit services in order to safeguard the auditor's objectivity or independence.

Westfield Corporation recognises that a high quality, independent statutory audit is fundamental to the maintenance of good corporate governance, and to the proper functioning of the capital markets. The statutory audit forms an integral part of the process of providing securityholders with clear, comprehensive and reliable financial information. The current protocol reflects Westfield Corporation's desire to preserve the independence of the statutory audit process.

Under the terms of the Protocol, the lead audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every 5 years. A succession plan is required to be presented by the external auditor to the Committee for its approval, at least one year before the rotation is due to occur.

The Protocol also sets out some key requirements in the relationship between the external auditor and Westfield Corporation, and defines the scope and value of the non-audit services which could be provided by the external auditor to Westfield Corporation, without impacting the actual or perceived independence of the external auditor.

The Protocol requires an annual confirmation by the external auditor regarding compliance with the terms of the Protocol and a number of other matters which impact the actual and perceived independence of the external auditor. The Protocol is monitored and reviewed in the context of developments and changes in the legal, accounting and governance requirements applicable to Westfield Corporation so that it remains relevant and consistent with the high standards of independence as well as market and member expectations.

2.2 Executive Committee

In addition to the Audit and Risk Committee, the Westfield Corporation Board has delegated specific risk related responsibilities to the Executive Committee which comprises the Co-Chief Executive Officers, the Chief Financial Officer, the President and Chief Operating Officer, the Deputy Chief Financial Officer, the Chief Operating Officers of the regions in which the Company operates, General Counsel and the Chief Digital Officer.

This Committee is responsible for:

- (a) assisting in the formulation of all aspects of the risk management process to be adopted by Westfield Corporation;
- (b) overseeing the implementation by management of Westfield Corporation's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the systems and business processes of Westfield Corporation;
- (c) ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between Westfield Corporation's management in the relevant jurisdictions; and
- (d) implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of Westfield Corporation are such that the Co-Chief Executive Officers and the Chief Financial Officer are able to give the certifications required to be given in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Executive Committee reports to the Audit and Risk Management Committee on the effectiveness of Westfield Corporation's management of its material risks.

As part of Principle 7, the Co-Chief Executive Officers and the Chief Financial Officer are required to confirm in writing to the Board, at the time the financial statements of Westfield Corporation are being considered for approval by the Board, that in all material respects:

- (a) the financial statements present a true and fair view;
- (b) that this declaration is founded on a sound system of financial risk management and internal compliance and controls which implements the policies adopted by the Board; and
- (c) that Westfield Corporation's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Risk Committee.

2.3 Human Resources Committee

Westfield Corporation's remuneration policy is designed to attract and retain high calibre directors and senior executives capable of meeting the specific management needs of the business.

Westfield's current remuneration objectives and policies regarding the determination of base pay, short term variable bonus and long term equity linked incentives are explained in detail in the Remuneration Report which forms part of the Directors' Report.

The composition of the Westfield Corporation Human Resources Committee is as follows:

Name	Position Held	Status
Mark R. Johnson	Chairman	Independent Director
Ilana Atlas	Member	Independent Director
Roy Furman	Member	Independent Director

All members of the Committee are independent Non-Executive Directors, as determined by the Board. In the 6 months to 31 December 2014, the Committee met twice. The full Committee was in attendance at all meetings.

The objective of the Committee is to assist the Board in establishing remuneration policies and practices which:

- (a) enable Westfield Corporation to attract and retain executives and Directors who will create sustainable value and returns for securityholders and other stakeholders;
- (b) fairly and responsibly reward executives and Directors, having regard to the performance of Westfield Corporation, the executive and the external compensation environment; and
- (c) comply with all relevant legislation and regulations, including the ASX Listing Rules and the Corporations Act.

The responsibilities of the Human Resources Committee include:

- (a) determining and reviewing remuneration policies to apply to Directors and to members of the senior executive team;
- (b) determining the specific remuneration packages for Executive Directors (including base pay, bonus payments, equity linked incentives and other contractual benefits);
- (c) reviewing contractual rights of termination for members of the senior executive team;
- (d) reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place;
- (e) reviewing the performance of the Chief Executive Officers and Chief Financial Officer and report on such views to the Board;
- (f) reviewing and approving the policy for participation by senior executives in equity linked incentive plans;
- (g) reviewing and approving management's recommendations of the total proposed awards to be issued under each equity linked incentive plan;
- (h) managing the equity linked plans as required in accordance with the rules of the plan; and
- (i) ensuring that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with.

Notably, the Human Resources Committee must approve the following actions prior to implementation:

- any changes to the remuneration or contract terms of Executive Directors;
- the design of a new executive incentive plan and any amendments to existing plans;
- the total level of awards proposed to be offered under the executive incentive plans; and
- termination payments to Executive Directors and other members of the senior executive team.

In discharging its responsibilities, the Human Resources Committee must review and note annually, the remuneration trends and climate (including any major changes in employee benefit structure) across the various regions in which the business operates.

The Human Resources Committee also monitors and reviews and, and where appropriate, makes recommendations on the Group's Diversity Policy and diversity initiatives which are discussed later in this statement.

A comprehensive review of the remuneration of the Directors and Key Management Personnel of the Group is contained in the Remuneration Report which forms part of the Directors' Report.

2.4 Nomination Committee

The objective of the Nomination Committee is to support and advise the Board on the selection and appointment of high quality and talented Directors who are able to meet the needs of the Group presently and in the future, and the ongoing evaluation and review of the performance and effectiveness of the Board and the Directors.

The Charter of the Nomination Committee appears in the corporate governance section of Westfield Corporation's corporate website.

The Nomination Committee comprises the following members:

Name	Position Held	Status
Frank Lowy	Chairman	Non-Executive Director
Mark R. Johnson	Member	Independent Director
Brian Schwartz	Member	Independent Director

The Committee met twice during the reporting period. The full Committee was in attendance at the meeting.

Broadly, the responsibilities of the Nomination Committee include:

- having regard to the strategic direction of Westfield Corporation, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties;

Corporate Governance Statement (continued)

- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;
- at least, annually reviewing the performance of the Board; and
- ensuring the existence of proper succession planning processes and plans for the Board.

No member of the Committee participates in a review of their own performance or submission for re-election.

Recommendations regarding future appointment of additional Directors are made by the Nomination Committee and considered by the Board having regard to:

- the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;
- the current strategic direction of Westfield Corporation and the consequent need to consider skills which may be required in the future; and
- the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the securityholders of the Company at a general meeting.

Upon appointment, a Director embarks on an induction program specifically designed to their needs to help familiarise them with issues relating to the current business before the Board.

New Board members are provided with the opportunity to experience first-hand the business and operations of Westfield Corporation, and to meet and discuss all aspects of the Company's operations with key members of the senior executive team. As part of the induction program, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required. This typically includes briefings with every member of the senior executive team to provide the new Director with a deeper understanding of the main issues and strategic direction of each key business unit within Westfield.

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. This letter provides that if a Director ceases to be a Director of the Company for any reason, they must also resign as a Director of Westfield America Management Limited. The letter of appointment conforms to the recommendations of the ASX Corporate Governance Council.

The letter of appointment also sets out a procedure by which Directors are able to take independent professional advice at the Group's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information.

On an ongoing basis, Directors are provided with regular updates on legal and corporate developments, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles and recommendations, tax and accounting developments and other matters of interest. In addition, management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues facing the business.

3. CORPORATE RESPONSIBILITY

3.1 Westfield Corporation Values

The conduct of all Westfield Corporation employees is governed by a set of fundamental principles to which all employees are expected to adhere to when dealing with other staff members, customers and retailers, members and the community.

Westfield's values require staff, at all times, to:

- welcome a diversity of people;
- create a healthy and safe work environment;
- create an environment that motivates and allows staff to contribute and develop;
- display honest, just and fair management in all dealings with staff;
- meet the commitments of Westfield Corporation;
- examine ways to continually improve processes in a manner which adds value;
- provide members with superior returns on a sustainable basis;
- constantly seek new opportunities and pursue sound growth and earning opportunities;
- conduct our activities in a safe and environmentally responsible manner;
- contribute expertise and resources to promote positive interaction between all members of the community; and
- act, at all times, as a leading corporate citizen in adhering to applicable laws and meeting the community's expectations regarding corporate behaviour.

3.2 Employee Handbook

Westfield's fundamental principles are supplemented by an Employee Handbook (the **Handbook**) which is provided to all employees at the time of joining the business. The Handbook deals, in broad terms, with the following matters:

- the high standards of personal conduct and ethical behaviour expected of all employees;
- the duty of employees to avoid conflicts of interest which may arise if the employee or any person or entity associated with that employee has a business arrangement or relationship with Westfield Corporation outside their normal employment relationship;
- the duty of employees to maintain confidentiality with respect to Westfield Corporation's information and information provided by our retailers and customers;
- the duty of employees to avoid discrimination against any person; and
- Westfield Corporation's prohibition on harassment in any form.

Each employee acknowledges that he or she has read, understood and agrees to abide by the standards and duties set out in the Employee Handbook.

3.3 Compliance Manuals

Westfield Corporation has developed compliance manuals to provide guidance to employees on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. Management seminars are also conducted to help employees understand the legal requirements with which the business must comply.

By way of example, the compliance manual deals with matters such as:

- work health and safety;
- restrictive trade practices;
- employment;
- environmental compliance;
- Corporations Act and ASX Listing Rules requirements; and
- complaints handling procedures.

3.4 Whistleblower Policy

Westfield Corporation has adopted a whistleblower policy to ensure that any concerns regarding unethical, unlawful or improper conduct can be raised without fear of reprisal.

Under the policy, Westfield Corporation has appointed Whistleblower Protection Officers in each country in which it operates. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravened Westfield's code of conduct, policies or the law. Such matters included any actual or suspected:

- conduct or practices which are illegal;
- corrupt activities;
- theft or fraud;
- misleading or deceptive conduct of any kind; or
- harm to public health or safety or the health or safety of any Westfield employee.

Westfield Corporation has procedures in place to ensure that all reported concerns are appropriately investigated. If applicable, feedback is provided regarding the investigation's outcome. Where no action is undertaken in connection with a report, an explanation is provided. Where appropriate, a third party may be engaged to assist in the investigation.

3.5 Diversity Policy

Westfield Corporation has a strong commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. The Company believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background. Westfield Corporation continues Westfield Group's strong commitment to diversity.

A summary of Westfield Corporation's diversity commitments for 2015 and a report on progress is set out below.

Westfield Corporation draws on long established diversity and inclusion practices from its US and UK offices and operations. As a newly created entity, the opportunity has arisen to review those policies in the context of our predominately US and UK business.

Westfield Corporation's approach to diversity and inclusion is founded on the following principles:

- An inclusive culture helps us to attract and retain talented people and encourages employees to succeed to fulfil their potential.
- Workforce diversity offers a competitive advantage and is a key contributor to the success of our business in the various markets in which we operate.

While gender based diversity will continue to be a primary focus, Westfield Corporation diversity and inclusion policies extend beyond gender in an attempt to ensure that our workforce is representative of the communities in which we operate.

The regional heads of Human Resources will continue to develop annual 3 year plans which include processes to:

- Embed organisational practices and policies, including succession planning processes which promote a diverse workforce.
- Review opportunities for women in non-traditional roles and target areas to ensure the representation of women in applicant pools.
- Increase the percentage of women in senior management roles through targeting the participation of women in development programs and succession planning.

In 2014, in both the US and the UK, recruitment practices, flexible work arrangements and leadership and development programs designed to support women progress their careers into senior management roles continued to be focus areas. Progress against our 2014 commitments is set out below:

Focus area	Commitment	What we achieved in 2014
Recruitment	Our approach to recruitment must be consistent with and supportive of our objective of a diverse workplace.	<ul style="list-style-type: none"> - Our internal and external recruitment policies require that diversity, including gender, must be a consideration in all executive searches. - The appointment of Ms Beth Ann Kaminkow as Chief Marketing Officer for Westfield Corporation global operations. - The appointment of Ms Emma Prichard-Selby as the first female Development Director in the United Kingdom.
Leadership and development programs	The continuation of programs designed to support women progress their careers into senior management roles.	<ul style="list-style-type: none"> - "WeConnect" an internal networking program for women was introduced. WeConnect sponsors programs and workshops to enhance employee business knowledge and personal and professional development. - Two mentoring groups were established which are dedicated to women: early career and mid to senior level executives. Senior executives, including the COO, act as mentors. - Dr Tammy Wong, author of "The Hour Glass Effect" was engaged to provide mentoring and to develop a road map to attract and mentor female talent. - In the US, partnering with UCLA, two executive development programs, targeted at leadership development, were offered. 28% of participants were female. The programs were cross functional, resulting in participants being exposed to senior management and the creation of cross functional networks. - In the United Kingdom, 61% of attendees of the management and leadership programs were women. - Training for managers on career development, diversity and conflict management continued to be provided.
Pay equity	No gender based pay discrimination.	<ul style="list-style-type: none"> - A pay parity review was undertaken confirming Westfield Corporation's commitment that gender based pay discrimination is not part of its remuneration practices.
Flexible work practices	The development of flexible work practices to ensure a consistent approach and foster flexible work practices through targeted initiatives.	<ul style="list-style-type: none"> - Flexible work arrangements continue to be a focus. Flexible work arrangements are offered to all women returning from maternity leave. - In 2014, in the United Kingdom, 71% of women returning from maternity leave elected to have flexible work arrangements.

Corporate Governance Statement (continued)

For 2015, Westfield Corporation has identified the following areas as key to promoting its diversity and inclusion objectives: recruitment practices; leadership and development programs and pay equity and flexible work practices.

We believe that development, training and education programs are fundamental to delivering Westfield Corporation's diversity and inclusion objectives.

The following measurable objectives have been set for 2015:

Focus area	Commitment
Recruitment	<ul style="list-style-type: none"> Global standards will be introduced under which a diverse candidate pool is recommended, with a focus on appointments of females to senior positions in non-traditional roles. Tracking of candidate pools and the representation of women in management roles will be introduced to identify areas of opportunity for the recruitment and promotion of women. Goals will be established in relation to areas within the business that are underrepresented by women and minorities.
Leadership and development programs	<ul style="list-style-type: none"> Westfield Corporation is targeting an overall level of 35-40% representation of women in leadership and development programs by the end of 2016. Leadership and development programs will continue to be offered to promote the movement of females into senior roles across all key business areas: Centre Operations, Development, Leasing, Marketing, Human Resources and Design and Construction. In the US, targeted development programs will be introduced with a minimum of 50% female participants in each program. Succession planning will continue to focus on reviewing successor candidate including "Most Ready Now Female Candidate" and "Most Ready Minority Candidate". Development plans will continue to prepare "Most Ready Now Female Candidates" for succession into key roles.
Pay equity/flexible work practices	<ul style="list-style-type: none"> Annual pay equity reviews will be standardised in the US and UK to ensure there is no gender based pay discrimination. Identification of barriers to flexible work arrangements will continue as a priority with the implementation of a consistent flexible work policy.
Education	<ul style="list-style-type: none"> Diversity and inclusion education programs targeted at senior management will be implemented.

There are currently 2 women on the Board, being Ms Ilana Atlas and Professor Judith Sloan. Current gender balance across Westfield Corporation's workforce is as follows:

	Female	Male
All employees	47%	53%
Senior executives	19.2%	80.8%

4. DISCLOSURE AND COMMUNICATION

4.1 Continuous Disclosure and Communications Policy

Westfield Corporation is committed to providing members with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

The Continuous Disclosure and Communications Policy underlines Westfield's commitment to ensuring that its securityholders and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Westfield Corporation securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Company. Westfield Corporation is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The Policy includes a vetting and authorisation process to ensure that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The Policy also outlines how the Company identifies and disseminates information to securityholders and the market generally.

The Continuous Disclosure and Communications Policy is published in the corporate governance section of Westfield Corporation's corporate website.

4.2 Communications with Securityholders

Westfield Corporation monitors and continues to utilise a broad range of communication approaches including direct communications with securityholders, publication of all relevant company information in the Investor Services section of the westfieldcorp.com/corporate website, access to market briefings via webcasting and teleconferencing facilities.

The corporate website forms a key element of the Company's communication platform to securityholders and the broader investment community. A section of this website is dedicated to securityholders. Current and past media releases, investor presentations, as well as interim and full year financial reports are available for review on the website. These announcements, presentations and reports are posted on Westfield Corporation's corporate website immediately after they have been released to the market.

The AGM of Westfield Corporation Limited presents a key opportunity for securityholders to meet the Board and ask questions of the Board. At the AGM, securityholders will be provided with an update on the business and performance of the Group. Securityholders will have an opportunity to address the Board and vote on resolutions before the meeting on important matters such as the election and re-election of Directors, any changes to Company constitutions and the adoption of annual financial statements. Securityholders who are not able to attend the AGM in person may appoint proxies to represent them at the meeting. Key members of senior management, including the Co-Chief Executive Officers and Chief Financial Officer are present and available to answer questions. The External Auditor also attends the AGM and is available to answer questions on the Group's financial statements.

To assist with the Company's commitment to the environment (as well as being more cost efficient), securityholders are strongly encouraged to access the annual reports online. A printed copy of this Annual Report will only be sent to those securityholders who have elected to receive it. Otherwise securityholders will be notified when the Annual Report is available to be accessed online at the corporate website.

On an ongoing basis, Westfield works closely with its share registry to monitor and review the opportunities available to better utilise electronic means of communication with its investors.

ASX CORPORATE GOVERNANCE COUNCIL
Corporate Governance Principles and Recommendations

ASX Principle	Reference	Comply (Y/N)	
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Corporate Governance Statement – sections 1.1 and 1.2	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Corporate Governance Statement – section 1.9	Y
1.3	Companies should provide the following information: <ul style="list-style-type: none"> – an explanation of any departure from Recommendations 1.1, 1.2 or 1.3; – whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed. A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company’s website in a clearly marked corporate governance section.	N/A Corporate Governance Statement – section 1.9 The Board Charter can be found at westfield.com/corporate	Y Y Y
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors.	Corporate Governance Statement – section 1.5	Y
2.2	The chairperson should be an independent director.	Corporate Governance Statement – section 1.6	N
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Corporate Governance Statement – sections 1.3 and 1.6	Y
2.4	The board should establish a nomination committee. The nomination committee should be structured so that it: <ul style="list-style-type: none"> – consists of a majority of independent directors; – is chaired by an independent director; – has at least 3 members. 	Corporate Governance Statement – section 2.4	Y Y N Y
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Corporate Governance Statement – sections 1.8 and 1.9	Y
2.6	The following material should be included in the corporate governance statement in the annual report: <ul style="list-style-type: none"> – the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report; – the names of the directors considered by the board to constitute independent directors and the company’s materiality thresholds; – the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships; – a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company; – a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board; – the period of office held by each director in office at the date of the annual report; – the names of members of the nomination committee and their attendance at meetings of the committee; – whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; – an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6. The following material should be made publicly available, ideally by posting it to the company’s website in a clearly marked corporate governance section: <ul style="list-style-type: none"> – a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; – the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; – the board’s policy for the nomination and appointment of directors. 	Corporate Governance Statement – section 1.3 and cross reference to Directors’ biographies Corporate Governance Statement – sections 1.3 and 1.5 Corporate Governance Statement – section 1.5 Corporate Governance Statement – section 1.7 Corporate Governance Statement – section 1.3 Corporate Governance Statement – section 1.3 Corporate Governance Statement – section 2.4 Corporate Governance Statement – section 1.8 Sections 1.3, 1.6 and 2.4 The charter of the Nomination Committee can be found at westfield.com/corporate Also refer section 1.3 of the Corporate Governance Statement	Y Y Y Y Y Y Y Y Y Y

Corporate Governance Statement (continued)

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

ASX Principle	Reference	Comply (Y/N)
Principle 3: Promote ethical and responsible decision making		
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company’s integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Corporate Governance Statement – section 1.4 The Directors’ Code of Conduct can be found at westfield.com/corporate	Y
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Corporate Governance Statement – section 3.5 The Diversity Policy can be found at westfield.com/corporate	Y
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Corporate Governance Statement – section 3.5 The Diversity Policy can be found at westfield.com/corporate	Y
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Corporate Governance Statement – section 3.5 The Diversity Policy can be found at westfield.com/corporate	Y
3.5 Companies should provide an explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company’s website in a clearly marked corporate governance section: – any applicable code of conduct or a summary; and – the diversity policy or a summary of its main provisions.	N/A The Directors Code of Conduct and the Diversity Policy can be found at westfield.com/corporate	Y
Principle 4: Safeguard integrity in financial reporting		
4.1 The board should establish an audit committee.	Corporate Governance Statement – section 2.1	Y
4.2 The audit committee should be structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the board; – has at least 3 members.	Corporate Governance Statement – section 2.1	Y
4.3 The audit committee should have a formal charter.	Corporate Governance Statement – section 2.1	Y
4.4 Companies should provide the following information: – the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee; – the number of meetings of the audit committee; – explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. The following material should be made publicly available, ideally by posting it to the company’s website in a clearly marked corporate governance section: – the audit committee charter; – information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	Corporate Governance Statement – section 2.1. Cross reference to Directors’ biographies Section 2.1 N/A The Audit and Risk Committee Charter and the Non-Audit Services Protocol can be found at westfield.com/corporate	Y Y Y Y
Principle 5: Make timely and balanced disclosure		
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Corporate Governance Statement – section 4.1	Y
5.2 An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company’s website in a clearly marked corporate governance section.	N/A The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	Y

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

ASX Principle	Reference	Comply (Y/N)
Principle 6: Respect the rights of shareholders		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Corporate Governance Statement – section 4.2 Y
6.2	An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report. The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	N/A The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate Y
Principle 7: Recognise and manage risk		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Corporate Governance Statement – section 2.2 Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Corporate Governance Statement – section 2.2 Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system or risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Corporate Governance Statement – section 2.2 Y
7.4	The following material should be included in the corporate governance statement in the annual report: – an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4; – whether the board has received the report from management under Recommendation 7.2; – whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – a summary of the company's policies on risk oversight and management of material business risks.	N/A Corporate Governance Statement – section 2.2 Y The Charter of the Audit and Risk Committee can be found at westfield.com/corporate Y
Principle 8: Remunerate fairly and responsibly		
8.1	The board should establish a remuneration committee.	Corporate Governance Statement – section 2.3 Y
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent directors; – is chaired by an independent director; – has a least 3 members.	Corporate Governance Statement – section 2.3 Y
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Corporate Governance Statement – section 2.3 and cross reference to Remuneration Report Y
8.4	The following material or a clear cross reference to the location of the material should be included in the corporate governance statement in the annual report: – the names of the members of the remuneration committee and their attendance at meetings of the committee; – the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; – an explanation of any departures from Recommendations 8.1, 8.2, or 8.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that at committee; – a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Corporate Governance Statement – section 2.3 Y Remuneration Report Y N/A The Charter of the Human Resources Committee and the Hedging of Executive Awards and Performance Rights Policy can be found at westfield.com/corporate Y

Westfield Corporation is listed on the Australian Securities Exchange (ASX) under the code "WFD".

Please visit our website at www.westfieldcorp.com/investors for a variety of investor information.

Electronic Information

By becoming an electronic investor and registering your email address, you can receive via email news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Access to Your Securityholding Details

You can go to www.westfieldcorp.com/investors to access your securityholding information as well as extensive information including the latest media releases, result announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

You can confirm your holding balance, request forms and access distribution and trading information by phoning: 1300 132 211 or call +61 3 9415 4070 (outside Australia) then, pressing 1. You will be asked to enter your Holder Number (SRN/HIN).

Distribution Details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2014 year distributions are provided in the table below. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from <http://www.westfieldcorp.com/investors/security-holder-form> or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

#Dividend/distribution for the six months ended 31 December 2014 to be paid on 27 February 2015	US12.3*
Dividend in respect of a Westfield Corporation Ltd share	N/A
Distribution in respect of a WFDT unit	8.66
Distribution in respect of a Westfield America Trust unit	3.64

* The Australian dollar amount of your February distribution will be listed on your distribution statement.

In addition in August 2014 Westfield America Trust paid the following distribution;

Distribution in respect of a WAT unit (cents per unit) AU21.00

Tax File Number

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 49% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

Annual Tax Statement and 2015 Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Unpresented Cheques & Unclaimed Funds

Westfield Corporation is required to remit to the NSW Office of State Revenue amounts greater than \$100 held in an account that has been inactive for at least 6 years. If you believe you have unpresented cheques in relation to your prior holding in Westfield Group, please contact the Registry which will be able to check the records and assist you in recovering any funds. Checks can be done for the last 7 years. For any enquiries beyond 7 years, you will need to contact the NSW Office of State Revenue (www.osr.nsw.gov.au) to check for unclaimed money.

Australian Capital Gains Tax Considerations

A Westfield Corporation stapled security comprises three separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative Net Tangible Assets (NTA) of entities in Westfield Corporation	30 Jun 14	31 Dec 14
Westfield Corporation Limited	12.63%	13.48%
WFD Trust	75.79%	66.67%
Westfield America Trust	11.58%	19.85%

American Depositary Receipts (ADR)

Westfield Corporation has an established ADR program providing a tradeable security in the United States.

Details of the ADR program are available on our website at <http://www.westfieldcorp.com/investors/american-depositary-receipts>.

Westfield Corporation 2015 Calendar

February

- Full year results released
- Distribution for 6 months ending December

March

- Annual Report released

May

- 1st Quarter Update
- Annual General Meeting

July

- Annual Tax Statements released

August

- Half year results released
- Distribution for the 6 months ending June

November

- 3rd Quarter Update

Contact Details

All changes of name, address, tax file number, payment instructions and document requests should be passed to the Registry or alternatively, you can update your details directly online at www.westfieldcorp.com/investors and by clicking on "Access your online account".

Principal Share Registry

Computershare Investor Services P/L
GPO Box 2975
Melbourne VIC 3001
Telephone 1300 132 211
International +61 3 9415 4070
Facsimile +61 3 9473 2500

All other queries are best directed to Westfield Corporation Investor Relations:

Level 29, 85 Castlereagh Street
Sydney NSW 2000, Australia
GPO Box 4004
Sydney NSW 2001
Telephone +61 2 9358 7877
investor@westfield.com
www.westfieldcorp.com/investors

Investor Feedback

If you have any feedback, please direct these in writing to Westfield Corporation Investor Relations at GPO Box 4004, Sydney NSW 2001.

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2014

Twenty Largest Holders of Stapled Securities in Westfield Corporation*

	Number of Securities	% of Issued Securities
1. HSBC Custody Nominees (Australia) Limited	622,300,640	29.95
2. J P Morgan Nominees Australia Limited	334,469,641	16.10
3. National Nominees Limited	277,320,375	13.34
4. Cordera Holdings Pty Limited	145,835,168	7.02
5. Citicorp Nominees Pty Limited	136,258,781	6.56
6. BNP Paribas Noms Pty Ltd <DRP>	61,520,300	2.96
7. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	29,795,373	1.43
8. Morgan Stanley Australia Securities (Nominee) Pty Limited <No 1 Account>	29,673,128	1.43
9. AMP Life Limited	27,727,969	1.33
10. Hazel Equities Pty Ltd	23,771,039	1.14
11. Mr Frank P Lowy	14,107,391	0.68
12. CS Fourth Nominees Pty Ltd	10,439,355	0.50
13. Pan Australian Nominees Pty Limited	7,554,481	0.36
14. HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	7,290,029	0.35
15. UBS Nominees Pty Ltd	6,930,054	0.33
16. RBC Investor Services Australia Nominees Pty Limited <APN A/C>	6,509,411	0.31
17. Merrill Lynch (Australia) Nominees Pty Limited	6,363,475	0.31
18. Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.28
19. Bond Street Custodians Limited <ENH Property Securities A/C>	5,160,088	0.25
20. Lowy Foundation Pty Ltd	5,086,016	0.24
	1,763,982,139	84.87

* Ordinary shares in Westfield Corporation Ltd are stapled to units in Westfield America Trust and WFD Trust.

Westfield Corporation stapled securities trade on the Australian Securities Exchange under the code WFD.

Voting Rights

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

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

Distribution Schedule

Category	Number of options*	Number of option Holders	Number of Stapled securities**	Number of Security-holders	% of securities in each category
1-1,000	0	0	21,909,262	45,727	1.05
1,001-5,000	0	0	90,942,772	40,864	4.38
5,001-10,000	0	0	36,775,626	5,278	1.77
10,001-100,000	52,500	1	61,589,087	2,804	2.96
100,001 and over	27,608,709	3	1,866,872,939	200	89.84
Total	27,661,209	4	2,078,089,686	94,873	100.00

As at 13 February 2015, 4,005 securityholders hold less than a marketable parcel of quoted securities in Westfield Corporation.

* Westfield America Trust has on issue options to subsidiaries of Westfield Corporation which predate the reorganisation. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities. The total number of options on issue at 13 February 2015 is 27,661,209.

** There are 17,317,685 performance rights on issue to a total of 210 Westfield Corporation employees. These rights may be satisfied by either the transfer or issue of Westfield Corporation securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Westfield Corporation securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, each of the Company, Westfield America Trust and WFD Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

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

Members of the Lowy family and associates	197,500,000
BlackRock Group	128,048,647
The Vanguard Group, Inc	122,771,164

Directory

Westfield Corporation

Westfield Corporation Limited
ABN 12 166 995 197

WFD Trust

ARSN 168 765 875
(responsible entity Westfield America
Management Limited
ABN 66 072 780 619,
AFS Licence No 230324)

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 29
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9273 2000
Facsimile: +61 2 9358 7241

United States Office

2049 Century Park East
41st Floor
Century City, CA 90067

Telephone: +1 310 478 4456
Facsimile: +1 310 481 9481

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 Corporation
Level 29
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7877
E-mail: investor@westfield.com
Website: www.westfieldcorp.com/investors

Principal Share Registry

Computershare Investor Services Pty Limited
Level 4, 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 – WFD

Website

westfieldcorp.com



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