

27 March 2015



Westfield Corporation

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The Manager
Company Announcements Office
ASX Limited
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SYDNEY NSW 2000

Dear Sir/Madam

WESTFIELD CORPORATION (ASX: WFD)

WESTFIELD AMERICA TRUST AND WFD TRUST 2014 ANNUAL FINANCIAL REPORTS

On 25 February 2015, Westfield Corporation announced its 2014 results and released its 2014 Annual Financial Report. The Westfield Corporation Annual Financial Report is being despatched to members.

Attached are the 2014 Annual Financial Reports for each of Westfield America Trust and WFD Trust (two of the three stapled entities which comprise Westfield Corporation). The results of these Trusts are consolidated into Westfield Corporation's accounts. Given that Westfield Corporation operates as one co-ordinated economic entity, reference should be made to Westfield Corporation's consolidated accounts for an understanding of the results and operations of Westfield Corporation as a whole.

Yours faithfully

WESTFIELD CORPORATION

A handwritten signature in blue ink, consisting of a stylized 'S' followed by a horizontal line and a dot.

Simon Tuxen
Company Secretary

Encl.



**Westfield
America Trust
Annual Financial Report
31 December 2014**

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,
AFSL No. 230324)

Westfield America Trust

ARSN 092 058 449
(responsible entity Westfield America
Management Limited ABN 66 072 780 619,
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Code: WFGPY

Listing

Australian Securities Exchange – WFD

Website

westfieldcorp.com



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Annual Financial Report

WESTFIELD AMERICA TRUST

For the financial year ended 31 December 2014

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Revenue			
Property revenue	3	496.0	695.3
Property development and project management revenue		142.1	105.5
Property management income		54.9	47.8
		693.0	848.6
Share of after tax profits of equity accounted entities			
Property revenue		504.3	452.2
Property revaluations		397.9	380.9
Property expenses, outgoings and other costs		(146.5)	(131.2)
Net interest expense		(60.2)	(53.1)
Tax expense		(0.3)	(0.2)
	14(a)	695.2	648.7
Expenses			
Property expenses, outgoings and other costs		(194.0)	(240.6)
Property development and project management costs		(122.8)	(83.6)
Property management costs		(28.6)	(25.0)
Overheads		(82.0)	(96.2)
		(427.4)	(445.4)
Interest income		4.2	39.5
Currency gain/(loss)	4	(106.8)	10.7
Financing costs	7	(434.1)	(307.7)
Loss in respect of capital transactions			
– asset dispositions	5	(8.6)	(35.5)
– financing costs in respect of capital transactions	5	–	(74.9)
Property revaluations		(60.3)	20.0
Charges and credits in respect of the Restructure and Merger	6	(800.8)	–
Profit before tax for the period		(445.6)	704.0
Tax expense	8	(147.2)	(185.5)
Profit after tax for the period		(592.8)	518.5
Profit after tax for the period attributable to:			
– Members of the Westfield America Trust (WAT)		(558.2)	471.4
– Non controlling interests		(34.6)	47.1
Profit after tax for the period		(592.8)	518.5
		cents	cents
Basic earnings per unit	9(a)	(26.86)	21.74
Diluted earnings per unit	9(a)	(26.86)	15.36

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Profit after tax for the period		(592.8)	518.5
Other comprehensive income			
<i>Movement in foreign currency translation reserve ⁽¹⁾</i>			
– Net exchange difference on translation of foreign operations		327.2	11.1
Total comprehensive income for the period		(265.6)	529.6
Total comprehensive income attributable to:			
– Members of WAT		(231.0)	482.5
– Non controlling interests		(34.6)	47.1
Total comprehensive income for the period		(265.6)	529.6

⁽¹⁾ These items may be subsequently recycled to the profit and loss.

Balance Sheet

AS AT 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Current assets			
Cash and cash equivalents	25(a)	149.7	749.9
Trade debtors		16.3	16.3
Investment properties held for sale	13	438.7	–
Derivative assets	10	5.7	72.4
Receivables	11	255.8	1,032.0
Inventories		18.4	38.1
Prepayments and deferred costs	12	19.1	22.5
Total current assets		903.7	1,931.2
Non current assets			
Investment properties	13	6,155.9	5,424.2
Equity accounted investments	14(c)	5,592.5	5,393.2
Other investments	15	116.8	101.6
Derivative assets	10	159.2	200.4
Receivables	11	67.9	67.5
Plant and equipment	16	39.9	54.6
Prepayments and deferred costs	12	27.8	67.2
Total non current assets		12,160.0	11,308.7
Total assets		13,063.7	13,239.9
Current liabilities			
Trade creditors		33.0	25.9
Payables and other creditors	17	3,052.2	634.9
Interest bearing liabilities	18	180.9	830.5
Other financial liabilities	19	2.7	139.0
Tax payable		53.1	63.9
Derivative liabilities	20	2.2	–
Total current liabilities		3,324.1	1,694.2
Non current liabilities			
Payables and other creditors	17	124.4	80.8
Interest bearing liabilities	18	4,133.6	5,356.9
Other financial liabilities	19	1,303.7	1,074.3
Deferred tax liabilities	8(b)	2,779.2	2,757.5
Derivative liabilities	20	–	41.4
Total non current liabilities		8,340.9	9,310.9
Total liabilities		11,665.0	11,005.1
Net assets		1,398.7	2,234.8
Equity attributable to members of WAT			
Contributed equity	21(b)	4,957.5	4,957.5
Reserves	23	366.2	39.7
Accumulated losses	24	(4,078.1)	(2,966.2)
Total equity attributable to members of WAT		1,245.6	2,031.0
Equity attributable to non controlling interests			
Contributed equity		228.1	228.1
Retained profits		(75.0)	(24.3)
Total equity attributable to non controlling interests		153.1	203.8
Total equity		1,398.7	2,234.8

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2014

	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 WAT				
Opening balance of contributed equity	–	4,957.5	4,957.5	5,265.2
– Movement in contributed equity	–	–	–	(307.7)
Closing balance of contributed equity	–	4,957.5	4,957.5	4,957.5
Opening balance of reserves	–	39.7	39.7	27.4
– Movement in foreign currency translation reserve ^{(1) (2)}	327.2	–	327.2	11.1
– Movement in employee share plan benefits reserve ⁽¹⁾	–	(0.7)	(0.7)	1.2
Closing balance of reserves	327.2	39.0	366.2	39.7
Opening balance of accumulated losses	–	(2,966.2)	(2,966.2)	(2,945.0)
– Profit after tax for the period ⁽²⁾	(558.2)	–	(558.2)	471.4
– Distributions paid	–	(553.7)	(553.7)	(492.6)
Closing balance of accumulated losses	(558.2)	(3,519.9)	(4,078.1)	(2,966.2)
Closing balance of equity attributable to members of WAT	(231.0)	1,476.6	1,245.6	2,031.0
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	203.8	203.8	204.3
Total comprehensive income attributable to non controlling interests ⁽²⁾	(34.6)	–	(34.6)	47.1
Dividends paid or provided for	–	(16.1)	(16.1)	(47.6)
Closing balance of equity attributable to non controlling interests	(34.6)	187.7	153.1	203.8
Total equity	(265.6)	1,664.3	1,398.7	2,234.8

⁽¹⁾ Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of \$327.2 million (31 December 2013: gain of \$11.1 million) and net debit to the employee share plan benefits reserve of \$0.7 million (31 December 2013: net credit of \$1.2 million).

⁽²⁾ Total comprehensive income for the period amounts to a loss of \$265.6 million (31 December 2013: gain of \$529.6 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Cash flows from operating activities			
Receipts in the course of operations		713.9	873.4
Payments in the course of operations		(418.2)	(404.8)
Settlement of income hedging currency derivatives		20.6	28.6
Dividends/distributions received from equity accounted associates		241.4	199.9
Income and withholding taxes paid		(29.6)	–
Net cash flows from operating activities	25(b)	528.1	697.1
Cash flows used in investing activities			
Capital expenditure on property investments – consolidated		(363.2)	(300.5)
Capital expenditure on property investments -equity accounted		(146.2)	(111.8)
Acquisition of property investments – consolidated		(626.5)	–
Proceeds from the disposition of property investments – consolidated		255.2	1,998.3
Capital distribution and advances from equity accounted associates		175.0	189.8
Tax paid on disposition of property investments		(65.2)	(30.2)
Purchase of plant and equipment		(5.0)	(16.6)
Financing costs capitalised to qualifying development projects and construction in progress		(50.9)	(13.2)
Settlement of asset hedging currency derivatives		–	236.3
Net cash flows used in investing activities		(826.8)	1,952.1
Cash flows used in financing activities			
Buy-back of units		–	(311.1)
Net proceeds from/(repayment of) interest bearing liabilities and other financial liabilities		265.3	(1,308.9)
Loans received from related entities		276.3	333.7
Payments of financing costs (excluding interest capitalised)			
– Normal course of operations		(149.3)	(244.0)
– Accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		(61.1)	–
Interest received		7.2	41.6
Dividends/distributions paid by controlled entities to non controlling interests		(48.1)	(6.0)
Distributions paid		(553.7)	(492.6)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		–	(51.2)
Charges 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		(733.8)	–
Net cash flows used in financing activities		(295.4)	(2,038.5)
Net increase/(decrease) in cash and cash equivalents held		(594.1)	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		(6.1)	(0.2)
Cash and cash equivalents at the end of the period	25(a)	149.7	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 comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2014 was approved on 16 March 2015 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT (Responsible Entity).

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

(b) Statement of Compliance

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

(c) Detail of the Restructure and Merger

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:

- (i) Scentre Group – comprising the merged Australian and New Zealand business of Westfield Group and Westfield Retail Trust; and

- (ii) 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, where Westfield Group's international business was transferred to Westfield Corporation Limited (WCL) and WFD Trust (WFDT), and shares in WCL and units in WFDT 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.

(d) 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 adoption of US 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 US dollars using the procedures outlined below:

- Assets and liabilities denominated in non-US dollar currencies were translated into US dollars at the closing rates of exchange on the relevant balance sheet date;
- Non-US dollar income and expenditure were 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 January 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 US 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.

(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.

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

(f) Significant accounting judgements, estimates and assumptions (continued)

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 13: Investment properties and Note 37: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) and WAT. The securities trade as one security on the Australian Securities Exchange under the code WFD. The stapling transaction is referred to as the Restructure and Merger.

(b) Consolidation and classification

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

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Non controlling interests represent the portion of profit or loss and net assets of Westfield America, Inc (WEA) that are not wholly-owned by the Group and held by WCL entities. The non controlling interests are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Acquisitions of non controlling interests are accounted for using the entity concept method, whereby, the transaction is treated as a transaction with other equity shareholders.

i) Joint arrangements

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.

(c) Investment properties

The Group's investment properties include shopping centre investments, 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 also includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

At each reporting date, the carrying value of the portfolio of shopping centre investment properties 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 of Westfield Corporations's Annual Financial Report for estimated yields for the United States property portfolio. 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 Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other investments

i) Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. Unlisted investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

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

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional currency of WAT and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is US dollars. The presentation currency of WAT, its Australian subsidiaries and the United States entities is US dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

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

ii) Translation of accounts of foreign operations

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

(f) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as 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 and funds management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

Certain tenant allowances that are classified as lease incentives are recorded as part of investment properties and amortised over the term of the lease. The amortisation is recorded against property income.

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

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

Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

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

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

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

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

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

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

(i) Goodwill

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

(j) Financing costs

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

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

(k) Inventories

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

(l) Depreciation and amortisation

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

(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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i) Operating leases

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

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

ii) Finance leases

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

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

(n) Employee benefits

The liability for employees' benefits to wages, salaries, bonuses and annual leave is accrued to balance date based on the Group's present obligation to pay resulting from the employees' services provided. The liability for employees' benefits to long service leave is provided to balance date based on the present values of the estimated future cash flows to be paid by the Group resulting from the employees' services provided.

(o) Contributed equity

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

(p) Derivative 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, 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 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 as disclosed in Note 37 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 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 the impairment exists, the Group makes an estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(r) Earnings per unit

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

(s) Rounding

In accordance with ASIC Class Order 98/100, 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

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	523.1	730.9
Amortisation of tenant allowances and leasing costs	(27.1)	(35.6)
	496.0	695.3
NOTE 4 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	(118.5)	(12.8)
	(106.8)	10.7
NOTE 5 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	(8.6)	(2,758.0)
Gain/(loss) in respect of asset dispositions	(8.6)	(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 properties disposed	–	(74.9)
Financing costs in respect of capital transactions	–	(74.9)
NOTE 6 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER		
Refinancing costs in respect of the Restructure and Merger	(770.8)	–
Transaction costs in respect of the Restructure and Merger	(30.0)	–
	(800.8)	–
NOTE 7 FINANCING COSTS		
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		
– External	(130.0)	(216.5)
– Related entities	(11.8)	(89.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	50.9	13.2
Financing costs	(90.9)	(292.3)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	(39.1)	(137.0)
Finance leases interest expense	(3.0)	(3.2)
Interest expense on other financial liabilities	(44.1)	(22.5)
Net fair value gain/(loss) on other financial liabilities	(257.0)	147.3
	(434.1)	(307.7)

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 8 TAXATION		
(a) Tax expense		
Current	(32.5)	(21.4)
Deferred	(114.7)	(164.1)
	(147.2)	(185.5)

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

Profit/(loss) before tax	(445.6)	704.0
Prima facie withholding tax expense on profit at 15%	66.8	(105.6)
Trust income not taxable for the Group – tax payable by unitholders	(14.3)	4.5
Differential of tax rates on foreign income	(67.7)	(84.4)
Capital transactions not deductible	(132.0)	–
Tax expense	(147.2)	(185.5)

(b) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties	2,772.3	2,746.6
Unrealised fair value gain on financial derivatives	6.9	10.9
	2,779.2	2,757.5

31 Dec 14
cents

31 Dec 13
cents

NOTE 9 EARNINGS PER UNIT

(a) Summary of earnings per unit

Basic earnings per unit attributable to members of WAT	(26.86)	21.74
Diluted earnings per unit attributable to members of WAT	(26.86)	15.36

(b) Income and unit data

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

	31 Dec 14 US\$million	31 Dec 13 US\$million
Earnings used in calculating basic earnings per unit	(558.2)	471.4
Adjustment to earnings on options which are considered dilutive ⁽³⁾	–	(128.0)
Earnings used in calculating diluted earnings per unit	(558.2)	343.3

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit ⁽¹⁾	2,078,089,686	2,167,947,730
Weighted average of potential employee awards scheme unit options which, if issued would be dilutive ⁽²⁾	–	5,483,263
Bonus element of options which if issued, would be dilutive ⁽³⁾	–	61,449,049
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit ⁽⁴⁾	2,078,089,686	2,234,880,042

⁽¹⁾ 2,078.1 million (31 December 2013: 2,167.9 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

⁽²⁾ At 31 December 2014, 8,793,181 actual employee award scheme security options were on hand (31 December 2013: 5,115,399).

⁽³⁾ Bonus element of options relating to other financial liabilities issued to WCL 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).

⁽⁴⁾ The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was nil (31 December 2013: 570,629).

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 10 DERIVATIVE ASSETS			
Current			
Receivables on interest rate derivatives		5.7	52.4
Receivables on currency derivatives		–	20.0
		5.7	72.4
Non Current			
Receivables on interest rate derivatives		159.2	200.4
		159.2	200.4
Total derivative assets		164.9	272.8
<p>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\$164.9 million are reduced by US\$0.5 million to the net amount of US\$164.4 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).</p>			
NOTE 11 RECEIVABLES			
Current			
Sundry debtors		117.3	332.6
Interest bearing loans from related entities	40(d)	110.9	699.4
Other receivables from related entities		27.6	–
		255.8	1,032.0
Non Current			
Receivables – other		67.9	67.5
		67.9	67.5
NOTE 12 PREPAYMENTS AND DEFERRED COSTS			
Current			
Prepayments and deposits		6.8	6.7
Deferred costs – other		12.3	15.8
		19.1	22.5
Non Current			
Deferred costs – other		27.8	67.2
		27.8	67.2
NOTE 13 INVESTMENT PROPERTIES			
Current			
Shopping centre investments		409.3	–
Development projects and construction in progress		29.4	–
		438.7	–
Non Current			
Shopping centre investments		4,829.2	5,160.5
Development projects and construction in progress		1,326.7	263.7
		6,155.9	5,424.2
Total investment properties is comprised of:			
Shopping centre investments		5,238.5	5,160.5
Development projects and construction in progress		1,356.1	263.7
Total investment properties		6,594.6	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		467.6	351.3
Net revaluation increment/(decrement)		(60.3)	20.0
Balance at the end of the year ⁽¹⁾		6,594.6	5,424.2

⁽¹⁾ The fair value of investment properties at the end of the year of \$6,594.6 million (31 December 2013: US\$5,424.2 million) comprises investment properties at market value of \$6,561.4 million (31 December 2013: US\$5,390.7) and ground leases included as finance leases of \$33.2 million (31 December 2013: US\$33.5 million).

NOTE 13 INVESTMENT PROPERTIES (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 Uniform Standards of Professional Appraisal Practice in the United States. The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method. The 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. Refer to Note 16 of Westfield Corporation's Annual Financial Report for details of property capitalisation rates.

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

	31 Dec 14 US\$million	31 Dec 13 US\$million
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NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

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

Property revenue	504.3	452.2
Share of after tax profit of equity accounted entities	695.2	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
Other comprehensive income ⁽¹⁾	–	–
Share of total comprehensive income of equity accounted entities	695.2	648.7

⁽¹⁾ Relates to the net exchange difference on translation of equity accounted foreign operations.

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

Cash	59.3	59.7
Shopping centre investments	6,825.5	6,255.6
Development projects and construction in progress	203.4	376.9
Other assets	21.7	43.9
Total assets	7,109.9	6,736.1
Payables	(103.9)	(97.8)
Interest bearing liabilities – current ⁽²⁾	(4.4)	(4.2)
Interest bearing liabilities – non current ⁽²⁾	(1,409.1)	(1,240.9)
Total liabilities	(1,517.4)	(1,342.9)
Net assets	5,592.5	5,393.2

⁽²⁾ The fair value of interest bearing liabilities was US\$1,471.0 million compared to the book value of US\$1,413.5 million.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(d) Equity accounted entities' economic interest

Name of investments ⁽¹⁾	Type of equity	Balance Date	Economic Interest	
			31 Dec 14	31 Dec 13
Annapolis ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	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 ⁽²⁾	Partnership units	31 Dec	55.0%	55.0%
Oakridge ⁽²⁾	Partnership units	31 Dec	55.0%	55.0%
Plaza Bonita ⁽²⁾	Partnership units	31 Dec	55.0%	55.0%
Promenade	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 ⁽²⁾	Partnership units	31 Dec	55.0%	55.0%
Southgate	Membership units	31 Dec	50.0%	50.0%
Topanga ⁽²⁾	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%

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

⁽²⁾ 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.

	31 Dec 14 US\$million	31 Dec 13 US\$million
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NOTE 15 OTHER INVESTMENTS

Unlisted investments	116.8	101.6
	116.8	101.6

Movement in other investments

Balance at the beginning of the year	101.6	465.1
Additions	15.7	61.5
Disposals	(0.5)	(425.0)
Balance at the end of the year	116.8	101.6

NOTE 16 PLANT AND EQUIPMENT

At cost	131.8	136.6
Accumulated depreciation	(91.9)	(82.0)
Total plant and equipment	39.9	54.6

Movement in plant and equipment

Balance at the beginning of the year	54.6	73.6
Additions	5.1	16.7
Disposals/transfers	–	(14.5)
Depreciation expense	(19.8)	(21.2)
Balance at the end of the year	39.9	54.6

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 17 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		535.6	526.4
Payables to related entities – WFDT	40(d)	2,497.0	–
Payables to related entities – other		19.6	108.5
		3,052.2	634.9
Non Current			
Sundry creditors and accruals		124.4	80.8
		124.4	80.8
NOTE 18 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Finance leases		0.4	0.4
Loans payable to related entities	40(d)	57.6	827.4
Secured			
Bank loans and mortgages – US\$ denominated ⁽³⁾		122.9	2.7
		180.9	830.5
Non Current			
Unsecured			
Bank loans – US\$ denominated ⁽¹⁾		50.0	–
Notes payable – US\$ denominated ⁽²⁾		3,300.0	4,450.1
Finance leases		32.8	33.1
Secured			
Bank loans and mortgages – US\$ denominated ⁽³⁾		750.8	873.7
		4,133.6	5,356.9
Total interest bearing liabilities		4,314.5	6,187.4
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		180.9	830.5
Due between one and five years		2,015.6	2,284.7
Due after five years		2,118.0	3,072.2
		4,314.5	6,187.4

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

⁽²⁾ Notes payable – US\$

Guaranteed Senior Notes of US\$3,500.0 million were issued in the US 144A bond market by Westfield Corporation. The issues comprised US\$750.0 million, US\$1,250.0 million, US\$1,000.0 million, and US\$500.0 million of fixed rate notes maturing 2017, 2019, 2024 and 2044 respectively. The Group was assigned US\$3,300.0 million comprising US\$550.0 million, US\$1,250.0 million, US\$1,000.0 million, and US\$500.0 million of fixed rate notes maturing 2017, 2019, 2024 and 2044 respectively. These notes are subject to negative pledge arrangements which require Westfield Corporation to comply with certain minimum financial requirements.

⁽³⁾ Secured liabilities – US\$

Current and non current 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 a fair value of US\$2.3 billion (31 December 2013: US\$2.2 billion). These properties and development projects are as follows: Fox Valley, Galleria at Roseville, Mainplace, Old Orchard, and San Francisco Centre. 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.

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

Refer to Note 33 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 18 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 14 US\$million	31 Dec 13 US\$million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	7,559.5	8,761.2
Total interest bearing liabilities	(4,314.5)	(6,187.4)
Total bank guarantees	(13.7)	(11.8)
Available financing facilities	3,231.3	2,562.0
Cash	149.7	749.9
Financing resources available at the end of the year	3,381.0	3,311.9
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	180.9	830.5
Due between one and five years	5,260.6	4,858.5
Due after five years	2,118.0	3,072.2
	7,559.5	8,761.2

These facilities comprise fixed and floating rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require Westfield Corporation to comply with specific minimum financial requirements. These facilities exclude other financial liabilities set out in Note 19. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling US\$3,231.3 million, are available to all members of Westfield Corporation, including WAT, at year end. WAT is able to draw on these financing facilities, provided that they are unutilised by other members of Westfield Corporation. These are interest only unsecured multicurrency multioption facilities.

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 19 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares/units	19(a)	2.7	1.9
Other redeemable preference shares/units	19(b)	–	137.1
		2.7	139.0
Non Current			
Convertible redeemable preference shares/units	19(a)	94.9	82.3
Convertible redeemable preference shares/units held by WCL related entities	19(a)	1,071.8	865.7
Other redeemable preference shares/units	19(b)	137.0	126.3
		1,303.7	1,074.3
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		1,303.7	1,074.3
		1,306.4	1,213.3

NOTE 19 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares/units

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

- i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US\$ equivalent of the distribution on the number of Westfield Corporation stapled securities into which the preference shares are then exchangeable.
 - Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US\$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US\$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.
 - The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.
- ii. As at 31 December 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.
- iii. As at 31 December 2014, the previous owners of the Sunrise Mall hold 1,401,426 Series I units (31 December 2013: 1,401,426). At any time after the earlier of (i) 21 July 2005; (ii) dissolution of the operating partnership; or (iii) the death of the holder, such holder (or the holder's Estate) has the right to require the operating partnership to redeem its Series I units, at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for Westfield Corporation stapled securities); or (iii) a combination of both.
- iv. 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 Westfield Corporation stapled securities); or (iii) a combination of both.
- v. 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.
- vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Corporation stapled securities with the exercise of Series F – Special Options (refer Note 22).
- vii. The foreign currency denominated common shares are able to be converted into Westfield Corporation stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 22).
- viii. 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) Westfield Corporation stapled securities, or (iii) a combination of both.

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) Series H-2 Partnership Preferred Units (Series H-2 units); and (ii) 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 units by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these units is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

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FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 20 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	2.2	–
	2.2	–
Non Current		
Payables on interest rate derivatives	–	41.4
	–	41.4
Total derivative liabilities	2.2	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\$2.2 million are reduced by US\$0.5 million to US\$1.7 million (31 December 2013: derivative liabilities of US\$41.4 million reduced by US\$41.4 million to nil).

	Units	Units
NOTE 21 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	2,078,089,686	2,228,403,362
Buy-back and cancellation of units	–	(150,313,676)
Balance at the end of the year	2,078,089,686	2,078,089,686

Westfield Corporation stapled securities have the right to receive declared dividends from WCL and distributions from WFDT and WAT and, in the event of winding up WCL, 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 Westfield Corporation stapled securities held.

Holders of Westfield Corporation stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WCL, WFDT and WAT (as the case may be). Westfield Corporation stapled securities have no par value.

	US\$million	US\$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	4,957.5	5,265.2
Buy-back and cancellation of units	–	(307.4)
Costs associated with the buy-back of units	–	(0.3)
Balance at the end of the year	4,957.5	4,957.5

	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
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NOTE 22 SHARE BASED PAYMENTS

(a) Options and rights over units

– Series F Special options ⁽¹⁾	22(a) (i)	52,500	1.62	52,500	1.57
– Series G1 Special options ⁽¹⁾	22(a) (ii)	277,778	1.24	277,778	0.88
– Series H Special options ⁽¹⁾	22(a) (iii)	11,805,862	1.41	11,805,862	0.99
– Series I Special options ⁽¹⁾	22(a) (iv)	13,260,859	1.36	13,260,859	0.96
– Executive performance rights	22(b) (i)	5,898,286	–	3,890,676	–
– Partnership incentive rights	22(b) (ii)	2,894,895	–	1,224,723	–
– Executive performance and partnership incentive rights issued to employees of related parties	22(a) (v)	8,576,632	–	10,629,417	–
		42,766,812	1.39	41,141,815	1.02

⁽¹⁾ These special options are issued to WCL (formerly WHL) entities.

NOTE 22 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

	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
Movement in options and rights on issue				
Balance at the beginning of the year	41,141,815	1.02	36,618,753	1.20
Movement in Executive performance rights				
– Adjustment to rights upon the establishment of Westfield Corporation ⁽¹⁾	2,219,153	–	–	–
– Rights transferred on employee relocation	196,886	–	(356,056)	–
– Rights issued during the year	2,202,875	–	1,422,217	–
– Rights exercised during the year	(2,436,550)	–	–	–
– Rights forfeited during the year	(174,754)	–	(238,370)	–
Movement in Partnership incentive rights				
– Adjustment to rights upon the establishment of Westfield Corporation ⁽¹⁾	693,186	–	–	–
– Rights transferred on employee relocation	–	–	(55,421)	–
– Rights issued during the year	1,041,489	–	555,159	–
– Rights exercised during the year	–	–	(30,050)	–
– Rights forfeited during the year	(64,503)	–	–	–
Movements in Executive performance and Partnership incentive rights issued to employees of related parties				
– Rights transferred pursuant to the Restructure and Merger ⁽²⁾	7,192,087	–	–	–
– Rights transferred on employee relocation	–	–	411,477	–
– Rights issued during the year	2,590,466	–	3,390,822	–
– Rights exercised during the year	(1,202,951)	–	(478,035)	–
– Rights forfeited during the year	(2,970)	–	(98,681)	–
– Elimination of rights pursuant to the Restructure and Merger ⁽³⁾	(10,629,417)	–	–	–
Balance at the end of the year ⁽⁴⁾	42,766,812	1.39	41,141,815	1.02

⁽¹⁾ As a result of the Restructure and Merger on 30 June 2014, existing rights in the United States versions of the Westfield Group Plans had been modified such that the value of the rights held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities. The rights over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the rights 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 rights adjusted immediately before the transaction was the same as the value of rights immediately after the transaction.

⁽²⁾ Following implementation of the Restructure and Merger on 30 June 2014, the number of rights 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 rights have been adjusted in accordance with the formula in footnote (1) above.

⁽³⁾ As a result of the Restructure and Merger on 30 June 2014, 10,629,417 Executive performance and Partnership incentive rights on issue to employees of related parties of the Group were eliminated upon consolidation.

⁽⁴⁾ At 31 December 2014 the 42,766,812 options and rights (31 December 2013: 41,141,815 options and rights) on issue were convertible to 166,584,898 Westfield Corporation stapled securities (31 December 2013: 111,556,672 Westfield Group stapled securities).

(i) Series F – Special Options ⁽⁵⁾

As at 31 December 2014, there were 52,500 (31 December 2013: 52,500) Series F Special Options on issue which are exchangeable for 12,865,288 Westfield Corporation stapled securities (31 December 2013: 8,260,875 Westfield Group stapled securities).

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

(ii) Series G1 – Special Options ⁽⁵⁾

As at 31 December 2014, there were 277,778 (31 December 2013: 277,778) Series G1 Special Options on issue which are exchangeable for 14,995,466 Westfield Corporation stapled securities (31 December 2013: 9,628,674 Westfield Group stapled securities).

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

(iii) Series H – Special Options ⁽⁵⁾

As at 31 December 2014, there were 11,805,862 (31 December 2013: 11,805,862) Series H Special Options on issue which are exchangeable for 56,060,616 Westfield Corporation stapled securities (31 December 2013: 35,996,841 Westfield Group stapled securities).

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

(iv) Series I – Special Options ⁽⁵⁾

As at 31 December 2014, there were 13,260,859 (31 December 2013: 13,260,859) Series I Special Options on issue which are exchangeable for 65,293,715 Westfield Corporation stapled securities (31 December 2013: 41,925,466 Westfield Group stapled securities).

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

⁽⁵⁾ As a result of the Restructure and Merger on 30 June 2014, special options held by WCL (formerly WHL) entities had been modified. The number of Westfield Corporation stapled securities exchangeable from special options have been increased by applying an adjustment factor of 1.557376 to the conversion rights prior to the Restructure and Merger.

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FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 22 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

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

There are 8,576,632 (31 December 2013: 10,629,417) Executive performance and Partnership incentive rights on issue to employees of related parties of Westfield Corporation. Under the stapling arrangement each of WCL, WFDT, and WAT are required to issue securities/units on the vesting of an Executive performance and Partnership incentive right. At 31 December 2014, the 8,576,632 (31 December 2013: 10,629,417) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 8,576,632 Westfield Corporation stapled securities (31 December 2013: 10,629,417 Westfield Group stapled securities).

Vesting profile	Number of rights 31 Dec 14	Number of rights 31 Dec 13
2014	–	2,246,840
2015	3,020,277	5,167,905
2016	3,044,574	2,210,354
2017	1,773,608	1,004,318
2018	738,173	–
	8,576,632	10,629,417

(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
Adjustment to rights upon the establishment of Westfield Corporation ⁽¹⁾	2,219,153	–
Rights transferred on employee relocation	196,886	(356,056)
Rights issued during the year	2,202,875	1,422,217
Rights exercised during the year	(2,436,550)	–
Rights forfeited during the year	(174,754)	(238,370)
Balance at the end of the year	5,898,286	3,890,676

⁽¹⁾ As a result of the Restructure and Merger on 30 June 2014, existing rights in the United States versions of the Westfield Group Plans had been modified such that the value of the rights held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities. The rights over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the rights 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 rights adjusted immediately before the transaction was the same as the value of rights immediately after the transaction.

Vesting profile	Fair value granted US\$million 31 Dec 14	Number of rights at ⁽¹⁾ 31 Dec 14	Fair value granted US\$million 31 Dec 13	Number of rights at ⁽¹⁾ 31 Dec 13
2014	–	–	9.9	1,621,061
2015	9.4	2,156,446	10.0	1,329,790
2016	12.3	2,843,233	2.9	527,646
2017	1.8	345,775	0.4	57,203
2018	2.6	552,832	2.9	354,976
	26.1	5,898,286	26.1	3,890,676

⁽¹⁾ 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 Westfield Corporation'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 the Remuneration Report of Westfield Corporation Directors' Report.

NOTE 22 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
Adjustment to rights upon the establishment of Westfield Corporation ⁽¹⁾	693,186	–
Rights transferred on employee relocation	–	(55,421)
Rights issued during the year ⁽²⁾	1,041,489	555,159
Rights exercised during the year	–	(30,050)
Rights forfeited during the year	(64,503)	–
Balance at the end of the year	2,894,895	1,224,723

⁽¹⁾ As a result of the Restructure and Merger on 30 June 2014, existing rights in the United States versions of the Westfield Group Plans had been modified such that the value of the rights held by the participants were maintained by taking into account the relative value of Westfield Corporation securities and Scentre Group securities. The rights over Westfield Corporation stapled securities have been increased by applying the adjustment factor to the rights 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 rights adjusted immediately before the transaction was the same as the value of rights immediately after the transaction.

⁽²⁾ As outlined in section 8.4(c) of the Westfield Corporation Directors' Report, certain performance hurdles must be met in order for participants to be entitled to awards under the PIR Plan. For 2012 and 2013, the ROCE hurdle constituted 25% and 50% of the total number of PIR Plan awards. A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 Remuneration Report published by Westfield Group. As a result of the Restructure and Merger, the Westfield Group Board agreed to waive these ROCE hurdles and an appropriate level of vesting was determined by the Westfield Group Board having regard to the actual performance up to the implementation of the restructuring and the ROCE performance for the six months to 30 June 2014. The ROCE hurdles were met to 110% and 125% for the 2012 and 2013 years respectively. For 2014, the awards 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. The ROCE hurdle used in the PIR Plan operates on a graduated scale. Full details of performance against the ROCE hurdle applicable to awards granted in 2014 will be published at the end of the 4 year qualifying period.

Vesting profile	Fair value granted US\$million 31 Dec 14	Number of rights at ⁽¹⁾ 31 Dec 14	Fair value granted US\$million 31 Dec 13	Number of rights at ⁽¹⁾ 31 Dec 13
2015	1.5	447,145	1.7	304,699
2016	3.4	907,819	3.8	600,278
2017	4.5	1,016,495	2.2	301,997
2018	2.3	523,436	0.1	17,749
	11.7	2,894,895	7.8	1,224,723

⁽¹⁾ The exercise price for the PIR Plan is nil.

The senior leadership team of the Group participates 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 Westfield Corporation'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 Westfield Corporation Remuneration Committee. The hurdles chosen by the Westfield Corporation Remuneration Committee for the 2014 qualifying year are set out in section 8.4(c) of Westfield Corporation 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 Westfield Corporation Directors' Report.

Accounting for equity settled Share Based Payments

During the year, US\$15.1 million (31 December 2013: US\$9.3 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 22 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
Adjustment to awards upon the establishment of Westfield Corporation ⁽¹⁾	354,235	–
Awards 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	893,588	768,539

⁽¹⁾ As a result of the Restructure and Merger 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	–	–	0.6	66,108
2015	4.6	893,588	6.1	702,431
	4.6	893,588	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 Westfield Corporation 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.

NOTE 22 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
Adjustment to awards upon the establishment of Westfield Corporation ⁽¹⁾	444,385	–
Awards transferred on employee relocation	–	(146,190)
Awards exercised during the year	(867,904)	(658,946)
Awards lapsed during the year	(46,068)	–
Balance at the end of the year	373,744	843,331

⁽¹⁾ As a result of the Restructure and Merger 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	1.9	373,744	2.2	255,283
	1.9	373,744	7.2	843,331

The senior leadership team of the Group participates in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include Westfield Corporation achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of Westfield Corporation 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 Financial Report disclose the full liability to unitholders of the grant of awards under the Group's equity linked plans, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and Westfield Corporation 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 value with any adjustments in fair value recognised in the profit or loss.

During the year, US\$2.8 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

	31 Dec 14 US\$million	31 Dec 13 US\$million
NOTE 23 RESERVES		
Foreign currency translation reserve	363.7	36.5
Employee share plan benefits reserve	2.5	3.2
Balance at the end of the year	366.2	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	327.2	11.1
Balance at the end of the year	363.7	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	(0.7)	1.2
Balance at the end of the year	2.5	3.2

NOTE 24 ACCUMULATED LOSSES

Movement in accumulated losses

Balance at the beginning of the year	(2,966.2)	(2,945.0)
Profit/(loss) after tax for the period	(558.2)	471.4
Distributions paid	(553.7)	(492.6)
Balance at the end of the year	(4,078.1)	(2,966.2)

NOTE 25 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash	149.7	749.9
Total cash and cash equivalents	149.7	749.9

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

Profit after tax	(592.8)	518.5
Property revaluations	60.3	(20.0)
Share of equity accounted profits in excess of dividends/distributions	(453.8)	(448.8)
Deferred tax	114.7	164.1
Net fair value loss on currency derivatives	118.5	12.8
Financing costs	434.1	307.7
Interest income	(4.2)	(39.5)
Loss in respect of capital transactions	8.6	110.4
Charges and credits in respect of the Restructure and Merger	800.8	–
Decrease in working capital attributable to operating activities	41.9	91.9
Net cash flows from operating activities	528.1	697.1

NOTE 26 DISTRIBUTIONS

(a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2014		
WAT: US3.64 cents per unit, 0% estimated tax deferred	75.6	–
Distribution in respect of the 6 months to 31 December 2013		
WAT: US7.01 cents (A\$7.84 cents) per unit, 27% tax deferred	–	145.7
	75.6	145.7

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

(b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2014		
WAT: US19.63 cents (A\$21.00 cents) per unit, 0% estimated tax deferred	408.0	–
Distribution in respect of the 6 months to 30 June 2013		
WAT: US19.24 cents (A\$21.50 cents) per unit, 27% tax deferred	–	417.1
	408.0	417.1

NOTE 27 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	544.0	538.4
Due between one and five years	1,566.7	1,598.2
Due after five years	1,180.6	1,105.7
	3,291.3	3,243.3

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 recovery of outgoings.

Operating lease payables

Expenditure contracted but not provided for

Due within one year	6.4	5.6
Due between one and five years	25.7	21.1
Due after five years	51.9	53.8
	84.0	80.5

NOTE 28 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	400.8	1,075.1
Due between one and five years	328.3	396.6
	729.1	1,471.7

NOTE 29 CONTINGENT LIABILITIES

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

Performance guarantees	113.2	43.1
Guaranteed borrowings of associates of the Responsible Entity ⁽¹⁾	1,173.3	6,677.6
	1,286.5	6,720.7

⁽¹⁾ The Group 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, the Group has the benefit of an indemnity from Scentre Group in the event liability under the guarantee arises.

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

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 30 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property Investments

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

(ii) Property and Project Management

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

(b) Corporate

The corporate business unit includes unallocated corporate entity expenses.

Transactions such as the change in fair value of financial instruments, impact of currency hedging, interest income, financing costs, taxation, gain/loss 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, expenses, assets and liabilities.

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

NOTE 30 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

	Operational			
	Property investments US\$million	Property and project management US\$million	Corporate US\$million	Total US\$million
31 December 2014				
Revenue				
Property revenue	1,000.3	–	–	1,000.3
Property development and project management revenue	–	142.1	–	142.1
Property management income	–	54.9	–	54.9
	1,000.3	197.0	–	1,197.3
Expenses				
Property expenses, outgoings and other costs	(340.5)	–	–	(340.5)
Property development and project management costs	–	(122.8)	–	(122.8)
Property management costs	–	(28.6)	–	(28.6)
Overheads	–	–	(82.0)	(82.0)
	(340.5)	(151.4)	(82.0)	(573.9)
Segment result	659.8	45.6	(82.0)	623.4
Revaluation of properties and development projects				(60.3)
Equity accounted – revaluation of properties and development projects				397.9
Currency gain/(loss)				(106.8)
Gain/(loss) in respect of capital transactions				
– asset dispositions				(8.6)
Interest income				4.2
Financing costs				(494.3)
Tax expense				(147.5)
Charges and credits in respect of the Restructure and Merger				(800.8)
Non controlling interests				34.6
Net profit attributable to members of WAT				(558.2)

(b) Assets and liabilities

	Operational			
	Property investments US\$million	Property and project management US\$million	Corporate US\$million	Total US\$million
As at 31 December 2014				
Total segment assets	14,211.2	18.4	351.5	14,581.1
Total segment liabilities	724.3	–	12,458.1	13,182.4
Total segment net assets	13,486.9	18.4	(12,106.6)	1,398.7
Equity accounted associates included in segment assets	7,109.9	–	–	7,109.9
Equity accounted associates included in segment liabilities	103.9	–	1,413.5	1,517.4
Additions to segment non current assets during the year	1,209.6	–	–	1,209.6

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 30 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

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

31 December 2014	Consolidated US\$million	Equity Accounted US\$million	Total US\$million
Revenue			
Property revenue	496.0	504.3	1,000.3
Property development and project management revenue	142.1	–	142.1
Property management income	54.9	–	54.9
	693.0	504.3	1,197.3
Expenses			
Property expenses, outgoings and other costs	(194.0)	(146.5)	(340.5)
Property development and project management costs	(122.8)	–	(122.8)
Property management costs	(28.6)	–	(28.6)
Overheads	(82.0)	–	(82.0)
	(427.4)	(146.5)	(573.9)
Segment result	265.6	357.8	623.4
Revaluation of properties and development projects	(60.3)	–	(60.3)
Equity accounted – revaluation of properties and development projects	–	397.9	397.9
Currency gain/(loss)	(106.8)	–	(106.8)
Gain/(loss) in respect of from capital transactions			
– asset dispositions	(8.6)	–	(8.6)
Interest income	4.2	–	4.2
Financing costs	(434.1)	(60.2)	(494.3)
Tax expense	(147.2)	(0.3)	(147.5)
Charges and credits in respect of the Restructure and Merger	(800.8)	–	(800.8)
Non controlling interests	93.4	(58.8)	34.6
Net profit attributable to members of WAT	(1,194.6)	636.4	(558.2)
As at 31 December 2014			
Cash	149.7	59.3	209.0
Shopping centre investments	5,238.5	6,825.5	12,064.0
Development projects and construction in progress	1,356.1	203.4	1,559.5
Inventories	18.4	–	18.4
Other assets	708.5	21.7	730.2
Total segment assets	7,471.2	7,109.9	14,581.1
Interest bearing liabilities	4,314.5	1,413.5	5,728.0
Other financial liabilities	1,306.4	–	1,306.4
Deferred tax liabilities	2,779.2	–	2,779.2
Other liabilities	3,264.9	103.9	3,368.8
Total segment liabilities	11,665.0	1,517.4	13,182.4
Total segment net assets	(4,193.8)	5,592.5	1,398.7

NOTE 30 SEGMENT REPORTING (CONTINUED)
(a) Income and expenses (continued)

31 December 2013	Operational		Corporate US\$million	Total US\$million
	Property investments 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 from 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 WAT				471.4

(b) Assets and liabilities

31 December 2013	Operational		Corporate US\$million	Total US\$million
	Property investments 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	12,384.0
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 year	228.2	–	–	228.2

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 30 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

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

31 December 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)
Segment result	403.2	321.0	724.2
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 WAT	(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

NOTE 31 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 units and hybrid units, activating its distribution reinvestment plan, electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a Westfield Corporation 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 32 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Westfield Corporation'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.

Westfield Corporation'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. Westfield Corporation 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.

Westfield Corporation 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 independent 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 the oversight role by the Westfield Corporation's Executive Risk Management Committee.

Westfield Corporation uses different methods to measure and manage different types of risks to which the Group 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. Westfield Corporation seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 33 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	18	180.9	830.5
Non current interest bearing liabilities	18	4,133.6	5,356.9
Share of equity accounted entities' interest bearing liabilities	14(c)	1,413.5	1,245.1
Cross currency swaps			
– A\$210.8 million (31 December 2013: nil)	34(ii)	172.8	–
– £90.0 million (31 December 2013: nil)	34(ii)	140.4	–
– US\$	34(ii)	–	760.0
Principal amounts subject to interest rate payable exposure		6,041.2	8,192.5

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NOTE 33 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 14 US\$million	31 Dec 13 US\$million
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A\$210.8 million (31 December 2013: A\$1,064.7 million)	34(ii)	172.8	951.0
– £90.0 million (31 December 2013: nil)	34(ii)	140.4	–
Loans receivable from related entities	11	110.9	699.4
Cash	25(a)	149.7	749.9
Share of equity accounted entities' cash	14(c)	59.3	59.7
Principal amounts subject to interest rate receivable exposure		633.1	2,460.0

Principal amounts of net interest bearing liabilities subject to interest rate payable exposure	5,408.1	5,732.5
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Principal amounts of fixed interest rate liabilities:

Fixed rate loans			
– US\$	33(ii)	5,551.6	6,470.1
Fixed rate derivatives			
– US\$	33(ii)	2,750.0	2,750.0
Interest rate caps			
– US\$	33(iii)	27.0	27.4
Principal amounts on which interest rate payable exposure has been hedged		8,328.6	9,247.5

Principal amounts of fixed interest rate assets:

Fixed rate derivatives			
– A\$200.0 million (31 December 2013: A\$950.0 million)	33(ii)	164.0	848.5
– US\$	33(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	4,914.6	4,299.0
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At 31 December 2014, the Group has hedged 91% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 9% is exposed to floating rates on a principal payable of US\$493.5 million, at an average interest rate of 2.4%, including margin (31 December 2013: 75% hedged with floating exposure of US\$1,433.5 million payable at an average interest rate of 3.0% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 33(ii).

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%	9.9	28.7
	-1.0%	4.9	14.4
	-0.5%	2.5	7.2
	0.5%	(2.5)	(7.2)
	1.0%	(4.9)	(14.4)
	2.0%	(9.9)	(28.7)

NOTE 33 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 contract rates of the Group's consolidated and share of equity accounted fixed rate debt and interest rate swaps:

	Interest rate swaps		Fixed rate borrowings		Interest rate swaps		Fixed rate borrowings	
	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
Fixed rate debt and swaps contracted as at the reporting date and outstanding at								
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\$(5,551.6)	3.83%	US\$(2,750.0)	1.80%	US\$(6,463.5)	5.59%
31 December 2015	–	–	US\$(5,426.3)	3.81%	–	–	US\$(6,341.7)	5.60%
31 December 2016	US\$(1,350.0)	1.39%	US\$(5,268.7)	3.77%	–	–	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%	–	–	–	–
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
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement		(Increase)/decrease in interest expense
	-2.0%		160.9
	-1.0%		78.8
	-0.5%		38.9
	0.5%		(38.0)
	1.0%		(75.5)
	2.0%		(148.0)

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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FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 33 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 rate	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	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 options to changes in interest rates is as follows:			
	-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 34 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 exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures are as follows:

	31 Dec 14 million	31 Dec 13 million
Foreign currency net investments		
Australian Dollar		
A\$ net assets	A\$(22.3)	–
A\$ borrowings	A\$(3,115.4)	–
A\$ denominated net assets	A\$(3,137.7)	–

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.

NOTE 34 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)**Summary of foreign exchange balance sheet positions at balance date (continued)**

Foreign currency sensitivity		31 Dec 14 US\$million	31 Dec 13 US\$million
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	(504.7)	–
	-10 cents	(229.8)	–
	-5 cents	(110.0)	–
	+5 cents	101.3	–
	+10 cents	195.0	–
	+20 cents	362.5	–

(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).

The foreign currency positions of the above contracts are fully reversed and therefore the income statement is not affected by any movements in exchange rate in relation to these contracts.

(ii) Cross currency interest rate swaps to hedge the Group's foreign 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 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
A\$						
Contracts to receive A\$ and pay US\$						
31 December 2013	–	0.7138	–	–	A\$1,064.7	US\$(760.0)
A\$/£						
Contracts to receive A\$ and pay £						
31 December 2014	0.4270	–	A\$210.8	£(90.0)	–	–
£/A\$						
Contracts to receive £ and pay A\$						
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 nil (31 December 2013: a receivable of US\$8.1 million). The change in fair value for the year ended 31 December 2014 was US\$8.1 million (31 December 2013: US\$31.4 million).

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FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 34 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

Foreign currency sensitivity		31 Dec 14 US\$million	31 Dec 13 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:	US\$/A\$ Currency movement		Gain/(loss) to income statement
	-20 cents	-	2.0
	-10 cents	-	0.9
	-5 cents	-	0.4
	+5 cents	-	(0.4)
	+10 cents	-	(0.8)
	+20 cents	-	(1.4)

NOTE 35 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\$209.0 million (31 December 2013: US\$749.9 million).

At 31 December 2014, the aggregate credit risk in respect of derivative financial instruments is US\$164.9 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% 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 18.

NOTE 36 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 18) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	(327.6)	(1,135.6)
Due between one and five years	(2,521.8)	(3,294.6)
Due after five years	(2,912.1)	(3,331.1)
	(5,761.5)	(7,761.3)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	(4,314.5)	(6,187.4)
– aggregate future estimated nominal interest	(1,447.0)	(1,573.9)
	(5,761.5)	(7,761.3)

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

	31 Dec 14 US\$million	31 Dec 13 US\$million
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	86.5	122.2
Due between one and five years	149.2	205.5
Due after five years	2.0	19.2
	237.7	346.9

Contingent liabilities are set out in Note 29 and are not included in the amounts shown above.

NOTE 37 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	31 Dec 14 US\$million	Fair value 31 Dec 13 US\$million	31 Dec 14 US\$million	Carrying amount 31 Dec 13 US\$million
Consolidated assets				
Cash and cash equivalents	149.7	749.9	149.7	749.9
Trade debtors ⁽¹⁾	16.3	16.3	16.3	16.3
Receivables ⁽¹⁾	323.7	1,099.5	323.7	1,099.5
Other investments ⁽²⁾	116.8	101.6	116.8	101.6
Derivative assets ⁽²⁾	164.9	272.8	164.9	272.8
Consolidated liabilities				
Trade creditors ⁽¹⁾	33.0	25.9	33.0	25.9
Payables and other creditors ⁽¹⁾	3,176.6	715.7	3,176.6	715.7
Interest bearing liabilities ⁽²⁾				
– Fixed rate debt	4,285.3	5,934.2	4,173.7	5,326.4
– Floating rate debt	140.8	861.0	140.8	861.0
Other financial liabilities ⁽²⁾	1,306.4	1,213.3	1,306.4	1,213.3
Derivative liabilities ⁽²⁾	2.2	41.4	2.2	41.4

⁽¹⁾ These financial assets and liabilities are not subject to interest rate risk and the fair value approximates carrying amount.

⁽²⁾ 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				
– Unlisted investment	116.8	–	–	116.8
Derivative assets				
– Interest rate derivatives	164.9	–	164.9	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	4,285.3	–	4,285.3	–
– Floating rate debt	140.8	–	140.8	–
Other financial liabilities				
– Redeemable preference shares/units	1,306.4	–	1,071.8	234.6
Derivative liabilities				
– Interest rate derivatives	2.2	–	2.2	–

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

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FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 37 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 investment	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 ⁽¹⁾ 31 Dec 14 US\$million	Redeemable preference shares/units ⁽²⁾ 31 Dec 14 US\$million	Unlisted investments ⁽¹⁾ 31 Dec 13 US\$million	Redeemable preference shares/units ⁽²⁾ 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	15.7	–	61.5	–
Disposals	(0.5)	(160.4)	(425.0)	–
Net fair value gain/loss to income statement	–	47.4	–	21.0
Balance at the end of the year	116.8	234.6	101.6	347.6

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

⁽²⁾ The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 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.

NOTE 38 PARENT ENTITY

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

	31 Dec 14 US\$million	31 Dec 13 US\$million
(a) Assets		
Current assets	2,009.4	505.7
Non current assets	4,366.4	4,946.6
Total assets	6,375.8	5,452.3
(b) Liabilities		
Current liabilities	2,586.2	847.1
Non current liabilities	354.6	476.2
Total liabilities	2,940.8	1,323.3
(c) Total equity		
Contributed equity	4,597.7	4,597.7
Accumulated losses and reserves	(1,162.7)	(468.7)
Total equity	3,435.0	4,129.0
(d) Comprehensive income		
Profit after tax for the period	(98.9)	1,096.6
Other comprehensive income	(41.4)	–
Total comprehensive income for the period	(140.3)	1,096.6
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	3,350.0	4,450.0
Guaranteed borrowings of associates of the Responsible Entity	1,173.3	6,677.6
	4,523.3	11,127.6

NOTE 39 AUDITOR'S REMUNERATION

	31 Dec 14 US\$000	31 Dec 13 US\$000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Group for:		
– Audit or review of the financial reports	145	283
	145	283
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	2,022	2,501
– Assurance and compliance services	–	8
– Taxation advice and compliance	169	471
	2,191	2,980
	2,336	3,263

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 40 RELATED PARTY DISCLOSURES

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

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

Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 41.

Other Related Parties

Scentre Group is considered to be a related party of Westfield Corporation 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 Westfield Corporation. This is due to LFG being under the control or significant influence of certain Directors of Westfield Corporation, 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 Westfield Corporation. This is due to the entity being under the control or significant influence of certain Directors of Westfield Corporation, 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

Remuneration of Key Management Personnel is disclosed in Note 41.

Transactions with Other Related Parties

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

(a) Scentre Group

Arrangements with Scentre Group

Following the Restructure on 30 June 2014, Westfield Corporation 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 Westfield Corporation 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 Westfield Corporation.

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.

(ii) Access to the digital innovation activities of Westfield Labs (LABS)
LABS is a San Francisco based team owned by Westfield Corporation 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 Westfield Corporation 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. Westfield Corporation 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 Westfield Corporation have entered into a Transitional Services Agreement, under which Scentre Group will provide various corporate infrastructure services to Westfield Corporation for a transitional period. For the six months ended 31 December 2014, Scentre Group charged Westfield Corporation US\$5.5 million for transitional services. The transition is expected to be substantially completed by 30 June 2016.

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

Westfield Corporation 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 Westfield Corporation was US\$0.6 million.

At year end the following amounts were recorded in Westfield Corporation'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

Westfield Corporation owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. Westfield Corporation and LFG have entered into an aircraft interchange agreement, whereby Westfield Corporation provides its aircraft (when the aircraft are not required for Westfield Corporation 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 30 June 2014, the Westfield Group utilised 86.7 hours of LFG's aircraft, which was offset by LFG's use of the Westfield Group's aircraft for an equivalent number of hours.

During the six months to 31 December 2014, Westfield Corporation utilised 12.8 hours of LFG's aircraft which was offset by LFG's use of Westfield Corporation's aircraft for an equivalent number of hours.

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

For the six months ended 30 June 2014, the Westfield Group incurred costs amounting to A\$409,043 in relation to the use of the LFG aircraft in excess of the interchange agreement. Amounts charged were payable on 30 day terms.

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

NOTE 40 RELATED PARTY DISCLOSURES (CONTINUED)

Transactions with Other Related Parties (continued)

(b) LFG (continued)

Westfield Corporation 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 30 June 2014, the Westfield Group charged LFG A\$963,738 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, Westfield Corporation 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 30 June 2014, the Westfield Group charged LFG A\$889,625 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, Westfield Corporation 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, Westfield Corporation provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in Westfield Corporation'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

During the six months ended 30 June 2014, the Westfield Group provided development services to The Lowy Institute totalling A\$7,682. The amount charged was on arm's length, commercial terms.

During the six months ended 30 June 2014, the Westfield Group charged The Lowy Institute A\$3,182 for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

Following the Restructure and Merger on 30 June 2014, Westfield Corporation 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.

(d) Other Group entities

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

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

- (i) Manager's service charges;
- (ii) Reimbursement of expenses;
- (iii) Construction contracts; and
- (iv) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2014 was US\$4.4 million (31 December 2013: US\$2.7 million) of which nil was payable at 31 December 2014 (31 December 2013: nil).

During the year, the Group paid to a subsidiary of WCL US\$20.2 million in respect of corporate service fees of which no amount was payable at 31 December 2014.

Cross currency swaps with WFDT

During the year, WAT and WFDT have entered into the following cross currency swaps:

- (i) WAT paid to WFDT, on a quarterly basis, floating rate on a notional principal of A\$176.0 million in exchange for WFDT paying to WAT, on a quarterly basis, floating rate on a notional principal of £75.0 million. The cross currency swap started in June 2014 and matured during the year.
- (ii) WAT pays to WFDT, on a quarterly basis, floating rate on a notional principal of A\$210.8 million in exchange for WFDT paying to WAT, on a quarterly basis, floating rate on a notional principal of £90.0 million. The cross currency swap started in June 2014 and continues until June 2015.

The net interest expense for the year in respect of cross currency swaps with WFDT was US\$0.9 million (31 December 2013: nil).

Cross currency swaps with Scentre Group Trust 1 (SGT1)

WAT had cross currency swaps with SGT1 in 2013. The interest income for the year in respect of cross currency swaps with SGT1 was US\$21.9 million. The net foreign currency gain of US\$132.4 million in respect of the cross currency swaps principal was recorded in foreign currency translation reserve.

Foreign currency contracts with SGT1

WAT and SGT1 entered into foreign currency contracts in 2014. WAT paid net US\$862.0 million to SGT1 in exchange for SGT1 paying net A\$950.0 million to WAT. The foreign currency contracts matured during the year and the net gain from the contracts was US\$2.2 million.

Foreign currency contracts with SGL entities

WAT and a SGL entity entered into foreign currency contracts in 2014. WAT paid net US\$2.8 million to the SGL entity in exchange for the SGL entity paying net A\$3.0 million to WAT. The foreign currency contracts matured during the year and the net gain from the contracts was US\$18,795.

Loans to/from SGT1

During the year, WAT had a US\$ interest bearing loan to SGT1. The balance of this loan at year end is nil (31 December 2013: a receivable of US\$699.4 million). Interest accrued on this loan based on a fixed rate. The interest income for the year in respect of the loan to SGT1 was US\$0.6 million (31 December 2013: US\$1.1 million).

During the year, WAT had net A\$ interest bearing loans from SGT1. The balance of these loans at year end is nil (31 December 2013: a payable of US\$827.5 million), with accrued interest of nil (31 December 2013: a payable of US\$0.2 million). Interest accrued on these loans based on a floating rate. The net interest expense for the year in respect of the loans from SGT1 was US\$11.8 million (31 December 2013: US\$27.8 million).

Loans from WFDT

During the year, WAT had an A\$ interest bearing loan from WFDT. The balance of the loan at year end is a payable of US\$42.4 million (31 December 2013: nil), with accrued interest payable of US\$13,509 (31 December 2013: nil). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from WFDT was US\$0.6 million (31 December 2013: nil).

During the year, WAT had an A\$ non-interest bearing loan from WFDT. The balance of the loan at year end is a payable of US\$2,497.0 million (31 December 2013: nil).

Loans from WCL

During the year, WAT had an A\$ interest bearing loan from WCL. The balance of the loan at year end is a payable of US\$15.2 million (31 December 2013: nil), with accrued interest payable of US\$4,847 (31 December 2013: nil). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from WCL was US\$0.2 million (31 December 2013: nil).

During the year, WAT had US\$ interest bearing loans to WCL. The balance of these loans at year end is a receivable of US\$110.9 million (31 December 2013: nil), with accrued interest receivable of US\$0.3 million (31 December 2013: nil). Interest accrued on these loans based on a floating rate. The interest income for the year in respect of the loans to WCL was US\$0.4 million (31 December 2013: nil).

Non controlling interests in WEA to WCL

In February 2009, WEA issued common shares to WCL (formerly WHL) entities for \$US228.1 million. The WCL entities' investment in WEA is being accounted for as non controlling interests. The WCL entities' share of the after tax loss for the year was US\$34.6 million (31 December 2013: after tax profit of US\$47.1 million).

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2014

NOTE 41 REMUNERATION OF KEY MANAGEMENT PERSONNEL

As a result of the Restructure and Merger on 30 June 2014, the Group forms part of Westfield Corporation. The Responsible Entity does not have any employees. Key Management Personnel of the Group are paid by the Group and related entities within Westfield Corporation. As the Group forms part of Westfield Corporation, the discussion under this note relates to Westfield Corporation and the Group.

(a) 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
Lord 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
Steven Lowy	Co-Chief Executive Officer
Elliott Rusanow	Chief Financial Officer
John McFarlane	Non-Executive Director
Judith Sloan	Non-Executive Director
Simon Tuxen	General Counsel

(b) Remuneration of Key Management Personnel

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 Westfield Corporation.

The aggregate remuneration for the six months was: ⁽¹⁾

	Short term benefits				Post Employment	Share Based	TOTAL ⁽⁴⁾
	Cash salary, fees and short term compensated absences	Short term cash profit sharing and other bonuses	Non-monetary benefits	Other short term employee benefits ⁽²⁾	Other post employment benefits	Amortisation of cash and equity settled share based payments ⁽³⁾	
Key Management Personnel	US\$	US\$	US\$	US\$	US\$	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

⁽¹⁾ As the first result of the new Westfield Corporation 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.

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

⁽³⁾ 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 Westfield Corporation Directors' Report for further details regarding the operation of these plans.

⁽⁴⁾ In 2013, the Group 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.

(c) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 40.

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

NOTE 42 SUBSEQUENT EVENTS

Since the end of the financial year, the Group 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.

NOTE 43 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 14 – Interest		31 Dec 13 – Interest	
	Beneficial* Parent Entity %	Consolidated or Equity accounted %	Beneficial* Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust				
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
Head Acquisition, LP	100.0	100.0	100.0	100.0
Urban Shopping Centers, LP	100.0	100.0	100.0	100.0
WCI Finance, LLC	100.0	100.0	100.0	100.0
WEA Finance, LLC	100.0	100.0	100.0	100.0
WEA Valley Fair UTC, LP	100.0	100.0	100.0	100.0
Westfield America, LP	100.0	100.0	100.0	100.0
Westfield America Shopping Centers, LP	100.0	100.0	100.0	100.0
Westfield America, Inc	100.0	100.0	100.0	100.0
Westfield Development, Inc.	100.0	100.0	100.0	100.0
Westfield Garden State, LLC	100.0	100.0	100.0	100.0
Westfield Growth, LP	100.0	100.0	100.0	100.0
Westfield Head, LP	100.0	100.0	100.0	100.0
Westfield, LLC	100.0	100.0	100.0	100.0
Westfield U.S. Holdings, LLC	100.0	100.0	100.0	100.0

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

Directors' Declaration

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (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 (Cwlth).

Made on 16 March 2015 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman



Brian Schwartz AM
Director

Independent Audit Report

TO THE MEMBERS OF WESTFIELD AMERICA TRUST



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Independent Auditor's Report to the members of Westfield America Trust

Report on the financial report

We have audited the accompanying financial report of Westfield America Trust ("the Trust"), which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement and consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Westfield America Management Limited, the Responsible Entity of the Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the Westfield America Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Westfield America Trust is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position at 31 December 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.

Ernst & Young

Graham Ezzy
Partner

Sydney, 16 March 2015

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Report

The Directors of Westfield America Management Limited (Responsible Entity), the responsible entity of Westfield America Trust submit the following report for the year ended 31 December 2014 (Financial Year).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFD) and Westfield America Trust (Trust). The stapling transaction is referred to as the Restructure and Merger. The Trust and its controlled entities form part of the Westfield Corporation stapled group.

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

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

The Group reported a net profit of \$208.0 million (before \$800.8 million of charges and credits in respect of the Restructure and Merger), and a distribution of \$483.6 million for the Financial Year.

The Group contributed net property income of \$659.8 million for the Financial Year with comparable mall income growth of 3.5%.

During the Financial Year, the Group reported property revaluations of \$337.6 million. The majority of the revaluation gain was for the Flagship assets, in particular San Francisco and Topanga, and the completed development at Montgomery in the United States.

The Group has \$2.0 billion (Group's share: \$1.8 billion) of projects under construction including the development of the World Trade Center in New York and The Village at Topanga in Los Angeles.

Of the projects under construction, the \$250 million development of The Village at Topanga in Los Angeles is now over 90% leased, and is 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 Group's future development pipeline. During 2015, the Group expects to commence the \$100 million first stage of the expansion at Valley Fair in Silicon Valley and the \$800 million redevelopment at Century City in Los Angeles.

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 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.

As at 31 December 2014, the Group has proportionate balance sheet assets of \$14.6 billion including property investments of \$13.6 billion. The Group has interests in 38 shopping centres in the United States.

In September 2014, Westfield Corporation successfully completed a bond issue, raising \$3.5 billion, of which the Group was assigned \$3.3 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%.

There were no significant changes in the Group's state of affairs during the Financial Year.

A detailed operating and financial review for Westfield Corporation is contained in the Directors' Report of the Westfield Corporation Annual Financial Report.

1.2 Principal Activities

The principal activities of the Group during the Financial Year were the ownership, development, design, construction, asset management, leasing and marketing activities undertaken with respect to its US portfolio of retail properties. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

Since the end of the financial year, the Group announced that it has entered into a series of transactions with O'Connor Capital Partners (O'Connor) 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.

1.4 Future Developments

The likely developments in the Group's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The likely developments in Westfield Corporation's operations in future financial years and the expected results of those operations are more fully described in the Directors' Report of the Westfield Corporation Annual Financial Report.

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which Westfield Corporation operates are applicable to areas of Westfield's 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.

2. DISTRIBUTIONS

Westfield Corporation

For the six months ended 31 December 2014, the Trust distribution of US\$3.64 cents per ordinary unit formed part of the distribution of US\$12.30 cents per ordinary Westfield Corporation (WFD) stapled security that was paid on 27 February 2015. This distribution was an aggregate of a distribution from the Trust and a distribution from WFD Trust. The number reported here only represents that component of the aggregate Westfield Corporation distribution being the distribution of the Trust.

Westfield Group

For the six months ended 30 June 2014, the Trust distribution of A\$21.00 cents per ordinary unit formed part of the distribution of A\$26.25 cents per ordinary WDC stapled security paid on 29 August 2014. This distribution was an aggregate of a distribution from the Trust and a distribution from Scentre Group Trust 1 (formerly Westfield Trust). The number reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

For the six months ended 31 December 2013, the Trust distribution of A\$7.84 cents per ordinary unit formed part of the distribution of A\$25.50 cents per ordinary Westfield Group (WDC) stapled security paid on 28 February 2014. This distribution was an aggregate of a distribution from the Trust, a distribution from Westfield Trust, and a dividend from Westfield Holdings Limited. The number reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

3. THE DIRECTORS

The names of the Directors of the Responsible Entity in office during the year and until the date of this report are set out below.

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Peter Allen	Executive Director (retired 30 June 2014)
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith QC PC	Non-Executive Director
Michael Gutman OBE	Non-Executive Director (appointed 28 August 2014)
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Don Kingsborough	Non-Executive Director (appointed 28 August 2014)
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Judith Sloan	Non-Executive Director

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Responsible Entity'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
Roy Furman	Scentre Management Limited***	25 May 2011	30 June 2014
	Australia and New Zealand Banking Group Limited	24 September 2014	Continuing
	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
	Westfield America Management Limited*	28 August 2008	Continuing
Peter Goldsmith	Scentre Group Limited**	28 August 2008	30 June 2014
	Scentre Management Limited***	28 August 2008	30 June 2014
	Westfield America Management Limited*	28 August 2014	Continuing
Michael Gutman	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 G. 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
Mark R. Johnson	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
Don Kingsborough	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
Peter Lowy	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
Steven Lowy	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
John McFarlane	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
Judith Sloan	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing
	Westfield America Management Limited*	28 August 2014	Continuing

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 Westfield Corporation Limited 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.

Directors' Report (continued)

Biographies of the Directors can be found in the 2014 Westfield Corporation Annual Financial Report.

The names of the Directors in office and the relevant interests of each Director in stapled securities in Westfield Corporation as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Corporation Limited and units in WFD Trust. The stapled securities trade on the Australian Securities Exchange under the code WFD.

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 units in the Trust or stapled securities in Westfield Corporation. No options over any issues or unissued units in the Trust 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 in the Trust or Westfield Corporation.

5. OPTIONS

No options were issued by the Trust 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 or units in the Trust.

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 out of the assets of the Trust in regards to a person who is or has been an officer or auditor of the Responsible Entity. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as the Responsible Entity.

The Responsible Entity's Constitution provides that a person who is or has been a Director or Secretary of the Responsible Entity may be indemnified by the Responsible Entity 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 Responsible Entity is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

A related corporation of the Responsible Entity has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Responsible Entity 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.

To the extent permitted by law, the Responsible Entity 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. SPECIAL RULES FOR REGISTERED SCHEMES

- US\$4.4 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.

- Associates of the Responsible Entity held 198,508,423 units as at the end of the Financial Year.
- No units were issued in the Trust during the Financial Year.
- No withdrawals were made from the Trust during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 13 and 14 on pages 9, 14 and 15 respectively.
- Details of the number of units on issue in the Trust as at the end of the Financial Year are set out in Note 21 on page 20.

8. AUDIT

8.1 Audit and Risk Committee

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

8.2 Auditor's Independence Declaration



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

In relation to our audit of the financial report of Westfield America Trust for the year ended 31 December 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

Sydney, 16 March 2015

Graham Ezzy
Partner

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

The Trust is of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 dated 10 July 1998. Accordingly, amounts in the Directors' Report, the Financial Statements and Notes thereto have been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represents amounts less than \$50,000 that have been rounded down.

10. ASX LISTING RULE

ASX reserves the right (but without limiting its absolute discretion) to remove WCL, WAT and WFDT 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 the 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

16 March 2015

Brian Schwartz AM
Director

Corporate Governance Statement

The Corporate Governance Statement for Westfield America Trust has been incorporated into the Corporate Governance Statement prepared for the Westfield Corporation. This Statement can be found in the 2014 Westfield Corporation Annual Financial Report. Westfield Corporation's Annual Financial Report is available on the westfieldcorp.com website.

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-Commonwealth 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 members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each share they hold or represent.

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

Distribution Schedule

Category	No. of Options*	No. of Option Holders	No. of Stapled Securities**	No. of Security Holders	% of Securities in each Category
1 – 1,000	0	0	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 security holders hold less than a marketable parcel of quoted securities in the Westfield Corporation.

* Westfield America Trust has on issue options to subsidiaries of the 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 Westfield Corporation Limited, 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



**WFD Trust
Annual Financial Report
31 December 2014**

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, AFSL No. 230324)

Westfield America Trust

ARSN 092 058 449
(responsible entity Westfield America
Management Limited
ABN 66 072 780 619, AFSL 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

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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

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Westfield Corporation
Level 29
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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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Annual Financial Report

WFD TRUST

For the period from 9 April 2014 to 31 December 2014

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Income Statement

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	Note	31 Dec 14 US\$million
Revenue		
Investment income		1.0
Expenses		
Overheads		(1.1)
Net fair value gain on interest rate derivatives	19	1.9
Interest expense	19	(0.3)
Currency gain		0.2
Revaluation of investments		286.2
Charges in respect of the Restructure and Merger		(29.0)
Profit before tax for the period		258.9
Tax expense		–
Profit after tax for the period attributable to the members of the WFD Trust (WFDT)		258.9
		US cents
Basic earnings per WFD Trust unit	5	12.46
Diluted earnings per WFD Trust unit	5	12.46

Statement of Comprehensive Income

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	31 Dec 14 US\$million
Profit after tax for the period	258.9
Other comprehensive income/(loss)	
<i>Movement in foreign currency translation reserve</i>	
– Net exchange difference from the use of a presentation currency other than the functional currency	(733.8)
Total comprehensive income/(loss) for the period	(474.9)

Balance Sheet

AS AT 31 DECEMBER 2014

	Note	31 Dec 14 US\$million
Current assets		
Cash and cash equivalents	12(a)	6.4
Receivables	6	3,374.7
Total current assets		3,381.1
Non current assets		
Investments	7	1,787.2
Total non current assets		1,787.2
Total assets		5,168.3
Net assets		5,168.3
Equity attributable to members of WFD Trust		
Contributed equity	8	5,643.2
Reserves	10	(733.8)
Retained profits	11	258.9
Total equity attributable to members of WFD Trust		5,168.3

Statement of Changes in Equity

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	Comprehensive Income 31 Dec 14 US\$million	Equity and Reserves 31 Dec 14 US\$million	Total 31 Dec 14 US\$million
Changes in equity attributable to members of the WFD Trust			
Opening balance of contributed equity	–	–	–
– Initial equity contributed to WFDT pursuant to the establishment of Westfield Corporation	–	5,643.2	5,643.2
Closing balance of contributed equity	–	5,643.2	5,643.2
Opening balance of reserves	–	–	–
– Movement in foreign currency translation reserve	(733.8)	–	(733.8)
Closing balance of reserves	(733.8)	–	(733.8)
Opening balance of retained profits	–	–	–
– Profit after tax for the period	258.9	–	258.9
Closing balance of retained profits	258.9	–	258.9
Closing balance of equity attributable to members of WFD Trust	(474.9)	5,643.2	5,168.3

Cash Flow Statement

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	Note	31 Dec 14 US\$million
Cash flows used in operating activities		
Distributions received from investments		1.0
Payments in the course of operations (including sales tax)		(1.1)
Net cash flows used in operating activities	12(b)	(0.1)
Cash flows from financing activities		
Receipts from Restructure and Merger		3,898.9
Loans advanced to related entities		(3,892.1)
Interest paid		(0.3)
Net cash flows from financing activities		6.5
Net increase in cash and cash equivalents held		6.4
Add opening cash and cash equivalents brought forward		–
Cash and cash equivalents at the end of the period	12(a)	6.4

Index of Notes to the Financial Statements

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

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Notes to the Financial Statements

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the WFD Trust (WFDT), comprising WFDT and its controlled entities (the Trust) for the period from 9 April to 31 December 2014 (Financial Period) was approved in accordance with a resolution of the Board of Directors of Westfield America Management Limited as responsible entity of WFDT (Responsible Entity) on 16 March 2015.

WFDT was constituted on 26 March 2014 and was registered as a managed investment scheme on 9 April 2014 as part of the Westfield Group Restructure and Merger (refer Note 1(b)).

The principal activity of the Trust is to hold interests in entities that invest in Westfield Corporation's UK property assets.

(b) Detail on the Restructure and Merger

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), Westfield America Trust (WAT) and WFDT. 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".

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, 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.

(c) Presentation currency

The Trust's financial report has adopted US dollars as its presentation currency. The change in presentation currency has been accounted for as a change in accounting policy which is accounted for retrospectively.

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

Non-US dollar income and expenditure were translated at the average rates of exchange prevailing for the relevant period;

Contributed equity was translated at the historic rates prevailing at 1 July 2014 and subsequent transactions have been translated at the rates prevailing on the date of each transaction; and

All exchange rates were extracted from the Trust's underlying financial records. The A\$/US\$ exchange rates used to translate the balance sheet and income statement as of 30 June 2014 were:

- 30 June 2014 closing rate – 0.9388; and
- half year ended 30 June 2014 average rate – 0.9153.

(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 for the half year ended 30 June 2014 except for the changes required due to amendments to the accounting standards noted below.

The Trust 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 Trust.

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Trust for the Financial Period. The impact of these new standards (to the extent relevant to the Trust) 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 Trust is currently assessing the impact of this standard.

- 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 Trust 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 investments and derivative financial instruments which are carried at fair value.

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

(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.

(g) Comparative information

There are no comparatives as this is the first reporting period of the Trust.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

(b) Receivables

Interest bearing and non-interest bearing loan receivables are with related entities and are at call. Collectability of these loan receivables are reviewed on an ongoing basis.

(c) Investments

i) Listed investments

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

ii) Unlisted investments

Unlisted investments are designated as assets held at fair value through the income statement. Unlisted investments are stated at fair value of the Trust's interest in the underlying net assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties and businesses, recent arm's length transactions and reference to market value of similar investments.

(d) Contributed equity

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

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and can be reliably measured. All other revenues are recognised on an accruals basis.

(f) Expenses

Expenses are brought to account on an accruals basis.

(g) Taxation

The Trust is a non-taxable entity. 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.

(h) Earnings per unit

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

(i) Foreign currency translation

i) Translation of foreign currency transactions

The functional currency of WFDT and its Australian subsidiaries is Australian dollars. 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 rate. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss in the period in which they arise.

ii) Presentation currency

The Trust's financial statements are presented in US dollars, as that presentation currency most reliably reflects the global business performance of Westfield Corporation as a whole.

The income statement and balance sheet of the Trust are translated to US dollars in the following manner:

- (a) assets and liabilities are translated to US dollars at the year end exchange rate;
- (b) income and expenses are translated to US dollars at exchange rates ruling at the date of those transactions; and
- (c) all resulting exchange differences are taken directly to the foreign currency translation reserve.

(j) Rounding

In accordance with ASIC Class Order 98/100, 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 PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	Note	31 Dec 14 US\$million
NOTE 3 CHARGES IN RESPECT OF THE RESTRUCTURE AND MERGER		
Transaction costs in respect of the Restructure and Merger		(29.0)
		(29.0)

NOTE 4 TAXATION

(a) Tax expense

Current – underlying operations	–
Deferred tax	–
	–

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	258.9
Prima facie tax expense at 30%	(77.7)
Revaluation of investments not assessable	85.9
Trust income not taxable – tax payable by unitholders	(8.2)
Tax expense	–
	US cents

NOTE 5 EARNINGS PER UNIT

(a) Summary of earnings per unit

Basic earnings per unit attributable to members of the WFD Trust	12.46
Diluted earnings per unit attributable to members of the WFD Trust	12.46

(b) Income and unit data

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

	US\$million
Earnings used in calculating basic earnings per unit	258.9
Adjustment to earnings on options which are considered dilutive	–
Earnings used in calculating diluted earnings per unit	258.9

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

	No. of Units
Weighted average number of ordinary units used in calculating basic earnings per unit	2,078,089,686
Bonus element of options which if issued, would be dilutive	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	2,078,089,686

(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 units since the reporting date and before the completion of this report.

	US\$million
NOTE 6 RECEIVABLES	
Current	
Interest bearing loans receivables from related entities	46.8
Non-interest bearing loans receivables from related entities	3,327.9
	17, 19
	3,374.7

	Note	31 Dec 14 US\$million
NOTE 7 INVESTMENTS		
Listed investments		142.1
Unlisted investments		1,645.1
	17	1,787.2

Movement in investments

Balance at the beginning of the period	–
Additions	1,501.0
Net revaluation increment to income statement	286.2
Balance at the end of the period	1,787.2

Securities

NOTE 8 CONTRIBUTED EQUITY

(a) Number of securities on issue

Balance at the beginning of the period	–
Initial equity contributed for WFDT	2,078,089,686
Balance at the end of the period	2,078,089,686

Westfield Corporation stapled securities have the right to receive declared dividends from WCL and distributions from WFDT and WAT and, in the event of winding up WCL, 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 Westfield Corporation stapled securities held.

Holders of Westfield Corporation 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 WCL, WFDT and WAT (as the case may be). Westfield Corporation stapled securities have no par value.

31 Dec 14
US\$million

(b) Amount of contributed equity

Movement in contributed equity attributable to members of the Trust

Balance at the beginning of the period	–
Initial equity contributed for WFDT	5,643.2
Balance at the end of the period	5,643.2

NOTE 9 SHARE BASED PAYMENTS

Executive Performance Rights and Partnership Incentive Rights issued to employees of related entities

As at 31 December 2014, there were 17,369,813 Executive Performance Rights and Partnership Incentive Rights issued to employees of related entities of the Trust. Under the stapling arrangement, each of WCL, WAT and the Trust are required to issue securities/units on the vesting of an Executive Performance and Partnership Incentive Rights. At 31 December 2014, the 17,369,813 Executive Performance Rights and Partnership Incentive Rights issued to employees of related entities were convertible to 17,369,813 Westfield Corporation stapled securities.

	Number of rights 31 Dec 14	Weighted average exercise price US\$ 31 Dec 14
Rights on issue		
– Executive Performance Rights and Partnership Incentive Rights	17,369,813	–
Vesting profile		
		Number of rights 31 Dec 14
2015		5,623,868
2016		6,795,626
2017		3,135,878
2018		1,814,441
		17,369,813

Notes to the Financial Statements

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

	Note	31 Dec 14 US\$million
NOTE 10 RESERVES		
Foreign currency translation reserve	2(i)	(733.8)
		(733.8)

Movement in foreign currency translation reserve

The foreign currency translation reserve represents net exchange differences arising from the translation of the income statement and balance sheet from its functional currency to its presentation currency.

Balance at the beginning of the period	-
Foreign exchange movement	
– accumulated exchange differences resulting from the use of a presentation currency other than the functional currency	(733.8)
Balance at the end of the period	(733.8)

NOTE 11 RETAINED PROFITS

Movement in retained profits

Balance at the beginning of the period	-
Profit after tax for the period	258.9
Balance at the end of the period	258.9

NOTE 12 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash	6.4
------	------------

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

Profit after tax	258.9
Revaluation of investments	(286.2)
Net fair value gain on interest rate derivatives	(1.9)
Interest expense	0.3
Currency gain	(0.2)
Charges in respect of the Restructure and Merger	29.0
Net cash flows from operating activities	(0.1)

NOTE 13 DISTRIBUTIONS

Final distribution paid

Distribution in respect of the 6 months to 31 December 2014	
– US8.66 cents per unit, 90% estimated tax deferred	180.0

Final distribution was paid on 27 February 2015. The record date for the final distribution was 5pm, 13 February 2015. No distribution reinvestment plan is operational for the distribution.

NOTE 14 CONTINGENT LIABILITIES

Guaranteed borrowings of associates of the Responsible Entity	4,523.3
---	----------------

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

NOTE 15 SEGMENT REPORTING

The Trust holds interests in entities that invest in Westfield Corporation's UK property assets and derives distributions from its investment in these entities.

NOTE 16 EXCHANGE RATE RISK**31 Dec 14
million****Foreign currency net investments**

The Trust had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:

British Pound

£ net assets (investments and cash)	£1,148.1
£ denominated net assets	£1,148.1
US\$ equivalent	US\$1,791.5

Australian Dollar

A\$ net assets (receivables and cash)	A\$4,118.1
A\$ denominated net assets	A\$4,118.1
US\$ equivalent	US\$3,376.8

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

Where the Trust 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
	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve
The sensitivity of £ denominated net assets to changes in the period end US\$/£0.6409 rate is as follows:		
	-20 pence	812.8
	-10 pence	331.2
	-5 pence	151.6
	+5 pence	(129.7)
	+10 pence	(241.8)
	+20 pence	(426.1)
	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve
The sensitivity of A\$ denominated net assets to changes in the period end US\$/A\$1.2195 rate is as follows:		
	-20 cents	662.4
	-10 cents	301.6
	-5 cents	144.4
	+5 cents	(133.0)
	+10 cents	(255.9)
	+20 cents	(475.8)

Notes to the Financial Statements

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

NOTE 16 EXCHANGE RATE RISK (CONTINUED)

(i) Cross currency interest rate swaps to hedge the Trust's foreign currency cash flows

The Trust has entered into the following foreign currency derivative financial instruments with WAT to sell £ 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 Trust's cash flows and are ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31-Dec-14	Amount receivable/ (payable) million 31-Dec-14	31-Dec-14
£			
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. The change in fair value for the period ended 31 December 2014 was US\$1.7 million.

Foreign currency sensitivity		31-Dec-14 US\$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the period end US\$/A\$1.2195 rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to income statement
	-20 cents	0.4
	-10 cents	0.2
	-5 cents	0.1
	+5 cents	(0.1)
	+10 cents	(0.2)
	+20 cents	(0.3)
The sensitivity of fair value of cross currency interest rate swaps to changes in the period 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	(0.0)
	+5 pence	0.0
	+10 pence	0.1
	+20 pence	0.1

NOTE 17 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value 31 Dec 14 US\$million	Carrying amount 31 Dec 14 US\$million
Consolidated assets		
Cash	6.4	6.4
Intragroup receivables ⁽ⁱ⁾	3,373.0	3,373.0
Investments ⁽ⁱⁱ⁾	1,787.2	1,787.2
Derivative assets ⁽ⁱⁱ⁾	1.7	1.7

⁽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 Trust 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				
Investments				
– Listed investments	142.1	142.1	–	–
– Unlisted investments	1,645.1	–	–	1,645.1
Derivative assets				
– Interest rate derivatives – WAT	1.7	–	1.7	–

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

	Unlisted investments ⁽ⁱ⁾ 31 Dec 14 US\$million
Level 3 fair value movement	
Balance at the beginning of the period	–
Additions	1,399.4
Net fair value gain to income statement	245.7
Balance at the end of the period	1,645.1

(i) The fair value of the unlisted investments has been determined by reference to the fair value of the underlying independently appraised properties and underlying businesses.

	31 Dec 14 US\$000
NOTE 18 AUDITOR'S REMUNERATION	
Amounts received or due and receivable by the auditors of the Trust for:	
– Audit or review of the financial reports	36.1
– Due diligence services	–
	36.1

Notes to the Financial Statements

FOR THE PERIOD FROM 9 APRIL 2014 TO 31 DECEMBER 2014

NOTE 19 RELATED PARTY DISCLOSURES

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

The Trust forms part of the Westfield Corporation and the related party disclosures for the Westfield Corporation have the same applicability to the Trust.

Westfield Corporation Limited and Westfield America Trust

Following the Restructure and Merger implemented on 30 June 2014, Westfield Corporation Limited (WCL) and its subsidiaries, Westfield America Trust (WAT) and its subsidiaries are considered to be related parties of the Trust. Details of transactions with WCL and WAT for the Financial Period are set out below.

WAT, WFDT and WCL transacted on normal commercial terms as stapled entities with respect to the following:

(a) Manager's service charges; and

(b) Loans and financial derivatives

Manager's service charges

The Responsible Entity's manager's service charge for the six months ended 31 December 2014 was US\$1.0 million of which US\$nil was payable at 31 December 2014.

Loans and financial derivatives

Loans to WCL

During the period, the Trust had an A\$ interest bearing loan to WCL. The balance of the loan at period end is a receivable of US\$4.4 million, with accrued interest receivable of US\$8,864. Interest accrues on the loan based on a floating rate. The interest income for the period in respect of the loan to WCL was US\$0.1 million.

During the period, the Trust had an A\$ non-interest bearing loan to WCL. The balance of the loan at period end is a receivable of US\$857.3 million.

During the period, the Trust incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger payable to WCL. Due to the movement in the A\$/US\$ foreign exchange rate, the amount outstanding as at 31 December 2014 was US\$26.0 million.

Loans to WAT

During the period, the Trust had an A\$ interest bearing loan to WAT. The balance of the loan at period end is a receivable of US\$42.4 million, with accrued interest receivable of US\$13,509. Interest accrues on the loan based on a floating rate. The interest income for the period in respect of the loan to WAT was US\$0.6 million.

During the period, the Trust had an A\$ non-interest bearing loan to WAT. The balance of the loan at period end is a receivable of US\$2,497.0 million.

Cross currency swaps with WAT

During the Financial Period, the Trust and WAT have entered into the following cross currency swaps:

- (i) the Trust paid to WAT, on a quarterly basis, floating rate on a notional principal of £75.0 million in exchange for WAT paying to the Trust, on a quarterly basis, floating rate on a notional principal of A\$176.0 million. The cross currency swap started in June 2014 and matured during the period.
- (ii) the Trust pays to WAT, on a quarterly basis, floating rate on a notional principal of £90.0 million in exchange for WAT paying to the Trust, on a quarterly basis, floating rate on a notional principal of A\$210.8 million. The cross currency swap started in June 2014 and continues until June 2015.

The net interest income (includes net fair value gain on interest rate derivatives of US\$1.9 million) for the period in respect of cross currency swaps with WAT was US\$0.9 million.

Directors' Declaration

The Directors of Westfield America Management Limited as responsible entity of WFD Trust (WFDT) declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that WFDT 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 WFDT for the period 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 (Cwlth).

Made on 16 March 2015 in accordance with a resolution of the Board of Directors.



Frank Lowy AC
Chairman



Brian Schwartz AM
Director

Independent Audit Report

TO THE MEMBERS OF WFD TRUST



EY

Building a better
working world

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Independent Auditor's Report to the members of WFD Trust

Report on the financial report

We have audited the accompanying financial report of WFD Trust ("the Trust"), which comprises the balance sheet as at 31 December 2014, the income statement and statement of comprehensive income, the statement of changes in equity and the cash flow statement from 9 April to 31 December 2014 ("Financial Period"), notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the entity comprising the Trust and the entities it controlled at the Financial Period's end or from time to time during the Financial Period.

Directors' responsibility for the financial report

The directors of Westfield America Management Limited, the Responsible Entity of the Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of Westfield America Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of WFD Trust is in accordance with the *Corporations Act 2001*, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the Financial Period ended on that date; and
 - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Ernst & Young

Graham Ezzy
Partner

Sydney, 16 March 2015

Directors' Report

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of WFD Trust (**Trust**) submit the following report for the period from 9 April to 31 December 2014 (**Financial Period**).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), Westfield America Trust (WAT) and the Trust. The stapling transaction is referred to as the Restructure and Merger. The Trust forms part of the Westfield Corporation stapled group.

1. OPERATIONS AND ACTIVITIES

1.1 Principal Activities

The principal activity of the Trust is to hold investments in entities that invest in Westfield Corporation's UK property assets. There were no significant changes in the nature of those activities during the Financial Period.

1.2 Review of Operations and Results of Operations

The Trust reported a net profit of US\$258.9 million. The basic earnings per unit is US\$12.46 cents and the distribution per unit is US\$8.66 cents for the Financial Period.

During the Financial Period, the Trust reported a revaluation gain of US\$286.2 million reflecting the capital appreciation in its investments in entities that hold the Westfield Corporation's UK property assets. The Trust also incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger payable to Westfield Corporation Limited.

Other than the Westfield Group Restructure and Merger implemented on 30 June 2014, there has been no significant changes in the Trust's state of affairs during the Financial Period.

A detailed operating and financial review for the Westfield Corporation is contained in the Directors' Report in the Westfield Corporation Annual Financial Report which is available at www.westfieldcorp.com.

1.3 Subsequent Events

Since the end of the Financial Period, there have been no subsequent events to report.

1.4 Future Developments

The likely developments in Westfield Corporation's operations in future financial years and the expected results of those operations are more fully described in the Directors' Report in the Westfield Corporation Annual Financial Report. The Trust is expected to continue to hold interests in entities that invest in Westfield Corporation's UK property assets.

1.5. Sustainability

Environmental laws and regulations in force in the various jurisdictions in which Westfield Corporation operates are applicable to areas of Westfield's 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. Westfield Corporation's initial Sustainability Report is expected to be published in March 2015.

2. DISTRIBUTIONS

For the six months ended 31 December 2014, the Trust distribution of US\$8.66 cents per ordinary unit formed part of the distribution of US\$12.3 cents per Westfield Corporation (WFD) stapled security that was paid on 27 February 2015. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. The number reported here only represents that component of the aggregate Westfield Corporation distribution being the distribution of the Trust.

3. THE DIRECTORS

The names of the Directors of the Responsible Entity in office during the Financial Period and until the date of this report are set out below.

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Peter Allen	Executive Director (retired 30 June 2014)
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith QC PC	Non-Executive Director
Michael Gutman OBE	Non-Executive Director (appointed 28 August 2014)
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Don Kingsborough	Non-Executive Director (appointed 28 August 2014)
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Judith Sloan	Non-Executive Director

Biographies for each of the Directors can be found in the 2014 Westfield Corporation Annual Financial Report.

The names of the Directors in office and the relevant interest of each Director in stapled securities in Westfield Corporation as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Corporation Limited and units in Westfield America Trust. The stapled securities trade on the Australian Securities Exchange under the code WFD.

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 units in the Trust or stapled securities in Westfield Corporation. No options over any issues or unissued units in the Trust 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 in the Trust or Westfield Corporation.

Directors' Report (continued)

4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies held by the Responsible Entity's Directors during the 3 years preceding the end of the Financial Period 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
Roy Furman	Australia and New Zealand Banking Group Limited	24 September 2014	Continuing
	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 Westfield Corporation Limited 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.

5. OPTIONS

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

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 Period out of the assets of the Trust in regards to a person who is or has been an officer or auditor of the Responsible Entity. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as the Responsible Entity.

The Responsible Entity's Constitution provides that a person who is or has been a Director or Secretary of the Responsible Entity may be indemnified by the Responsible Entity 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 Responsible Entity is forbidden by statute to indemnify the person or the indemnity would, if given, be made void by statute.

A related corporation of the Responsible Entity has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Responsible Entity 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.

To the extent permitted by law, the Responsible Entity 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 Period.

7. SPECIAL RULES FOR REGISTERED SCHEMES

- US\$1.1 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Period.
- Associates of the Responsible Entity held 198,508,423 units as at the end of the Financial Period.
- Details of the units issued in the Trust during the Financial Period are set out in Note 8 on page 11.
- No withdrawals were made from the scheme during the Financial Period.
- Details of the value of the Trust's assets as at the end of the Financial Period and the basis for the valuation are set out in Notes 2(c) and 7 on pages 9 and 11 respectively.
- Details of the number of units in the Trust as at the end of the Financial Period are set out in Note 8 on page 11.

8. AUDIT

8.1 Audit and Risk Committee

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

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



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

In relation to our audit of the financial report of WFD Trust for the Financial Period 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 Ezzy
Partner

Sydney, 16 March 2015

Liability limited by a scheme approved under Professional Standards Legislation.

9. ASIC DISCLOSURES

9.1 Rounding

The Trust is of a kind referred to in Australian Securities & Investments Commission Class Order 98/100 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

16 March 2015

Brian Schwartz AM
Director

Corporate Governance Statement

The Corporate Governance Statement for WFD Trust has been incorporated into the Corporate Governance Statement prepared for Westfield Corporation. This Statement can be found in the 2014 Westfield Corporation Annual Financial Report. The Westfield Corporation's Annual Financial Report is available on the westfieldcorp.com website.

Members' Information

FOR THE PERIOD 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 Westfield Corporation Limited, 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

