

21 March 2016



**Westfield Corporation**

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

Dear Sir/Madam

**WESTFIELD CORPORATION (ASX: WFD)  
WESTFIELD AMERICA TRUST AND WFD TRUST 2015 ANNUAL FINANCIAL REPORTS**

On 24 February 2016, Westfield Corporation announced its 2015 results and released its 2015 Annual Financial Report. The Westfield Corporation Annual Financial Report has been despatched to members.

Attached are the 2015 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 coordinated 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, appearing to be 'S. Tuxen', with a small blue dot at the end.

**Simon Tuxen  
Company Secretary**

Encl.



**Westfield  
America Trust  
Annual Financial Report  
31 December 2015**

# Directory

## Westfield Corporation

Westfield Corporation Limited  
ABN 12 166 995 197

## WFD Trust

ARSN 168 765 875  
(responsible entity Westfield America  
Management Limited ABN 66 072 780 619,  
AFSL No. 230324)

## Westfield America Trust

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

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## Secretaries

Simon J Tuxen  
Maureen T McGrath

## Auditors

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The Ernst & Young Centre  
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Sydney NSW 2000

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E-mail: [investor@au.westfield.com](mailto:investor@au.westfield.com)  
Website: [www.westfieldcorp.com/investors](http://www.westfieldcorp.com/investors)

## Principal Share Registry

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Sydney NSW 2000

GPO Box 2975  
Melbourne VIC 3001

Telephone: +61 3 9415 4070  
Enquiries: 1300 132 211  
Facsimile: +61 3 9415 2500  
E-mail: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)  
Website: [www.computershare.com](http://www.computershare.com)

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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](http://www.adrbny.com)

Code: WFGPY

## Listing

Australian Securities Exchange – WFD

## Website

[westfieldcorp.com](http://westfieldcorp.com)



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# Annual Financial Report

## WESTFIELD AMERICA TRUST

For the financial year ended 31 December 2015

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# Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Revenue</b>			
Property revenue	3	416.8	496.0
Property development and project management revenue		98.7	142.1
Property management income		62.9	54.9
		<b>578.4</b>	693.0
<b>Share of after tax profits of equity accounted entities</b>			
Property revenue		549.0	504.3
Property revaluations		200.5	397.9
Property expenses, outgoing and other costs		(171.0)	(146.5)
Net interest expense		(67.6)	(60.2)
Tax expense		(0.2)	(0.3)
	12(a)	<b>510.7</b>	695.2
<b>Expenses</b>			
Property expenses, outgoing and other costs		(162.6)	(194.0)
Property development and project management costs		(86.5)	(122.8)
Property management costs		(27.7)	(28.6)
Overheads		(59.3)	(82.0)
		<b>(336.1)</b>	(427.4)
Interest income		14.6	4.2
Currency gain/(loss)	4	13.9	(106.8)
Financing costs	7	(116.3)	(434.1)
Gain/(loss) in respect of capital transactions			
– asset dispositions	5	22.8	(8.6)
Property revaluations		30.0	(60.3)
Charges and credits in respect of the Restructure and Merger	6	–	(800.8)
<b>Profit before tax for the period</b>		<b>718.0</b>	(445.6)
Tax credit/(expense)	8	1,157.2	(147.2)
<b>Profit after tax for the period</b>		<b>1,875.2</b>	(592.8)
<b>Profit after tax for the period attributable to:</b>			
– Members of the Westfield America Trust (WAT)		1,831.2	(558.2)
– Non controlling interests		44.0	(34.6)
<b>Profit after tax for the period</b>		<b>1,875.2</b>	(592.8)
		<b>cents</b>	cents
<b>Basic earnings per unit</b>	9(a)	<b>88.12</b>	(26.86)
<b>Diluted earnings per unit</b>	9(a)	<b>85.21</b>	(26.86)

# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Profit after tax for the period</b>	<b>1,875.2</b>	(592.8)
<b>Other comprehensive income</b>		
<i>Movement in foreign currency translation reserve <sup>(1)</sup></i>		
– Net exchange difference on translation of foreign operations	<b>228.2</b>	327.2
<b>Total comprehensive income for the period</b>	<b>2,103.4</b>	(265.6)
<b>Total comprehensive income attributable to:</b>		
– Members of WAT	<b>2,059.4</b>	(231.0)
– Non controlling interests	<b>44.0</b>	(34.6)
<b>Total comprehensive income for the period</b>	<b>2,103.4</b>	(265.6)

<sup>(1)</sup> These items may be subsequently recycled to the profit and loss.

# Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Current assets</b>			
Cash and cash equivalents	23(a)	688.0	149.7
Trade debtors		11.6	16.3
Investment properties	11	–	438.7
Derivative assets	10	–	5.7
Receivables	38(c)	609.9	255.8
Inventories		8.8	18.4
Other		58.8	19.1
<b>Total current assets</b>		<b>1,377.1</b>	903.7
<b>Non current assets</b>			
Investment properties	11	4,633.4	6,155.9
Equity accounted investments	12(c)	6,320.2	5,592.5
Other property investments	13	427.4	116.8
Derivative assets	10	111.7	159.2
Receivables		206.5	67.9
Plant and equipment	14	34.8	39.9
Deferred tax assets	8(b)	2.6	–
Other		23.8	27.8
<b>Total non current assets</b>		<b>11,760.4</b>	12,160.0
<b>Total assets</b>		<b>13,137.5</b>	13,063.7
<b>Current liabilities</b>			
Trade creditors		26.6	33.0
Payables and other creditors	15	2,606.2	3,052.2
Interest bearing liabilities	16	3.6	180.9
Other financial liabilities	17	3.0	2.7
Tax payable		26.5	53.1
Derivative liabilities	18	–	2.2
<b>Total current liabilities</b>		<b>2,665.9</b>	3,324.1
<b>Non current liabilities</b>			
Payables and other creditors	15	138.7	124.4
Interest bearing liabilities	16	4,217.9	4,133.6
Other financial liabilities	17	1,313.1	1,303.7
Deferred tax liabilities	8(c)	1,578.5	2,779.2
Derivative liabilities	18	7.0	–
<b>Total non current liabilities</b>		<b>7,255.2</b>	8,340.9
<b>Total liabilities</b>		<b>9,921.1</b>	11,665.0
<b>Net assets</b>		<b>3,216.4</b>	1,398.7
<b>Equity attributable to members of WAT</b>			
Contributed equity	19(b)	4,957.5	4,957.5
Reserves	21	596.2	366.2
Accumulated losses	22	(2,509.6)	(4,078.1)
<b>Total equity attributable to members of WAT</b>		<b>3,044.1</b>	1,245.6
<b>Equity attributable to non controlling interests</b>			
Contributed equity		228.1	228.1
Accumulated losses		(55.8)	(75.0)
<b>Total equity attributable to non controlling interests</b>		<b>172.3</b>	153.1
<b>Total equity</b>		<b>3,216.4</b>	1,398.7

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US\$million	Equity and Reserves 31 Dec 15 US\$million	<b>Total 31 Dec 15 US\$million</b>	Total 31 Dec 14 US\$million
<b>Changes in equity attributable to members of WAT</b>				
Opening balance of contributed equity	–	4,957.5	<b>4,957.5</b>	4,957.5
– Movement in contributed equity	–	–	<b>–</b>	–
Closing balance of contributed equity	–	4,957.5	<b>4,957.5</b>	4,957.5
Opening balance of reserves	–	366.2	<b>366.2</b>	39.7
– Movement in foreign currency translation reserve <sup>(1) (2)</sup>	228.2	–	<b>228.2</b>	327.2
– Movement in employee share plan benefits reserve <sup>(1)</sup>	–	1.8	<b>1.8</b>	(0.7)
Closing balance of reserves	228.2	368.0	<b>596.2</b>	366.2
Opening balance of accumulated losses	–	(4,078.1)	<b>(4,078.1)</b>	(2,966.2)
– Profit after tax for the period <sup>(2)</sup>	1,831.2	–	<b>1,831.2</b>	(558.2)
– Distributions paid	–	(262.7)	<b>(262.7)</b>	(553.7)
Closing balance of accumulated losses	1,831.2	(4,340.8)	<b>(2,509.6)</b>	(4,078.1)
<b>Closing balance of equity attributable to members of WAT</b>	<b>2,059.4</b>	<b>984.7</b>	<b>3,044.1</b>	<b>1,245.6</b>
<b>Changes in equity attributable to non controlling interests</b>				
Opening balance of equity	–	153.1	<b>153.1</b>	203.8
Total comprehensive income attributable to non controlling interests <sup>(2)</sup>	44.0	–	<b>44.0</b>	(34.6)
Dividends paid or provided for	–	(24.8)	<b>(24.8)</b>	(16.1)
<b>Closing balance of equity attributable to non controlling interests</b>	<b>44.0</b>	<b>128.3</b>	<b>172.3</b>	<b>153.1</b>
<b>Total equity</b>	<b>2,103.4</b>	<b>1,113.0</b>	<b>3,216.4</b>	<b>1,398.7</b>

<sup>(1)</sup> Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of \$228.2 million (31 December 2014: gain of \$327.2 million) and net credit to the employee share plan benefits reserve of \$1.8 million (31 December 2014: net debit of \$0.7 million).

<sup>(2)</sup> Total comprehensive income for the period amounts to a gain of \$2,103.4 million (31 December 2014: loss of \$265.6 million).

# Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Cash flows from operating activities</b>			
Receipts in the course of operations		588.8	713.9
Payments in the course of operations		(328.7)	(418.2)
Settlement of income hedging currency derivatives		–	20.6
Dividends/distributions received from equity accounted associates		268.5	241.4
Income and withholding taxes paid		(33.2)	(29.6)
<b>Net cash flows from operating activities</b>	23(b)	<b>495.4</b>	528.1
<b>Cash flows from investing activities</b>			
Capital expenditure on property investments and plant and equipment – consolidated		(410.5)	(368.2)
Capital expenditure on property investments and plant and equipment – equity accounted		(259.1)	(146.2)
Acquisition of property investments – consolidated		(5.0)	(626.5)
Acquisition of property investments – equity accounted		(60.8)	–
Proceeds from the disposition of property investments – consolidated		1,169.0	255.2
Capital distribution and advances from equity accounted associates		268.7	175.0
Tax paid on disposition of property investments		(37.0)	(65.2)
Financing costs capitalised to qualifying development projects and construction in progress		(67.6)	(50.9)
Settlement of asset hedging currency derivatives		–	–
<b>Net cash flows from investing activities</b>		<b>597.7</b>	(826.8)
<b>Cash flows used in financing activities</b>			
Net proceeds from interest bearing liabilities and other financial liabilities		249.1	265.3
Loans received from/(advanced to) related entities		(458.3)	276.3
Payments of financing costs (excluding interest capitalised)			
– Normal course of operations		(69.9)	(149.3)
– Accelerated upon repayment of bonds and facilities on implementation of Restructure and Merger		–	(61.1)
Interest received		14.6	7.2
Distributions paid		(262.7)	(553.7)
Dividends/distributions paid by controlled entities to non controlling interests		(22.8)	(48.1)
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)
<b>Net cash flows used in financing activities</b>		<b>(550.0)</b>	(295.4)
Net increase/(decrease) in cash and cash equivalents held		543.1	(594.1)
Add opening cash and cash equivalents brought forward		149.7	749.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(4.8)	(6.1)
<b>Cash and cash equivalents at the end of the period</b>	23(a)	<b>688.0</b>	149.7

# Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## 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 2015 was approved on 16 March 2016 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 used in the annual financial report for the year ended 31 December 2014 except for the changes required due to amendments to the accounting standards noted below.

The Group has adopted the following new or amended standards which became applicable on 1 January 2015.

- AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and
- AASB 2014-1 Part A Annual Improvements to IFRS 2011-2013 Cycle.

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 2015. 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, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Group is currently assessing the impact of this standard.
- AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)  
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.
- IFRS 16 Leases (expected to be effective from 1 January 2019)  
This standard specifies how an entity will recognise, measure, present and disclose leases. 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);
- AASB 2014-1 Amendments to Australian Accounting Standards – Part E: Financial Instruments (effective from 1 January 2018);
- AASB 2014-3 Amendments to Australian Accounting Standards- Accounting for Acquisitions of Interests in Joint Operations. ( AASB 1 & AASB 11) (effective from 1 January 2016);
- AASB 2014-10 Amendments to Australian Accounting Standards- Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);
- AASB 2015-1 Amendments to Australian Accounting Standards- Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (effective from 1 January 2016);

- AASB 2015-2 Amendments to Australian Accounting Standards- Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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

### (c) 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:

- 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 (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) 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.

### (e) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 11: Investment properties and Note 35: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect 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) 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 together with related shopping centre leasing costs 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 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 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.

#### *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.

Refer to Note 11 for further details on investment properties.

### **(d) Other property investments**

#### *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 currency translation**

#### *i) Presentation currency*

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

#### *ii) 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.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) Foreign currency translation (continued)

#### iii) 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 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 and physical surveys by independent appraisers. The assessment of costs to complete impacts the value and timing of revenue for a development and construction project and is a significant estimate that can change based on the Group's continuous process of assessing project progress.

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) 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 (principally investment properties) 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.

The Group's deferred tax liabilities relates principally to the potential tax payable on the differences between the tax bases and carrying amounts of investment properties in the United States.

### (h) 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(k) for other items included in financing costs.

### (i) Inventories and work in progress

Property development projects for third parties are carried at the lower of cost or net realisable value. Profit on property development is recognised on a percentage 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.

## **NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **(j) 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.

### **(k) Derivative and other financial instruments**

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.

#### *ii) Financial liabilities*

##### *Payables*

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

##### *Interest bearing liabilities*

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

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

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

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

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

##### *Other financial liabilities*

Other financial liabilities include 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.

Refer to Note 30 for further details on derivatives.

##### **(l) 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.

##### **(m) 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 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 3 PROPERTY REVENUE</b>			
Shopping centre base rent and other property income		437.1	523.1
Amortisation of tenant allowances		(20.3)	(27.1)
		<b>416.8</b>	496.0
<b>NOTE 4 CURRENCY GAIN/(LOSS)</b>			
Realised gain on income hedging currency derivatives		–	11.7
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting		13.9	(118.5)
		<b>13.9</b>	(106.8)
<b>NOTE 5 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS</b>			
Asset dispositions			
– proceeds from asset dispositions		1,706.4	–
– less: carrying value of assets disposed and other capital costs		(1,829.0)	(8.6)
Gain/(loss) in respect of asset dispositions		<b>(122.6)</b>	(8.6)
Sale of controlled entities to related entities			
– proceeds		158.1	–
– less: carrying value		(12.7)	–
Gain on sale of controlled entities to related entities	38(c)	<b>145.4</b>	–
<b>NOTE 6 CHARGES AND CREDITS IN RESPECT OF THE RESTRUCTURE AND MERGER</b>			
Refinancing costs in respect of the Restructure and Merger		–	(770.8)
Transaction costs in respect of the Restructure and Merger		–	(30.0)
		–	(800.8)
<b>NOTE 7 FINANCING COSTS</b>			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		(64.4)	(141.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting		(50.0)	(39.1)
Finance leases interest expense		(2.9)	(3.0)
Interest expense on other financial liabilities		(61.3)	(44.1)
Net fair value loss on other financial liabilities		(5.3)	(257.0)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		67.6	50.9
		<b>(116.3)</b>	(434.1)
<b>NOTE 8 TAXATION</b>			
<b>(a) Tax expense</b>			
Current - underlying operations		(36.8)	(32.5)
Deferred tax		(173.2)	(114.7)
Deferred tax - change in tax rates <sup>(i)</sup>		1,367.2	–
		<b>1,157.2</b>	(147.2)
<sup>(i)</sup> Deferred tax liability for the 2015 year reflects the tax rate applicable to WAT at 15%, previously 35%.			
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		718.0	(445.6)
Prima facie withholding tax expense on profit at 15%		(107.7)	66.8
Trust income not taxable for the Group – tax payable by unitholders		2.6	(14.3)
Differential of tax rates on foreign income		(86.5)	(67.7)
Capital transactions not deductible		(18.4)	(132.0)
Deferred tax - change in tax rates		1,367.2	–
Tax expense		<b>1,157.2</b>	(147.2)

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 8 TAXATION (CONTINUED)</b>		
<b>(b) Deferred tax assets</b>		
Provisions and accruals	2.6	–
	<b>2.6</b>	–
<b>(c) Deferred tax liabilities</b>		
Tax effect of book value in excess of the tax cost base of investment properties	1,550.6	2,772.3
Unrealised fair value gain on financial derivatives	6.1	6.9
Other timing differences	21.8	–
	<b>1,578.5</b>	2,779.2
	<b>31 Dec 15 cents</b>	31 Dec 14 cents

## NOTE 9 EARNINGS PER UNIT

### (a) Summary of earnings per unit

Basic earnings per unit attributable to members of WAT	88.12	(26.86)
Diluted earnings per unit attributable to members of WAT	85.21	(26.86)

### (b) Income and unit data

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

	31 Dec 15 US\$million	31 Dec 14 US\$million
Earnings used in calculating basic earnings per unit	1,831.2	(558.2)
Adjustment to earnings on options which are considered dilutive <sup>(3)</sup>	14.3	–
Earnings used in calculating diluted earnings per unit	1,845.5	(558.2)

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 <sup>(1)</sup>	2,078,089,686	2,078,089,686
Weighted average of potential employee awards scheme unit options which, if issued would be dilutive <sup>(2)</sup>	10,649,710	–
Bonus element of options which if issued, would be dilutive <sup>(3)</sup>	76,985,485	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit <sup>(4)</sup>	2,165,724,881	2,078,089,686

<sup>(1)</sup> 2,078.1 million (31 December 2014: 2,078.1 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.

<sup>(2)</sup> At 31 December 2015, 6,717,207 actual employee award scheme security options were on hand (31 December 2014: 8,793,181).

<sup>(3)</sup> Bonus element of options relating to other financial liabilities issued to WCL that are dilutive for the current period were 76,985,485 (31 December 2014: nil), losses in respect of the options were 14.3 million (31 December 2014: nil).

<sup>(4)</sup> The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 3,932,503 (31 December 2014: nil).

### (c) Conversions, calls, subscription, issues or buy-back after 31 December 2015

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 2015

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 10 DERIVATIVE ASSETS</b>		
<b>Current</b>		
Receivables on interest rate derivatives	–	5.7
	–	5.7
<b>Non Current</b>		
Receivables on interest rate derivatives	111.7	159.2
	111.7	159.2
<b>Total derivative assets</b>	<b>111.7</b>	<b>164.9</b>

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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative assets of US\$111.7 million are reduced by US\$7.0 million to the net amount of US\$104.7 million (31 December 2014: derivative assets of US\$164.9 million reduced by US\$0.5 million to the net amount of US\$164.4 million).

## NOTE 11 INVESTMENT PROPERTIES

### Current

Shopping centre investments	–	409.3
Development projects and construction in progress	–	29.4
	–	438.7

### Non Current

Shopping centre investments	3,218.1	4,829.2
Development projects and construction in progress	1,415.3	1,326.7
	4,633.4	6,155.9

### Total investment properties is comprised of:

Shopping centre investments	3,218.1	5,238.5
Development projects and construction in progress	1,415.3	1,356.1
<b>Total investment properties</b>	<b>4,633.4</b>	<b>6,594.6</b>

### Movement in total investment properties

Balance at the beginning of the year	6,594.6	5,424.2
Acquisition of properties	5.0	611.0
Disposal of properties	(1,756.6)	–
Transfer from/(to) equity accounted investment properties	(486.7)	152.1
Redevelopment costs	247.1	467.6
Net revaluation increment/(decrement)	30.0	(60.3)
<b>Balance at the end of the year<sup>(1)</sup></b>	<b>4,633.4</b>	<b>6,594.6</b>

<sup>(1)</sup> The fair value of investment properties at the end of the year of US\$4,633.4 million (31 December 2014: US\$6,594.6 million) comprises investment properties at market value of US\$4,593.2 million (31 December 2014: US\$6,561.4 million) and ground leases included as finance leases of US\$40.2 million (31 December 2014: US\$33.2 million).

## NOTE 11 INVESTMENT PROPERTIES (CONTINUED)

Investment properties are carried at the Directors' assessment of fair value. Investment properties include both shopping centre investments and development projects and construction in progress.

The Directors' assessment of fair value of each shopping centre 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, estimated yield and make reference to market evidence of transaction prices for similar properties.

The Directors' assessment of fair value of each development project and construction in progress takes into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. 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.

Independent valuations are conducted in accordance with guidelines set by Uniform Standards of Professional Appraisal Practice.

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 of Connecticut, Inc.
- Cushman & Wakefield Western, Inc.
- Duff & Phelps, LLC

	31 Dec 15 US\$million	31 Dec 14 US\$million
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## NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

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

Property revenue	549.0	504.3
<b>Share of after tax profit of equity accounted entities</b>	<b>510.7</b>	<b>695.2</b>

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	510.7	695.2
<b>Share of total comprehensive income of equity accounted entities</b>	<b>510.7</b>	<b>695.2</b>

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

Cash	64.9	59.3
Shopping centre investments	7,818.8	6,825.5
Development projects and construction in progress	243.2	203.4
Other assets	19.9	21.7
<b>Total assets</b>	<b>8,146.8</b>	<b>7,109.9</b>
Payables	(148.3)	(103.9)
Interest bearing liabilities – current <sup>(2)</sup>	(4.7)	(4.4)
Interest bearing liabilities – non current <sup>(2)</sup>	(1,673.6)	(1,409.1)
<b>Total liabilities</b>	<b>(1,826.6)</b>	<b>(1,517.4)</b>
<b>Net assets</b>	<b>6,320.2</b>	<b>5,592.5</b>

<sup>(2)</sup> The fair value of interest bearing liabilities was US\$1,712.9 million compared to the book value of US\$1,678.3 million (31 December 2014: 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 2015

## NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

### (d) Equity accounted entities' economic interest

Name of investments <sup>(1)</sup>	Type of equity	Balance Date	Economic Interest	
			31 Dec 15	31 Dec 14
Annapolis <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	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 <sup>(2)</sup>	Partnership units	31 Dec	55.0%	55.0%
Oakridge <sup>(2)</sup>	Partnership units	31 Dec	55.0%	55.0%
Palm Desert <sup>(2) (3)</sup>	Partnership units	31 Dec	52.6%	–
Plaza Bonita <sup>(2)</sup>	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 <sup>(2)</sup>	Partnership units	31 Dec	55.0%	55.0%
Southgate	Membership units	31 Dec	50.0%	50.0%
Topanga <sup>(2)</sup>	Partnership units	31 Dec	55.0%	55.0%
Trumbull <sup>(2) (3)</sup>	Partnership units	31 Dec	52.6%	–
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%
Wheaton <sup>(2) (3)</sup>	Partnership units	31 Dec	52.6%	–

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

<sup>(2)</sup> Per the Co-ownership, Limited Partnership and Property Management Agreements with our joint venture partners, the Group is restricted from exercising control over these interests even though the Group has 55% or 52.6% ownership interest and voting rights. Major decisions require the approval of both the Group and the joint venture partners 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.

<sup>(3)</sup> During the year, the Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 3 properties in United States. (Group ownership: 52.6%, O'Connor's ownership 47.4%). As a result, these previously consolidated investments are now equity accounted.

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

Unlisted investments	267.3	116.8
Investment in related entities	160.1	–
	<b>427.4</b>	116.8

### Movement in other investments

Balance at the beginning of the year	116.8	101.6
Additions	272.2	15.7
Disposals	–	(0.5)
Net revaluation increment to income statement	38.4	–
Balance at the end of the year	<b>427.4</b>	116.8

## NOTE 14 PLANT AND EQUIPMENT

Plant and equipment	34.8	39.9
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Plant and equipment of US\$34.8 million (31 December 2014: US\$39.9 million) comprises the following: aircraft US\$16.0 million (31 December 2014: US\$17.1 million) and other plant and equipment US\$18.8 million (31 December 2014: US\$22.8 million).

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 15 PAYABLES AND OTHER CREDITORS</b>			
<b>Current</b>			
Payables and other creditors		<b>363.8</b>	535.6
Payables to related entities – WFDT	38(c)	<b>2,218.7</b>	2,497.0
Payables to related entities – other		<b>23.7</b>	19.6
		<b>2,606.2</b>	3,052.2
<b>Non Current</b>			
Sundry creditors and accruals		<b>138.7</b>	124.4
		<b>138.7</b>	124.4

#### NOTE 16 INTEREST BEARING LIABILITIES

<b>Current</b>			
<b>Unsecured</b>			
Finance leases		<b>0.5</b>	0.4
Loans payable to related entities	38(c)	<b>–</b>	57.6
<b>Secured</b>			
Bank loans and mortgages – US\$ denominated <sup>(3)</sup>		<b>3.1</b>	122.9
		<b>3.6</b>	180.9
<b>Non Current</b>			
<b>Unsecured</b>			
Bank loans – US\$ denominated <sup>(1)</sup>		<b>–</b>	50.0
Notes payable – US\$ denominated <sup>(2)</sup>		<b>3,600.0</b>	3,300.0
Finance leases		<b>39.7</b>	32.8
<b>Secured</b>			
Bank loans and mortgages – US\$ denominated <sup>(3)</sup>		<b>578.2</b>	750.8
		<b>4,217.9</b>	4,133.6
<b>Total interest bearing liabilities</b>		<b>4,221.5</b>	4,314.5

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

Due within one year		<b>3.6</b>	180.9
Due between one and five years		<b>2,405.7</b>	2,015.6
Due after five years		<b>1,812.2</b>	2,118.0
		<b>4,221.5</b>	4,314.5

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

<sup>(2)</sup> Notes payable – US\$

Guaranteed Senior Notes of US\$4,500.0 million were issued in the US 144A bond market by the Westfield Corporation. The issues comprised US\$750.0 million, US\$1,250.0 million, US\$1,000.0 million, US\$1,000.0 million and US\$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. The Group was assigned US\$3,600.0 million comprising US\$550.0 million, US\$1,250.0 million, US\$300.0 million, US\$1,000.0 million and US\$500.0 million of fixed rate notes maturing 2017, 2019, 2020, 2024 and 2044 respectively. These notes are subject to negative pledge arrangements which require Westfield Corporation to comply with certain minimum financial requirements.

<sup>(3)</sup> Secured liabilities – US\$

Current and non current secured liabilities are US\$581.3 million (31 December 2014: US\$873.7 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of US\$1,839.8 million (31 December 2014: US\$2,299.2 million). These properties and development projects are as follows: Galleria at Roseville, 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 31 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 2015

## NOTE 16 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Financing facilities</b>		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	7,521.6	7,559.5
Total interest bearing liabilities	(4,221.5)	(4,314.5)
Total bank guarantees	(22.5)	(13.7)
Available financing facilities	3,277.6	3,231.3
Cash	688.0	149.7
Financing resources available at the end of the year	3,965.6	3,381.0
<b>Maturity profile of financing facilities</b>		
Maturity profile in respect of the above financing facilities:		
Due within one year	3.6	180.9
Due between one and five years	5,705.8	5,260.6
Due after five years	1,812.2	2,118.0
	7,521.6	7,559.5

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 17. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The available financing facilities above totalling US\$3,277.6 million (31 December 2014: 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 15 US\$million	31 Dec 14 US\$million
<b>NOTE 17 OTHER FINANCIAL LIABILITIES</b>			
<b>Current</b>			
Convertible redeemable preference shares/units	17(a)	3.0	2.7
		3.0	2.7
<b>Non Current</b>			
Convertible redeemable preference shares/units	17(a)	95.8	94.9
Convertible redeemable preference shares/units held by WCL related entities	17(a)	1,059.2	1,071.8
Other redeemable preference shares/units	17(b)	158.1	137.0
		1,313.1	1,303.7

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

Current – within one year	3.0	2.7
Non current – after one year	1,313.1	1,303.7
	1,316.1	1,306.4

## **NOTE 17 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 2015, the Jacobs Group holds 1,503,567 (31 December 2014: 1,508,382) 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 2015, the previous owners of the Sunrise Mall hold 1,401,426 Series I units (31 December 2014: 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 2015, 1,538,481 (31 December 2014: 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 20) .
- 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 20).
- viii. As at 31 December 2015, 764,205 (31 December 2014: 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.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 18 DERIVATIVE LIABILITIES</b>		
<b>Current</b>		
Payables on interest rate derivatives	–	2.2
	–	2.2
<b>Non Current</b>		
Payables on interest rate derivatives	7.0	–
	7.0	–
Total derivative liabilities	7.0	2.2

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 2015, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of US\$7.0 million are reduced by US\$7.0 million to nil (31 December 2014: derivative liabilities of US\$2.2 million reduced by US\$0.5 million to US\$1.7 million).

	Units	Units
<b>NOTE 19 CONTRIBUTED EQUITY</b>		
<b>(a) Number of units on issue</b>		
Balance at the beginning of the year	2,078,089,686	2,078,089,686
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>(b) Movement in contributed equity attributable to members of WAT</b>		
Balance at the beginning of the year	4,957.5	4,957.5
Balance at the end of the year	4,957.5	4,957.5

	Note	Number of options and rights 31 Dec 15	Weighted average exercise price US\$ 31 Dec 15	Number of options and rights 31 Dec 14	Weighted average exercise price US\$ 31 Dec 14
<b>NOTE 20 SHARE BASED PAYMENTS</b>					
<b>(a) Options and rights over units</b>					
– Series F Special options <sup>(1)</sup>	20(a) (i)	<b>52,500</b>	<b>1.77</b>	52,500	1.62
– Series G1 Special options <sup>(1)</sup>	20(a) (ii)	<b>277,778</b>	<b>1.50</b>	277,778	1.24
– Series H Special options <sup>(1)</sup>	20(a) (iii)	<b>11,805,862</b>	<b>1.70</b>	11,805,862	1.41
– Series I Special options <sup>(1)</sup>	20(a) (iv)	<b>13,260,859</b>	<b>1.64</b>	13,260,859	1.36
– Executive performance rights	20(b) (i)	<b>3,892,987</b>	–	5,898,286	–
– Partnership incentive rights	20(b) (ii)	<b>2,824,220</b>	–	2,894,895	–
– Executive performance and partnership incentive rights issued to employees of related parties	20(a) (v)	<b>8,040,579</b>	–	8,576,632	–
		<b>40,154,785</b>	<b>1.66</b>	42,766,812	1.39

<sup>(1)</sup> These special options are issued to WCL (formerly WHL) entities.

(i) Series F – Special Options <sup>(2)</sup>

As at 31 December 2015, there were 52,500 (31 December 2014: 52,500) Series F Special Options on issue which are exchangeable for 12,865,288 (31 Dec 14: 12,865,288) Westfield Corporation 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 <sup>(2)</sup>

As at 31 December 2015, there were 277,778 (31 December 2014: 277,778) Series G1 Special Options on issue which are exchangeable for 14,995,466 (31 Dec 14: 14,995,466) Westfield Corporation 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 <sup>(2)</sup>

As at 31 December 2015, there were 11,805,862 (31 December 2014: 11,805,862) Series H Special Options on issue which are exchangeable for 56,060,616 (31 Dec 14: 56,060,616) Westfield Corporation 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 <sup>(2)</sup>

As at 31 December 2015, there were 13,260,859 (31 December 2014: 13,260,859) Series I Special Options on issue which are exchangeable for 65,293,715 (31 Dec 14: 65,293,715) Westfield Corporation 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.

<sup>(2)</sup> 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.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 20 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 8,040,579 (31 December 2014: 8,576,632) 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 2015, the 8,040,579 (31 December 2014: 8,576,632) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 8,040,579 (31 Dec 14: 8,576,632) Westfield Corporation stapled securities.

Vesting profile	Number of rights 31 Dec 15	Number of rights 31 Dec 14
2015	–	3,020,277
2016	3,386,118	3,044,574
2017	2,856,934	1,773,608
2018	1,269,819	738,173
2019	527,708	–
	<b>8,040,579</b>	<b>8,576,632</b>

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

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

#### Movement in Executive Performance Rights

Balance at the beginning of the year	5,898,286	3,890,676
Adjustment to rights upon the establishment of Westfield Corporation <sup>(1)</sup>	–	2,219,153
Rights transferred on employee relocation	(380,273)	196,886
Rights issued during the year	1,551,308	2,202,875
Rights exercised during the year	(2,325,837)	(2,436,550)
Rights forfeited during the year	(850,497)	(174,754)
Balance at the end of the year	<b>3,892,987</b>	<b>5,898,286</b>

<sup>(1)</sup> As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

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

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

Vesting profile	Fair value granted US\$million 31 Dec 15	Number of rights at <sup>(1)</sup> 31 Dec 15	Fair value granted US\$million 31 Dec 14	Number of rights at <sup>(1)</sup> 31 Dec 14
2015	–	–	9.4	2,156,446
2016	7.4	1,846,629	12.3	2,843,233
2017	7.6	1,341,251	1.8	345,775
2018	2.8	625,944	2.6	552,832
2019	0.5	79,163	–	–
	<b>18.3</b>	<b>3,892,987</b>	<b>26.1</b>	<b>5,898,286</b>

<sup>(1)</sup> 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 20 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 15	Number of rights 31 Dec 14
<b>Movement in Partnership Incentive Rights</b>		
Balance at the beginning of the year	2,894,895	1,224,723
Adjustment to rights upon the establishment of Westfield Corporation <sup>(1)</sup>	–	693,186
Rights transferred on employee relocation	(126,737)	–
Rights issued during the year <sup>(2)</sup>	869,559	1,041,489
Rights exercised during the year	(565,496)	–
Rights forfeited during the year	(248,001)	(64,503)
Balance at the end of the year	2,824,220	2,894,895

<sup>(1)</sup> As a result of the Restructure on 30 June 2014, all existing rights issued under the United States Plans operated by the former Westfield Group were modified such that the value of the rights held by the Plan participants was maintained by adjusting the number of rights in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula. As a consequence, the rights relating to the former Westfield Group stapled securities were adjusted in accordance with the formula: (Value of a Scentre Group security x 1.246 + Value of a Westfield Corporation security) / Value of a Westfield Corporation security. This formula was noted at page 146 of the Westfield Group Securityholder Booklet.

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

<sup>(2)</sup> As outlined in section 8.4(c) of the Westfield Corporation Directors' Report, certain performance hurdles must be met in order for Plan participants to qualify for rights under the PIR Plan. In 2012 and 2013, qualification for 25% and 50% (respectively) of rights issued under the PIR Plan was determined by reference to the ROCE hurdle. A full discussion of the nature of the ROCE hurdle is contained in the 2012 and 2013 Remuneration Report published by Westfield Group. Immediately prior to the Restructure, having regard to the fact that the Westfield Group would no longer exist (and therefore it would not be possible to measure performance against the ROCE hurdle) the Westfield Group Board agreed to determine the level of vesting in respect of these 2012 and 2013 rights having regard to the actual performance up to the implementation of the Restructure including the six months to 30 June 2014. The Board also had regard to expected performance over the balance of the qualification period having regard to performance up to implementation of the Restructure. As a consequence, the ROCE hurdles were met to 110% and 125% for the 2012 and 2013 years respectively.

For 2014 and 2015, the rights were issued under the new Westfield Corporation Plans. Vesting against the FFO hurdles was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. See also the discussion at section 8.4 of the Westfield Corporation Directors' Report.

Vesting profile	Fair value granted US\$million 31 Dec 15	Number of rights at <sup>(1)</sup> 31 Dec 15	Fair value granted US\$million 31 Dec 14	Number of rights at <sup>(1)</sup> 31 Dec 14
2015	–	–	1.5	447,145
2016	2.5	739,090	3.4	907,819
2017	3.3	824,908	4.5	1,016,495
2018	3.9	846,105	2.3	523,436
2019	2.2	414,117	–	–
	11.9	2,824,220	11.7	2,894,895

<sup>(1)</sup> 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 2015 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\$10.4 million (31 December 2014: US\$15.1 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 2015

## NOTE 20 SHARE BASED PAYMENTS (CONTINUED)

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

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

	<b>Number of award securities 31 Dec 15</b>	Number of award securities 31 Dec 14
<b>Movement in Executive Deferred Awards</b>		
Balance at the beginning of the year	<b>893,588</b>	768,539
Adjustment to awards upon the establishment of Westfield Corporation <sup>(1)</sup>	–	354,235
Awards transferred on employee relocation	–	–
Awards exercised during the year	<b>(695,013)</b>	(96,184)
Awards lapsed during the year	<b>(198,575)</b>	(133,002)
Balance at the end of the year	–	893,588

<sup>(1)</sup> As a result of the Restructure on 30 June 2014, all existing awards issued under the United States Plans operated by the former Westfield Group were modified such that the value of the awards held by the Plan participants was maintained by adjusting the number of awards in a manner consistent with the relative value of Westfield Corporation securities and Scentre Group securities as implied in the Restructure formula.

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

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

<b>Vesting profile</b>	<b>Cumulative value granted US\$million 31 Dec 15</b>	<b>Number of award securities 31 Dec 15</b>	Cumulative value granted US\$million 31 Dec 14	Number of award securities 31 Dec 14
2015	–	–	4.6	893,588
	–	–	4.6	893,588

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 20 SHARE BASED PAYMENTS (CONTINUED)****(c) Executive Deferred Award and Partnership Incentive Plans (continued)**

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

	<b>Number of award securities 31 Dec 15</b>	Number of award securities 31 Dec 14
<b>Movement in Partnership Incentive Plan</b>		
Balance at the beginning of the year	<b>373,744</b>	843,331
Adjustment to awards upon the establishment of Westfield Corporation <sup>(1)</sup>	–	444,385
Awards transferred on employee relocation	–	–
Awards exercised during the year	<b>(354,678)</b>	(867,904)
Awards lapsed during the year	<b>(19,066)</b>	(46,068)
Balance at the end of the year	–	373,744

<sup>(1)</sup> 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.

<b>Vesting profile</b>	<b>Cumulative value granted US\$million 31 Dec 15</b>	<b>Number of award securities 31 Dec 15</b>	Cumulative value granted US\$million 31 Dec 14	Number of award securities 31 Dec 14
2015	–	–	1.9	373,744
	–	–	1.9	373,744

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\$0.5 million (31 December 2014: US\$2.8 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

# Notes to the Financial Statements

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	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 21 RESERVES</b>		
Foreign currency translation reserve	591.9	363.7
Employee share plan benefits reserve	4.3	2.5
Balance at the end of the year	596.2	366.2
<b>Movement in foreign currency translation reserve</b>		
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	363.7	36.5
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	228.2	327.2
Balance at the end of the year	591.9	363.7
<b>Movement in employee share plan benefits reserve</b>		
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	2.5	3.2
– movement in equity settled share based payment	1.8	(0.7)
Balance at the end of the year	4.3	2.5
<b>NOTE 22 ACCUMULATED LOSSES</b>		
<b>Movement in accumulated losses</b>		
Balance at the beginning of the year	(4,078.1)	(2,966.2)
Profit/(loss) after tax for the period	1,831.2	(558.2)
Distributions paid	(262.7)	(553.7)
Balance at the end of the year	(2,509.6)	(4,078.1)
<b>NOTE 23 CASH AND CASH EQUIVALENTS</b>		
<b>(a) Components of cash and cash equivalents</b>		
Cash	688.0	149.7
Total cash and cash equivalents	688.0	149.7
<b>(b) Reconciliation of profit after tax to net cash flows from operating activities</b>		
Profit/(loss) after tax	1,875.2	(592.8)
Property revaluations	(30.0)	60.3
Share of equity accounted profits in excess of dividends/distributions	(242.2)	(453.8)
Deferred tax	(1,194.0)	114.7
Net fair value (gain)/loss on currency derivatives	(13.9)	118.5
Financing costs	116.3	434.1
Interest income	(14.6)	(4.2)
(Gain)/Loss in respect of capital transactions	(22.8)	8.6
Charges and credits in respect of the Restructure and Merger	–	800.8
Decrease in working capital attributable to operating activities	21.4	41.9
Net cash flows from operating activities	495.4	528.1

## NOTE 24 DISTRIBUTIONS

### (a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2015		
WAT: US12.45 cents per unit, 10% estimated tax deferred	<b>258.7</b>	–
Distribution in respect of the 6 months to 31 December 2014		
WAT: US3.64 cents per unit, 3% tax deferred	–	75.6
	<b>258.7</b>	<b>75.6</b>

Interim distribution of US9.00 cents was paid on 31 August 2015. Final distribution was paid on 29 February 2016. The record date for the final distribution was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.

### (b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2015		
WAT: US9.00 cents per unit, 10% estimated tax deferred	<b>187.0</b>	–
Distribution in respect of the 6 months to 30 June 2014		
WAT: US19.63 cents (A\$21.00 cents) per unit, 3% tax deferred	–	408.0
	<b>187.0</b>	<b>408.0</b>

## NOTE 25 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	<b>456.8</b>	544.0
Due between one and five years	<b>1,358.6</b>	1,566.7
Due after five years	<b>998.0</b>	1,180.6
	<b>2,813.4</b>	<b>3,291.3</b>

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

## NOTE 26 CAPITAL EXPENDITURE COMMITMENTS

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	<b>581.8</b>	400.8
Due between one and five years	<b>680.5</b>	328.3
	<b>1,262.3</b>	<b>729.1</b>

## NOTE 27 CONTINGENT LIABILITIES

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

Performance guarantees	<b>127.5</b>	113.2
Guaranteed borrowings of associates of the Responsible Entity <sup>(1)</sup>	<b>1,049.9</b>	1,173.3
	<b>1,177.4</b>	<b>1,286.5</b>

<sup>(1)</sup> The Group has guaranteed the A\$1,154.9 million (31 December 2014: 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 2015

## **NOTE 28** 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 28 SEGMENT REPORTING (CONTINUED)****(a) Operating segments for the year ended 31 December 2015**

(i) Income and expenses

31 December 2015	Operational		Corporate US\$million	Total US\$million
	Property investments US\$million	Property and project management US\$million		
<b>Revenue</b>				
Property revenue	965.8	–	–	965.8
Property development and project management revenue	–	98.7	–	98.7
Property management income	–	62.9	–	62.9
	<b>965.8</b>	<b>161.6</b>	<b>–</b>	<b>1,127.4</b>
<b>Expenses</b>				
Property expenses, outgoings and other costs	(333.6)	–	–	(333.6)
Property development and project management costs	–	(86.5)	–	(86.5)
Property management costs	–	(27.7)	–	(27.7)
Overheads	–	–	(59.3)	(59.3)
	<b>(333.6)</b>	<b>(114.2)</b>	<b>(59.3)</b>	<b>(507.1)</b>
<b>Segment result</b>	<b>632.2</b>	<b>47.4</b>	<b>(59.3)</b>	<b>620.3</b>
Revaluation of properties and development projects				30.0
Equity accounted – revaluation of properties and development projects				200.5
Currency gain				13.9
Gain in respect of capital transactions				
– asset dispositions				22.8
Interest income				14.6
Financing costs				(183.9)
Tax credit				1,157.0
Non controlling interests				(44.0)
<b>Net profit attributable to members of WAT</b>				<b>1,831.2</b>

(ii) Assets and liabilities

As at 31 December 2015	Operational		Corporate US\$million	Total US\$million
	Property investments US\$million	Property and project management US\$million		
Total segment assets	14,184.0	8.8	771.3	14,964.1
Total segment liabilities	629.7	–	11,118.0	11,747.7
Total segment net assets	13,554.3	8.8	(10,346.7)	3,216.4
Equity accounted associates included in segment assets	8,146.8	–	–	8,146.8
Equity accounted associates included in segment liabilities	148.4	–	1,678.2	1,826.6
Additions to segment non current assets during the year	1,051.8	–	–	1,051.8

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 28 SEGMENT REPORTING (CONTINUED)

### (a) Operating segments for the year ended 31 December 2015 (continued)

(iii) 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 2015	Consolidated US\$million	Equity Accounted US\$million	Total US\$million
<b>Revenue</b>			
Property revenue	416.8	549.0	965.8
Property development and project management revenue	98.7	–	98.7
Property management income	62.9	–	62.9
	<b>578.4</b>	<b>549.0</b>	<b>1,127.4</b>
<b>Expenses</b>			
Property expenses, outgoings and other costs	(162.6)	(171.0)	(333.6)
Property development and project management costs	(86.5)	–	(86.5)
Property management costs	(27.7)	–	(27.7)
Overheads	(59.3)	–	(59.3)
	<b>(336.1)</b>	<b>(171.0)</b>	<b>(507.1)</b>
<b>Segment result</b>			
Revaluation of properties and development projects	30.0	–	30.0
Equity accounted – revaluation of properties and development projects	–	200.5	200.5
Currency gain	13.9	–	13.9
Gain in respect of from capital transactions			
– asset dispositions	22.8	–	22.8
Interest income	14.6	–	14.6
Financing costs	(116.3)	(67.6)	(183.9)
Tax credit	1,157.2	(0.2)	1,157.0
Non controlling interests	(0.8)	(43.2)	(44.0)
<b>Net profit attributable to members of WAT</b>	<b>1,363.7</b>	<b>467.5</b>	<b>1,831.2</b>
<b>Assets and liabilities</b>			
Cash	688.0	64.9	752.9
Shopping centre investments	3,220.5	7,818.8	11,039.3
Development projects and construction in progress	1,412.9	243.2	1,656.1
Inventories	8.8	–	8.8
Other assets	1,487.1	19.9	1,507.0
<b>Total segment assets</b>	<b>6,817.3</b>	<b>8,146.8</b>	<b>14,964.1</b>
Interest bearing liabilities	4,221.5	1,678.3	5,899.7
Other financial liabilities	1,316.1	–	1,316.1
Deferred tax liabilities	1,578.5	–	1,578.5
Other liabilities	2,805.0	148.3	2,953.4
<b>Total segment liabilities</b>	<b>9,921.1</b>	<b>1,826.6</b>	<b>11,747.7</b>
<b>Total segment net assets</b>	<b>(3,103.8)</b>	<b>6,320.2</b>	<b>3,216.4</b>

**NOTE 28 SEGMENT REPORTING (CONTINUED)****(b) Operating segments for the year ended 31 December 2014**

## (i) Income and expenses

31 December 2014	Operational		Corporate US\$million	Total US\$million
	Property investments US\$million	Property and project management US\$million		
<b>Revenue</b>				
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
	<b>1,000.3</b>	<b>197.0</b>	<b>–</b>	<b>1,197.3</b>
<b>Expenses</b>				
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)
	<b>(340.5)</b>	<b>(151.4)</b>	<b>(82.0)</b>	<b>(573.9)</b>
<b>Segment result</b>	<b>659.8</b>	<b>45.6</b>	<b>(82.0)</b>	<b>623.4</b>
Revaluation of properties and development projects				(60.3)
Equity accounted – revaluation of properties and development projects				397.9
Currency loss				(106.8)
Loss in respect of from 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
<b>Net profit attributable to members of WAT</b>				<b>(558.2)</b>

## (ii) Assets and liabilities

31 December 2014	Operational		Corporate US\$million	Total US\$million
	Property investments US\$million	Property and project management US\$million		
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 2015

## NOTE 28 SEGMENT REPORTING (CONTINUED)

### (b) Operating segments for the year ended 31 December 2014 (continued)

(iii) 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
<b>Revenue</b>			
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
	<b>693.0</b>	<b>504.3</b>	<b>1,197.3</b>
<b>Expenses</b>			
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)
	<b>265.6</b>	<b>357.8</b>	<b>623.4</b>
<b>Segment result</b>			
Revaluation of properties and development projects	(60.3)	–	(60.3)
Equity accounted – revaluation of properties and development projects	–	397.9	397.9
Currency loss	(106.8)	–	(106.8)
Loss in respect of 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
<b>Net profit attributable to members of WAT</b>	<b>(1,194.6)</b>	<b>636.4</b>	<b>(558.2)</b>
<b>Assets and liabilities</b>			
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
<b>Total segment assets</b>	<b>7,471.2</b>	<b>7,109.9</b>	<b>14,581.1</b>
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
<b>Total segment liabilities</b>	<b>11,665.0</b>	<b>1,517.4</b>	<b>13,182.4</b>
<b>Total segment net assets</b>	<b>(4,193.8)</b>	<b>5,592.5</b>	<b>1,398.7</b>

## **NOTE 29 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 30 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 Board Audit and Risk Committee comprising three Directors. The Board Audit and Risk Committee reviews and oversees Management's compliance with these policies, procedures and limits. The Board Audit and Risk Committee is assisted in its oversight role by the Westfield Corporation's Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

Westfield Corporation uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group enters into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. 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.

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

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

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

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 31 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 15 US\$million	31 Dec 14 US\$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	16	3.6	180.9
Non current interest bearing liabilities	16	4,217.9	4,133.6
Share of equity accounted entities' interest bearing liabilities	12(c)	1,678.3	1,413.5
Cross currency swaps			
– A\$nil (31 December 2014: A\$210.8 million)	32(i)	–	172.8
– £nil (31 December 2014: £90.0 million)	32(i)	–	140.4
Principal amounts subject to interest rate payable exposure		5,899.8	6,041.2
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A\$nil million (31 December 2014: A\$210.8 million)	32(i)	–	172.8
– £nil million (31 December 2014: £90.0 million)	32(i)	–	140.4
Loans receivable from related entities	38(c)	449.8	110.9
Cash	23(a)	688.0	149.7
Share of equity accounted entities' cash	12(c)	64.9	59.3
Principal amounts subject to interest rate receivable exposure		1,202.7	633.1

<b>Principal amounts of net interest bearing liabilities subject to interest rate payable exposure</b>		<b>4,697.1</b>	<b>5,408.1</b>
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Principal amounts of fixed interest rate liabilities:

Fixed rate loans			
– US\$	31(ii)	5,703.6	5,551.6
Fixed rate derivatives			
– US\$	31(ii)	–	2,750.0
Interest rate caps			
– US\$	31(iii)	28.5	28.5
Principal amounts on which interest rate payable exposure has been hedged		5,732.1	8,330.1

Principal amounts of fixed interest rate assets:

Fixed rate derivatives			
– A\$nil million (31 December 2014: A\$200.0 million)	31(ii)	–	164.0
– US\$	31(ii)	3,250.0	3,250.0
Principal amounts on which interest rate receivable exposure has been hedged		3,250.0	3,414.0

<b>Principal amounts on which net interest rate payable exposure has been hedged</b>		<b>2,482.1</b>	<b>4,916.1</b>
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At 31 December 2015, the Group has hedged 53% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 47% is exposed to floating rates on a principal payable of US\$2,215.0 million, at an average interest rate of 2.7%, including margin (31 December 2014: 91% hedged with floating exposure of US\$492.0 million payable at an average interest rate of 2.4% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 31(ii).

Interest rate sensitivity		31 Dec 15 US\$million	31 Dec 14 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%	44.3	9.8
	-1.0%	22.2	4.9
	-0.5%	11.1	2.5
	0.5%	(11.1)	(2.5)
	1.0%	(22.2)	(4.9)
	2.0%	(44.3)	(9.8)

**NOTE 31 INTEREST RATE RISK MANAGEMENT (CONTINUED)**

**Summary of interest rate positions at balance date (continued)**

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

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

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	Interest rate swaps		Fixed rate borrowings		Interest rate swaps		Fixed rate borrowings	
	31 Dec 15 Notional principal amount million	31 Dec 15 Average rate	31 Dec 15 Principal amount million	31 Dec 15 Average rate including margin	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
<b>US\$ payable</b>								
31 December 2014	-	-	-	-	US\$(2,750.0)	1.80%	US\$(5,551.6)	3.83%
31 December 2015	-	-	<b>US\$(5,703.6)</b>	<b>3.72%</b>	-	-	US\$(5,426.3)	3.81%
31 December 2016	<b>US\$(1,350.0)</b>	<b>1.39%</b>	<b>US\$(5,696.0)</b>	<b>3.72%</b>	US\$(1,350.0)	1.39%	US\$(5,268.7)	3.77%
31 December 2017	-	-	<b>US\$(4,920.3)</b>	<b>3.84%</b>	-	-	US\$(4,493.2)	3.92%
31 December 2018	-	-	<b>US\$(4,910.9)</b>	<b>3.83%</b>	-	-	US\$(4,484.3)	3.93%
31 December 2019	-	-	<b>US\$(3,650.3)</b>	<b>4.21%</b>	-	-	US\$(3,223.8)	4.42%
31 December 2020	-	-	<b>US\$(2,989.6)</b>	<b>4.00%</b>	-	-	US\$(2,861.1)	4.05%
31 December 2021	-	-	<b>US\$(2,986.4)</b>	<b>4.00%</b>	-	-	US\$(2,858.0)	4.05%
31 December 2022	-	-	<b>US\$(2,708.1)</b>	<b>3.98%</b>	-	-	US\$(2,439.7)	4.03%
31 December 2023	-	-	<b>US\$(2,206.7)</b>	<b>4.00%</b>	-	-	US\$(1,937.5)	4.02%
31 December 2024	-	-	<b>US\$(769.2)</b>	<b>4.42%</b>	-	-	US\$(500.0)	4.75%
31 December 2025-43	-	-	<b>US\$(500.0)</b>	<b>4.75%</b>	-	-	US\$(500.0)	4.75%
<b>A\$ receivable</b>								
31 December 2014	-	-	-	-	A\$200.0	6.77%	-	-
<b>US\$ receivable</b>								
31 December 2014	-	-	-	-	US\$3,250.0	2.81%	-	-
31 December 2015	<b>US\$3,250.0</b>	<b>2.81%</b>	-	-	US\$3,250.0	2.81%	-	-
31 December 2016	<b>US\$3,250.0</b>	<b>2.81%</b>	-	-	US\$3,250.0	2.81%	-	-
31 December 2017	<b>US\$500.0</b>	<b>3.69%</b>	-	-	US\$500.0	3.69%	-	-
31 December 2018	<b>US\$500.0</b>	<b>3.69%</b>	-	-	US\$500.0	3.69%	-	-
31 December 2019	<b>US\$500.0</b>	<b>3.69%</b>	-	-	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 2015, the aggregate fair value is a receivable of US\$104.7 million (31 December 2014: US\$162.6 million). The change in fair value for the year ended 31 December 2015 was US\$57.9 million (31 December 2014: US\$40.9 million).

Fair value sensitivity	Interest rate movement	31 Dec 15	31 Dec 14
		US\$million	US\$million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:			
	-2.0%	<b>83.7</b>	160.9
	-1.0%	<b>41.2</b>	78.8
	-0.5%	<b>20.4</b>	38.9
	0.5%	<b>(20.0)</b>	(38.0)
	1.0%	<b>(39.6)</b>	(75.5)
	2.0%	<b>(77.9)</b>	(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.

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 31 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 15 Notional principal amount million	31 Dec 15 Average Strike rate	31 Dec 14 Notional principal amount million	31 Dec 14 Average Strike rate
<b>US\$ payable caps</b>				
31 December 2014	–	–	US\$(28.5)	3.50%
31 December 2015 <sup>(1)</sup>	<b>US\$(28.5)</b>	<b>3.50%</b>	US\$(675.0)	0.56%

<sup>(1)</sup> US\$675.0 million of caps have been lapsed during the period.

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 2015, the aggregate fair value is a payable of US\$2,004 (31 December 2014: US\$0.1 million). The change in fair value for the year ended 31 December 2015 was US\$0.1 million (31 December 2014: US\$0.1 million).

Fair value sensitivity	Interest rate movement	31 Dec 15	31 Dec 14
		US\$million	US\$million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:			(Increase)/decrease in interest expense
	-2.0%	<b>0.0</b>	(0.6)
	-1.0%	<b>0.0</b>	(0.6)
	-0.5%	<b>0.0</b>	(0.6)
	0.5%	<b>0.0</b>	2.0
	1.0%	<b>0.0</b>	4.6
	2.0%	<b>0.0</b>	10.0

## NOTE 32 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 15 million	31 Dec 14 million
<b>Foreign currency net investments</b>		
<b>Australian Dollar</b>		
A\$ net assets	<b>A\$605.1</b>	A\$(22.3)
A\$ borrowings	<b>A\$(3,045.2)</b>	A\$(3,115.4)
A\$ denominated net assets	<b>A\$(2,440.1)</b>	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 32 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)****Summary of foreign exchange balance sheet positions at balance date (continued)**

<b>Foreign currency sensitivity</b>		<b>31 Dec 15 US\$million</b>	31 Dec 14 US\$million
The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.3725 rate (31 December 2014: US\$/A\$1.2195) is as follows:	US\$/A\$ Currency movement		Gain/(loss) to foreign currency translation reserve
	-20 cents	<b>(303.3)</b>	(504.7)
	-10 cents	<b>(139.7)</b>	(229.8)
	-5 cents	<b>(67.2)</b>	(110.0)
	+5 cents	<b>62.5</b>	101.3
	+10 cents	<b>120.7</b>	195.0
	+20 cents	<b>226.1</b>	362.5

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

The Group has entered into the following foreign currency derivative financial instruments to sell £ and A\$, purchase A\$ and £ 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	<b>Weighted average exchange rate</b>		<b>Amount receivable/(payable) million</b>			
	<b>31 Dec 15</b>	31 Dec 14	<b>31 Dec 15</b>	<b>31 Dec 15</b>	31 Dec 14	31 Dec 14
<b>A\$/£</b>						
Contracts to receive A\$ and pay £ 31 December 2014	-	0.4270	-	-	A\$210.8	£(90.0)
<b>£/A\$</b>						
Contracts to receive £ and pay A\$ 31 December 2014	-	0.4270	-	-	A\$(210.8)	£90.0

At 31 December 2015, 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 2015, the aggregate fair value is nil (31 December 2014: nil). The change in fair value for the year ended 31 December 2015 was nil (31 December 2014: US\$8.1 million).

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 33 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the 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 2015, the aggregate credit risk in respect of cash and cash equivalents is US\$752.9 million (31 December 2014: US\$209.0 million).

At 31 December 2015, the aggregate credit risk in respect of derivative financial instruments is US\$111.7 million (31 December 2014: US\$164.9 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 53% of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A+ or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of BBB+ 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 16.

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

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Interest bearing liabilities and interest</b>		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 16) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	(140.7)	(327.6)
Due between one and five years	(2,873.8)	(2,521.8)
Due after five years	(2,493.9)	(2,912.1)
	<b>(5,508.4)</b>	<b>(5,761.5)</b>
Comprising:		
– principal amounts of current and non current interest bearing liabilities	(4,221.5)	(4,314.5)
– aggregate future estimated nominal interest	(1,286.9)	(1,447.0)
	<b>(5,508.4)</b>	<b>(5,761.5)</b>
<b>Derivatives</b>		
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	61.2	86.5
Due between one and five years	74.8	149.2
Due after five years	–	2.0
	<b>136.0</b>	<b>237.7</b>

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

**NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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

	Fair value		Carrying amount	
	31 Dec 15 US\$million	31 Dec 14 US\$million	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Consolidated assets</b>				
Cash and cash equivalents	688.0	149.7	688.0	149.7
Trade debtors <sup>(1)</sup>	11.6	16.3	11.6	16.3
Receivables	816.4	323.7	816.4	323.7
Other investments <sup>(2)</sup>	427.4	116.8	427.4	116.8
Derivative assets <sup>(2)</sup>	111.7	164.9	111.7	164.9
<b>Consolidated liabilities</b>				
Trade creditors <sup>(1)</sup>	26.6	33.0	26.6	33.0
Payables and other creditors <sup>(1)</sup>	2,744.9	3,176.6	2,744.9	3,176.6
Interest bearing liabilities				
– Fixed rate debt	4,085.8	4,285.3	4,060.8	4,173.7
– Floating rate debt	165.3	140.8	160.7	140.8
Other financial liabilities <sup>(2)</sup>	1,316.1	1,306.4	1,316.1	1,306.4
Derivative liabilities <sup>(2)</sup>	7.0	2.2	7.0	2.2

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

<sup>(2)</sup> 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 15 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
<b>Consolidated assets measured at fair value</b>				
Other investments				
– Unlisted investment	427.4	–	–	427.4
Derivative assets				
– Interest rate derivatives	111.7	–	111.7	–
<b>Consolidated liabilities measured at fair value</b>				
Interest bearing liabilities				
– Fixed rate debt	4,085.8	–	4,085.8	–
– Floating rate debt	165.3	–	165.3	–
Other financial liabilities				
– Redeemable preference shares/units	1,316.1	–	1,059.2	256.9
Derivative liabilities				
– Interest rate derivatives	7.0	–	7.0	–

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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

	31 Dec 14 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
<b>Consolidated assets measured at fair value</b>				
Other investments				
– Unlisted investment	116.8	–	–	116.8
Derivative assets				
– Interest rate derivatives	164.9	–	164.9	–
<b>Consolidated liabilities measured at fair value</b>				
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	–	1071.8	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.

	<b>Unlisted investments<sup>(1)</sup> 31 Dec 15 US\$million</b>	<b>Redeemable preference shares/units<sup>(2)</sup> 31 Dec 15 US\$million</b>	Unlisted investments <sup>(1)</sup> 31 Dec 14 US\$million	Redeemable preference shares/units <sup>(2)</sup> 31 Dec 14 US\$million
<b>Level 3 fair value movement</b>				
Balance at the beginning of the year	<b>116.8</b>	<b>234.6</b>	101.6	347.6
Additions	<b>272.2</b>	–	15.7	–
Disposals	–	<b>(7.7)</b>	(0.5)	(160.4)
Net fair value gain/loss to income statement	<b>38.4</b>	<b>30.0</b>	–	47.4
Balance at the end of the year	<b>427.4</b>	<b>256.9</b>	116.8	234.6

<sup>(1)</sup> 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.

<sup>(2)</sup> 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 2015, an increment of 1% to the earnings yield would result in an additional gain of US\$41.8 million (31 December 2014: US\$37.4 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of US\$64.0 million (31 December 2014: US\$57.0 million) in the income statement.

**NOTE 36 PARENT ENTITY**

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

	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>(a) Assets</b>		
Current assets	1,942.5	2,009.4
Non current assets	4,693.1	4,366.4
<b>Total assets</b>	<b>6,635.6</b>	<b>6,375.8</b>
<b>(b) Liabilities</b>		
Current liabilities	2,242.7	2,586.2
Non current liabilities	416.9	354.6
<b>Total liabilities</b>	<b>2,659.6</b>	<b>2,940.8</b>
<b>(c) Total equity</b>		
Contributed equity	4,597.7	4,597.7
Accumulated losses and reserves	(621.7)	(1,162.7)
<b>Total equity</b>	<b>3,976.0</b>	<b>3,435.0</b>
<b>(d) Comprehensive income</b>		
Profit after tax for the period	1,012.6	(98.9)
Other comprehensive income	(209.0)	(41.4)
<b>Total comprehensive income for the period</b>	<b>803.6</b>	<b>(140.3)</b>
<b>(e) Contingent liabilities</b>		
Guaranteed borrowings of controlled entities	3,600.0	3,350.0
Guaranteed borrowings of associates of the Responsible Entity	1,049.9	1,173.3
	<b>4,649.9</b>	<b>4,523.3</b>

**NOTE 37 AUDITOR'S REMUNERATION**

	31 Dec 15 US\$000	31 Dec 14 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	135	145
	<b>135</b>	<b>145</b>
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	2,189	2,022
– Assurance and compliance services	120	–
– Taxation advice and compliance	612	169
– Technical accounting advice and services	530	–
	<b>3,451</b>	<b>2,191</b>
	<b>3,586</b>	<b>2,336</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 38 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 39.

#### Other Related Parties

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.

Prior to the Restructure and Merger implemented on 30 June 2014, detailed in Note 1(c), Scentre Group was a related party of the Group as it formed part of the former Westfield Group during the 2014 financial year. Scentre Group is not a related party of the Group for the 2015 financial year.

### 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 39.

#### 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) 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 financial year, the Westfield Corporation utilised 37.8 hours (for the six months ended 31 December 2014: 12.8 hours) of LFG's aircraft which was offset by LFG's use of the 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.

Westfield Corporation charged LFG US\$1,341,419 during the year ended 31 December 2015 (for the six months ended 31 December 2014: 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.

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.

During the financial year, Westfield Corporation charged LFG US\$819,038 (for the six months ended 31 December 2014: 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.

During the financial year, Westfield Corporation charged LFG US\$1,028,197 (for the six months ended 31 December 2014: US\$483,388) for service costs in relation to the provision of communication, security and other services on arm's length terms and conditions.

During the financial year Westfield Corporation provided security services to certain Directors.

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

Nature	Type	2015 US\$	2014 US\$
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.

#### (b) The Lowy Institute

During the financial year, Westfield Corporation charged The Lowy Institute US\$7,477 (for the six months ended 31 December 2014 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 2015.

#### (c) 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 2015 was US\$3.4 million (31 December 2014: US\$4.4 million) of which nil was payable at 31 December 2015 (31 December 2014: nil).

During the year, the Group paid to a subsidiary of WCL US\$8.9 million in respect of corporate service fees of which no amount was payable at 31 December 2015.

**NOTE 38 RELATED PARTY DISCLOSURES (CONTINUED)***Transactions with Other Related Parties (continued)***(c) Other Group entities (continued)***Cross currency swaps with WFDT*

WAT had cross currency swaps with WFDT during the year. WAT paid 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 £90.0million. The cross currency swap started in June 2014 and matured during the year.

The net interest income including net fair value gain on interest rate derivatives of US\$1.7 million (31 December 2014: loss of US\$1.9 million) for the year in respect of cross currency swaps with WFDT was US\$0.2 million (31 December 2014: net interest expense US\$0.9 million).

*Foreign currency contract with WCL*

WAT and WCL entered into a foreign currency contract in 2015. WAT paid US\$358.4 million to WCL in exchange for WCL paying A\$461.5 million to WAT. The foreign currency contract matured during the year and the loss from the contract was US\$0.6 million.

*Loans to/from WFDT*

During the year, WAT had A\$ interest bearing loans to/from WFDT. The balance of these loans at year end is a receivable of US\$336.2 million (31 December 2014: payable of US\$42.4 million), with accrued interest receivable of US\$0.5 million (31 December 2014: payable of US\$13,509). Interest accrues on these loans based on a floating rate. The net interest income for the year in respect of the loans to/from WFDT was US\$4.6 million (31 December 2014: interest expense US\$0.6 million).

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\$2,218.7 million (31 December 2014: US\$2,497.0 million)

*Loans to/from WCL*

During the year, WAT had A\$ interest bearing loans to/from WCL. The balance of these loans at year end is a receivable of US\$113.6 million (31 December 2014: payable of US\$15.2 million), with accrued interest receivable of US\$0.1 million (31 December 2014: payable of US\$4,847). Interest accrues on these loans based on a floating rate. The net interest income for the year in respect of the loans to/from WCL was US\$4.0 million (31 December 2014: interest expense US\$0.2 million).

During the year, WAT had US\$ interest bearing loans to/from WCL. The balance of these loans at year end is nil (31 December 2014: a receivable of US\$110.9 million), with accrued interest receivable of nil (31 December 2014: US\$0.3 million). Interest accrued on these loans based on a floating rate. The net interest income for the year in respect of the loans to/from WCL was US\$0.8 million (31 December 2014: US\$0.4 million).

*Sale of controlled entities*

During the year, WEA disposed of a wholly owned subsidiary to an entity controlled by WCL for an accounting gain of \$145.4 million (31 December 2014: nil).

**NOTE 39 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 twelve month period from 1 January 2015 to 31 December 2015 are set out below:

Frank Lowy	Chairman
Brian Schwartz	Deputy Chairman / Lead Independent Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Peter Goldsmith	Non-Executive Director
Michael Gutman	President / Chief Operating Officer
Mark G. Johnson	Non-Executive Director
Mark R. Johnson	Non-Executive Director
Don Kingsborough	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer
Steven Lowy	Co-Chief Executive Officer
Elliott Rusanow	Chief Financial Officer
John McFarlane	Non-Executive Director
Judith Sloan (retired 14 May 2015)	Non-Executive Director

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 39 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

### (b) Remuneration of Key Management Personnel

The aggregate remuneration for the year ended 31 December 2015 was:

Key Management Personnel	Short term benefits				Post Employment	Share Based	TOTAL
	Cash salary, fees and short term compensated absences US\$	Short term cash profit sharing and other bonuses US\$	Non-monetary benefits US\$	Other short term employee benefits <sup>(i)</sup> US\$	Other post employment benefits US\$	Amortisation of cash and equity settled share based payments <sup>(ii)</sup> US\$	US\$
<b>KEY MANAGEMENT PERSONNEL - DIRECTORS</b>							
<b>31 December 2015</b>	<b>8,614,751</b>	<b>6,380,000</b>	<b>139,787</b>	<b>318,300</b>	<b>93,411</b>	<b>8,529,027</b>	<b>24,075,276</b>
31 December 2014 <sup>(iii)</sup>	4,026,116	4,290,452	76,659	98,904	40,352	6,443,974	14,976,457
<b>KEY MANAGEMENT PERSONNEL - NON DIRECTORS</b>							
<b>31 December 2015</b>	<b>980,000</b>	<b>815,000</b>	<b>-</b>	<b>27,869</b>	<b>-</b>	<b>904,531</b>	<b>2,727,400</b>
31 December 2014 <sup>(iii)</sup>	845,690	778,925	-	37,813	-	1,756,592	3,419,020
<b>TOTAL KEY MANAGEMENT PERSONNEL</b>							
<b>31 December 2015</b>	<b>9,594,751</b>	<b>7,195,000</b>	<b>139,787</b>	<b>346,169</b>	<b>93,411</b>	<b>9,433,558</b>	<b>26,802,676</b>
31 December 2014 <sup>(iii)</sup>	4,871,806	5,069,377	76,659	136,717	40,352	8,200,566	18,395,477

<sup>(i)</sup> Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless stated otherwise.

<sup>(ii)</sup> 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.

<sup>(iii)</sup> 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.

### (c) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 38.

(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 40** DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 15 – Interest		31 Dec 14 – Interest	
	Beneficial* Parent Entity %	Consolidated or Equity accounted %	Beneficial* Parent Entity %	Consolidated or Equity accounted %
<b>ENTITIES INCORPORATED IN AUSTRALIA</b>				
<b>Parent Entity</b>				
Westfield America Trust				
<b>Consolidated Controlled Entities</b>				
WFA Finance (Aust) Pty Limited	100.0	100.0	100.0	100.0
<b>ENTITIES INCORPORATED IN UNITED STATES</b>				
<b>Consolidated Controlled Entities</b>				
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 2015 and the performance of the consolidated entity for the year ended on that date in accordance with section 297 of the Corporations Act 2001;
  - (iii) the International Financial Reporting Standards issued by the International Accounting Standards Board; and
- (c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cw/ith).

Made on 16 March 2016 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



Ernst & Young Centre  
680 George Street  
Sydney NSW 2000 Australia  
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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 2015, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the 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(b), 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 2015 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(b).

Ernst & Young

Graham Ezzy  
Partner

Sydney, 16 March 2016

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 2015 (Financial Year).

Westfield Corporation was established on 30 June 2014 by the stapling of securities of each of Westfield Corporation Limited (WCL), WFD Trust (WFDT) 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 IFRS profit of \$1,875.2 million and a distribution of \$445.7 million for the Financial Year.

The Group contributed net property income of \$632.2 million for the Financial Year.

Management and project income was \$47.4 million for the Financial Year. This includes income from managing centres held in joint ventures and project income from our United States joint venture assets.

During the Financial Year, the Group reported property revaluations of \$230.5 million. The majority of the revaluation gain was for the Flagship assets, in particular Annapolis, Montgomery, San Francisco, Southcenter and Topanga (including the completed development at The Village) in the United States.

The deferred tax credit of \$1,194.0 million includes \$173.2 million accrued for deferred tax on the revaluation and tax depreciation of property investments and a one off \$1,367.2 million tax benefit arising from a change in applicable tax rates for accounting purposes.

During the Financial Year, the Group completed the \$250 million development at The Village at Topanga in Los Angeles.

The Group has a number of projects in progress, including:

- The \$1.4 billion Westfield World Trade Center (New York);
- The \$800 million redevelopment of Century City (Los Angeles); and
- The \$585 million expansion of UTC (San Diego) (Group's share: \$293 million).

Westfield World Trade Center is now fully leased. This will be a spectacular shopping, dining, event and entertainment destination integrated into the \$4 billion Transportation Hub of Lower Manhattan. The project will showcase a diverse mix of over 100 domestic and international fashion, dining, beauty, entertainment and technology retailers including flagship stores for Apple and Eatly. The project is scheduled to open in August 2016.

The Group is making good progress at Century City, to be anchored by a new Nordstrom and Macy's department store and a refurbished Bloomingdales department store. UTC is also progressing well and will be anchored by a new Nordstrom department store.

Predevelopment work also continues on the expansion at Valley Fair in Silicon Valley, to be anchored by a new Bloomingdales department store. This project is expected to commence this year.

As at 31 December 2015, the Group has proportionate balance sheet assets of \$15.0 billion, including property investments of \$12.7 billion.

In September 2015, Westfield Corporation issued \$1 billion of 144A bonds, of which the Group was assigned \$300 million.

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, there have been no subsequent events to report.

### 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 in 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 Corporation 2015 Sustainability Report which includes Westfield Corporation's shopping centres, can be found at <http://www.westfieldcorp.com/about/sustainability/>.

## 2. DISTRIBUTIONS

For the six months ended 31 December 2014, the Trust distribution of US3.64 cents per ordinary unit formed part of the distribution of US12.3000 cents per ordinary WFD stapled security paid on 28 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.

For the six months ended 30 June 2015, the Trust distribution of US9.0000 cents per ordinary unit formed part of the distribution of US12.5500 cents per ordinary WFD stapled security paid on 31 August 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.

For the six months ended 31 December 2015, the Trust distribution of US12.45 cents per ordinary unit formed part of the distribution of US12.55 cents per ordinary Westfield Corporation (WFD) stapled security paid on 29 February 2016. This distribution is 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.

## 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
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Lord Peter Goldsmith QC PC	Non-Executive Director
Michael Gutman OBE	President / Chief Operating Officer
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Don Kingsborough	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Professor Judith Sloan	Non-Executive Director (retired 14 May 2015)

#### 4. DIRECTORS' DIRECTORSHIPS OF OTHER LISTED COMPANIES

The following table sets out the directorships of other Australian listed companies and managed investment schemes 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.

As a result of the restructure and merger of the Westfield Group in June 2014, Westfield Holdings Limited and Westfield Management Limited are now part of Scentre Group and have been renamed Scentre Group Limited and Scentre Management Limited respectively.

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
	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
	RE2 Limited^^	30 June 2014	Continuing
Ilana Atlas	Brambles Limited	13 March 2009	30 June 2014
	Westfield America Management Limited*	25 May 2011	Continuing
	Coca-Cola Amatil Limited	23 February 2011	Continuing
	Australia and New Zealand Banking Group Limited	24 September 2014	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	Westfield America Management Limited*	29 May 2002	Continuing
	Scentre Group Limited**	13 July 2004	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

#### 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 was formerly Westfield Holdings Limited, the shares of which were stapled to units in Westfield Trust and 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 was formerly Westfield Management Limited as responsible entity for (a) Westfield Trust, a managed investment scheme, the units of which were stapled to shares in Westfield Holdings Limited and units in Westfield America Trust, and which traded on the ASX as Westfield Group; and (b) Carindale Property Trust, a listed managed investment scheme. Scentre Management Limited and Carindale Property Trust are now part of Scentre Group.

^ RE1 Limited was the responsible entity for the former Westfield Retail Trust 1, a managed investment scheme, the units of which were stapled to units Westfield Retail Trust 2, and which traded on the ASX as Westfield Retail Trust. RE1 Limited is now part of Scentre Group, and is responsible entity for Scentre Group Trust 2 (formerly Westfield Retail Trust 2), the units of which are stapled to units in Scentre Group Trust 1 (formerly Westfield Trust) and Scentre Group Trust 3 (formerly Westfield Retail Trust 2) and shares in Scentre Group Limited (formerly Westfield Holdings Limited) and which trade on the ASX as Scentre Group.

^^ RE2 Limited, was the responsible entity for Westfield Retail Trust 2, a managed investment scheme, the units of which were stapled to units in Westfield Retail Trust 1, and which traded on the ASX as Westfield Retail Trust. RE2 Limited is now part of Scentre Group and is the responsible entity for Scentre Group Trust 3 (formerly Westfield Retail Trust 2), the units of which are stapled to units in Scentre Group Trust 1 (formerly Westfield Trust) and Scentre Group Trust 2 (formerly Westfield Retail Trust 1) and shares in Scentre Group Limited (formerly Westfield Holdings Limited) and which trade on the ASX as Scentre Group.

## Directors' Report (continued)

Biographies for each of the Directors can be found in the 2015 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 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	
Brian Schwartz	31,110
Ilana Atlas	30,810
Roy Furman	50,000
Peter Goldsmith	5,000
Michael Gutman	1,146,498
Mark G. Johnson	20,000
Mark R. Johnson	75,000
Don Kingsborough	Nil
John McFarlane	51,951

Professor Judith Sloan retired from the Board on 14 May 2015. On the date of retirement, Professor Sloan held 3,000 stapled securities in Westfield Corporation.

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 for a person who is or has been an officer or auditor of 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.

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

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

### 7. SPECIAL RULES FOR REGISTERED SCHEMES

- US\$3.4 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 199,444,014 units as at the end of the Financial Year.

- Details of the units issued in the Trust during the Financial Year are set out in Note 19 on page 20.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 11 and 12 on pages 9, 14 and 15 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 19 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

As lead auditor for the audit of Westfield America Trust for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Westfield America Trust and the entities it controlled during the financial year.

**Ernst & Young**

Sydney, 16 March 2016

**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 2016

**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 2015 Westfield Corporation Annual Financial Report. Westfield Corporation's Annual Financial Report is available on the [westfieldcorp.com](http://westfieldcorp.com) website.

# Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2015

## Twenty Largest Holders of Stapled Securities in Westfield Corporation\*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	643,301,257	30.96
2.	J P Morgan Nominees Australia Limited	354,754,787	17.07
3.	National Nominees Limited	242,308,905	11.66
4.	Cordera Holdings Pty Limited	145,835,168	7.02
5.	Citicorp Nominees Pty Limited	143,671,568	6.91
6.	BNP Paribas Noms Pty Ltd <DRP>	73,633,770	3.54
7.	AMP Life Limited	32,992,111	1.59
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	32,169,065	1.55
9.	Hazel Equities Pty Ltd	23,771,039	1.14
10.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	20,414,059	0.98
11.	Mr Frank P Lowy	14,107,391	0.68
12.	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	6,307,381	0.30
13.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	6,254,771	0.30
14.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.28
15.	UBS Wealth Management Australia Nominees Pty Ltd	5,511,045	0.27
16.	J P Morgan Nominees Australia Limited	5,434,070	0.26
17.	UBS Nominees Pty Ltd	5,288,641	0.25
18.	BNP Paribas Noms (NZ) Ltd <DRP>	5,208,757	0.25
19.	Lowy Foundation Pty Ltd	5,086,016	0.24
20.	Australian Foundation Investment Company Limited	4,672,580	0.22
		<b>1,776,591,806</b>	<b>85.47</b>

\* Ordinary shares in Westfield Corporation Ltd are stapled to units in Westfield America Trust and WFD Trust.

The 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	22,050,918	46,343	1.06
1,001-5,000	0	0	90,030,668	40,438	4.33
5,001-10,000	0	0	37,620,713	5,382	1.81
10,001-100,000	52,500	1	62,759,153	2,840	3.02
100,001 and over	27,608,709	3	1,865,628,234	197	89.78
Total	27,661,209	4	2,078,089,686	95,200	100.00

As at 17 February 2016, 3,896 security holders 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 17 February 2016 is 27,661,209.

\*\* There are 14,709,454 performance rights on issue to a total of 196 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.

\*\*\* During FY15, 5,576,924 Westfield Corporation securities (at an average rate of \$9.3954) were acquired on-market by Westfield's Performance Rights Trusts to satisfy executive entitlements on the vesting of rights under Westfield's equity-linked incentive plans.

### 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
State Street Corporation	131,634,765
BlackRock Group	128,048,647
The Vanguard Group, Inc	122,771,164
AMP Limited	103,920,713



**WFD Trust**  
**Annual Financial Report**  
**31 December 2015**

# Directory

## Westfield Corporation

Westfield Corporation Limited  
ABN 12 166 995 197

## WFD Trust

ARSN 168 765 875  
(responsible entity Westfield America  
Management Limited  
ABN 66 072 780 619, 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  
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# Annual Financial Report

## **WFD TRUST**

For the Financial Year ended 31 December 2015

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# Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 <sup>1</sup> US\$million
<b>Revenue</b>			
Investment income		83.3	1.0
<b>Expenses</b>			
Overheads		(2.0)	(1.1)
Interest income	21	0.5	–
Currency gain/(loss)		(1.3)	0.2
Financing costs	21	(7.9)	(0.3)
Net fair value gain/(loss) on interest rate derivatives	21	(1.7)	1.9
Revaluation of investments		265.5	286.2
Gain in respect of capital transactions	3	23.9	–
Charges in respect of the Restructure and Merger	4	–	(29.0)
<b>Profit before tax for the period</b>		<b>360.3</b>	<b>258.9</b>
Tax expense		–	–
<b>Profit after tax for the period attributable to the members of the WFD Trust (WFDT)</b>		<b>360.3</b>	<b>258.9</b>
		<b>US cents</b>	<b>US cents</b>
<b>Basic earnings per WFD Trust unit</b>	6	<b>17.34</b>	12.46
<b>Diluted earnings per WFD Trust unit</b>	6	<b>17.34</b>	12.46

<sup>1</sup> Comprised of earnings for the period from 9 April 2014 to 31 December 2014.

# Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2015

	31 Dec 15 US\$million	31 Dec 14 <sup>1</sup> US\$million
<b>Profit after tax for the period</b>	<b>360.3</b>	258.9
<b>Other comprehensive income/(loss)</b>		
<i>Movement in foreign currency translation reserve</i>		
– Net exchange difference from the use of a presentation currency other than the functional currency	<b>(581.3)</b>	(733.8)
<b>Total comprehensive income/(loss) for the period</b>	<b>(221.0)</b>	(474.9)

<sup>1</sup> Comprised of earnings for the period from 9 April 2014 to 31 December 2014.

# Balance Sheet

AS AT 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Current assets</b>			
Cash and cash equivalents		13.4	6.4
Receivables	7	2,908.0	3,374.7
<b>Total current assets</b>		<b>2,921.4</b>	<b>3,381.1</b>
<b>Non current assets</b>			
Investments	8	2,110.6	1,787.2
<b>Total non current assets</b>		<b>2,110.6</b>	<b>1,787.2</b>
<b>Total assets</b>		<b>5,032.0</b>	<b>5,168.3</b>
<b>Current liabilities</b>			
Payables and other creditors	9	338.4	–
<b>Total current liabilities</b>		<b>338.4</b>	<b>–</b>
<b>Total liabilities</b>		<b>338.4</b>	<b>–</b>
<b>Net assets</b>		<b>4,693.6</b>	<b>5,168.3</b>
<b>Equity attributable to members of WFD Trust</b>			
Contributed equity	10	5,643.2	5,643.2
Reserves	12	(1,315.1)	(733.8)
Retained profits	13	365.5	258.9
<b>Total equity attributable to members of WFD Trust</b>		<b>4,693.6</b>	<b>5,168.3</b>

# Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2015

	Comprehensive Income 31 Dec 15 US\$million	Equity and Reserves 31 Dec 15 US\$million	<b>Total 31 Dec 15 US\$million</b>	Total 31 Dec 14 US\$million
<b>Changes in equity attributable to members of the WFD Trust</b>				
Opening balance of contributed equity	–	5,643.2	<b>5,643.2</b>	–
– Initial equity contributed for WFDT pursuant to the establishment of Westfield Corporation	–	–	–	5,643.2
Closing balance of contributed equity	–	5,643.2	<b>5,643.2</b>	5,643.2
Opening balance of reserves	–	(733.8)	<b>(733.8)</b>	–
– Movement in foreign currency translation reserve	(581.3)	–	<b>(581.3)</b>	(733.8)
Closing balance of reserves	(581.3)	(733.8)	<b>(1,315.1)</b>	(733.8)
Opening balance of retained profits	–	258.9	<b>258.9</b>	–
– Profit after tax for the period	360.3	–	<b>360.3</b>	258.9
– Distributions paid	–	(253.7)	<b>(253.7)</b>	–
Closing balance of retained profits	360.3	5.2	<b>365.5</b>	258.9
<b>Closing balance of equity attributable to members of WFD Trust</b>	<b>(221.0)</b>	<b>4,914.6</b>	<b>4,693.6</b>	<b>5,168.3</b>

# Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 <sup>1</sup> US\$million
<b>Cash flows used in operating activities</b>			
Distributions received from investments		2.7	1.0
Payments in the course of operations (including sales tax)		(27.4)	(1.1)
<b>Net cash flows used in operating activities</b>	14(b)	<b>(24.7)</b>	(0.1)
<b>Cash flows used in investing activities</b>			
Proceeds from the disposition of investments		84.4	–
Payments for investments		(178.8)	–
<b>Net cash flows used in investing activities</b>		<b>(94.4)</b>	–
<b>Cash flows from financing activities</b>			
Receipts from Restructure and Merger		–	3,898.9
Loans from/(advanced to) related entities		386.8	(3,892.1)
Interest paid		(6.7)	(0.3)
Distributions paid		(253.7)	–
<b>Net cash flows from financing activities</b>		<b>126.4</b>	6.5
Net increase in cash and cash equivalents held		7.3	6.4
Add opening cash and cash equivalents brought forward		6.4	–
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(0.3)	–
<b>Cash and cash equivalents at the end of the period</b>	14(a)	<b>13.4</b>	6.4

<sup>1</sup> Comprised of cash flows for the period from 9 April 2014 to 31 December 2014.

# Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

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# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## 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 year ended 31 December 2015 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 2016.

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

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

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

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

The Restructure and Merger was implemented in three main stages:

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

### (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.

### (d) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards Board. The accounting policies adopted are consistent with those used in the annual financial report for the year ended 31 December 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 2015.

- AASB 2014-1 Part A Annual Improvements to IFRS 2010-2012 Cycle; and
- AASB 2014-1 Part A Annual Improvements to IFRS 2011 - 2013 Cycle.

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 year ended 31 December 2015. 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, measurement, impairment and hedge accounting of financial assets and liabilities compared with the requirements of AASB 139 Financial Instruments: Recognition and Measurement. The Trust is currently assessing the impact of this standard.
  - AASB 15 Revenue from Contracts with Customers (expected to be effective from 1 January 2018)  
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.
  - IFRS 16 Leases (expected to be effective from 1 January 2019)  
This standard specifies how an entity recognise, measure, present and disclose leases. 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);
  - AASB 2014-1 Amendments to Australian Accounting Standards - Part E: Financial Instruments (effective from 1 January 2018);
  - AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations. (AASB 1 & AASB 11) (effective from 1 January 2016);
  - AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (effective from 1 January 2016);
  - AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012 - 2014 Cycle. (effective from 1 January 2016);
  - AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 (effective from 1 January 2016); and
  - AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality (effective from 1 July 2015).

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.

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

### **(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.

### **(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 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **(a) 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.

### **(b) Investments**

#### *Listed and unlisted investments*

Listed and unlisted investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to the market value of similar investments.

### **(c) 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.

### **(d) 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.

### **(e) 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.

### **(f) 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.

### **(g) 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 rates. 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 United States 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 United States dollars in the following manner:

- (a) assets and liabilities are translated to United States dollars at the year end exchange rate;
- (b) income and expenses are translated to United States 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.

### **(h) Rounding**

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

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

31 Dec 15  
US\$million

31 Dec 14  
US\$million

## NOTE 3 GAIN IN RESPECT OF CAPITAL TRANSACTIONS

Asset dispositions		
– proceeds from asset dispositions	84.4	
– less: carrying value of assets disposed and other capital costs	(60.5)	
Gain in respect of asset dispositions	23.9	–

## NOTE 4 CHARGES IN RESPECT OF THE RESTRUCTURE AND MERGER

Transaction costs in respect of the Restructure and Merger	–	(29.0)
	–	(29.0)

## NOTE 5 TAXATION

### 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	360.3	258.9
Prima facie tax expense at 30%	(108.1)	(77.7)
Revaluation of investments not assessable	79.7	85.9
Trust income not taxable - tax payable by unitholders	28.4	(8.2)
Tax expense	–	–

US cents US cents

## NOTE 6 EARNINGS PER UNIT

### (a) Summary of earnings per unit

Basic earnings per unit attributable to members of the WFD Trust	17.34	12.46
Diluted earnings per unit attributable to members of the WFD Trust	17.34	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	US\$million
Earnings used in calculating basic earnings per unit	360.3	258.9
Adjustment to earnings on options which are considered dilutive	–	–
Earnings used in calculating diluted earnings per unit	360.3	258.9

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	2,078,089,686	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	2,078,089,686

### (c) Conversions, calls, subscription or issues after 31 December 2015

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.

	Note	US\$million	US\$million
--	------	-------------	-------------

## NOTE 7 RECEIVABLES

### Current

Receivables from related entities		2.0	46.8
Non-interest bearing loans receivables from related entities		2,906.0	3,327.9
	19,21	2,908.0	3,374.7



# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>NOTE 12 RESERVES</b>			
Foreign currency translation reserve	2(g)	(1,315.1)	(733.8)
		<b>(1,315.1)</b>	<b>(733.8)</b>

## 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 year		(733.8)	–
Foreign exchange movement			
– accumulated exchange differences resulting from the use of a presentation currency other than the functional currency		(581.3)	(733.8)
Balance at the end of the year		<b>(1,315.1)</b>	<b>(733.8)</b>

## NOTE 13 RETAINED PROFITS

### Movement in retained profits

Balance at the beginning of the year		258.9	–
Profit after tax for the year		360.3	258.9
Distributions paid		(253.7)	–
Balance at the end of the year		<b>365.5</b>	<b>258.9</b>

## NOTE 14 CASH AND CASH EQUIVALENTS

### (a) Components of cash and cash equivalents

Cash		13.4	6.4
------	--	------	-----

### (b) Reconciliation of profit after tax to net cash flows used in operating activities

Profit after tax		360.3	258.9
Revaluation of investments		(265.5)	(286.2)
Net fair value (gain)/loss on interest rate derivatives		1.7	(1.9)
Financing costs		7.9	0.3
Interest income		(0.5)	–
Currency (gain)/loss		1.3	(0.2)
Gain in respect of capital transactions		(23.9)	–
Charges in respect of the Restructure and Merger		–	29.0
Accrued income from investments		(80.6)	–
Increase in working capital attributable to operating activities		(25.4)	–
Net cash flows used in operating activities		<b>(24.7)</b>	<b>(0.1)</b>

## NOTE 15 DISTRIBUTIONS

### (a) Final distribution paid

Distribution in respect of the 6 months to 31 December 2015

Ordinary units: 0.10 US cents per unit, 54% estimated tax deferred		2.1	–
--	--	-----	---

Distribution in respect of the 6 months to 31 December 2014

Ordinary units: 8.66 US cents per unit, 92% tax deferred (includes 8% CGT concession amount)		–	180.0
--	--	---	-------

**2.1** 180.0

Interim distribution was paid on 31 August 2015. Final distribution was paid on 29 February 2016. The record date for the final distribution was 5pm, 15 February 2016. No distribution reinvestment plan is operational for the distribution.

### (b) Interim distribution paid

Distribution in respect of the 6 months to 30 June 2015 (30 June 2014: nil)

Ordinary units: 3.55 US cents per unit, 54% estimated tax deferred		73.7	–
--	--	------	---

**73.7** –

## NOTE 16 CONTINGENT LIABILITIES

Guaranteed borrowings of associates of the Responsible Entity		4,649.9	4,523.3
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## NOTE 17 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 18 EXCHANGE RATE RISK MANAGEMENT

	Note	31 Dec 15 million	31 Dec 14 million
<b>Foreign currency net investments</b>			
The Trust had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
<b>British Pound</b>			
£ net assets (investments and cash)		<b>£1,441.0</b>	£1,148.1
£ denominated net assets		<b>£1,441.0</b>	£1,148.1
US\$ equivalent		<b>US\$2,123.6</b>	US\$1,791.5

### Australian Dollar

A\$ net assets		<b>A\$3,987.4</b>	A\$4,118.1
A\$ borrowings from related entity	21	<b>A\$(461.5)</b>	–
A\$ denominated net assets		<b>A\$3,525.9</b>	A\$4,118.1
US\$ equivalent		<b>US\$2,569.0</b>	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.

<b>Foreign currency sensitivity</b>		31 Dec 15 US\$million	31 Dec 14 US\$million
The sensitivity of £ denominated net assets to changes in the year end US\$/£0.6786 (31 December 2014: 0.6409) rate is as follows:	US\$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 pence	<b>887.5</b>	812.8
	- 10 pence	<b>367.1</b>	331.2
	- 5 pence	<b>168.9</b>	151.6
	+ 5 pence	<b>(145.7)</b>	(129.7)
	+ 10 pence	<b>(272.8)</b>	(241.8)
	+ 20 pence	<b>(483.4)</b>	(426.1)
The sensitivity of A\$ denominated net assets to changes in the year end US\$/A\$1.3725 (31 December 2014: 1.2195) rate is as follows:	US\$/A\$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	- 20 cents	<b>438.2</b>	662.4
	- 10 cents	<b>201.9</b>	301.6
	- 5 cents	<b>97.1</b>	144.4
	+ 5 cents	<b>(90.3)</b>	(133.0)
	+ 10 cents	<b>(174.5)</b>	(255.9)
	+ 20 cents	<b>(326.7)</b>	(475.8)

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 18 EXCHANGE RATE RISK MANAGEMENT (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		Amount receivable/(payable) million			
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-15	31-Dec-14	31-Dec-14
<b>£</b>						
Contracts to receive A\$ and pay £	-	0.4270	-	-	A\$210.8	£(90.0)

At 31 December 2015, 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 2015, the aggregate fair value is nil (31 December 2014: a receivable of US\$1.7 million). The change in fair value for the financial year ended 31 December 2015 was US\$1.7 million (31 December 2014: US\$1.7 million).

Foreign currency sensitivity	31-Dec-15 US\$million	31-Dec-14 US\$million
The sensitivity of fair value of cross currency interest rate swaps to changes in the year end US\$/A\$1.3725 (31 December 2014: 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 year end US\$/£0.6786 (31 December 2014: 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 19 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		Carrying amount	
	31 Dec 15 US\$million	31 Dec 14 US\$million	31 Dec 15 US\$million	31 Dec 14 US\$million
<b>Consolidated assets</b>				
Cash and cash equivalents	13.4	6.4	13.4	6.4
Receivables <sup>(i)</sup>	2,908.0	3,373.0	2,908.0	3,373.0
Investments <sup>(ii)</sup>	2,110.6	1,787.2	2,110.6	1,787.2
Derivative assets <sup>(ii)</sup>	-	1.7	-	1.7
<b>Consolidated liabilities</b>				
Payables and other creditors <sup>(i)</sup>	338.4	-	338.4	-

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

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

**NOTE 19 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)****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 15 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
<b>Consolidated assets measured at fair value</b>				
Investments				
– Listed investments	69.0	69.0	–	–
– Unlisted investments	2,041.6	–	–	2,041.6
Derivative assets				
– Interest rate derivatives - WAT	–	–	–	–

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

	31 Dec 14 US\$million	Level 1 US\$million	Level 2 US\$million	Level 3 US\$million
<b>Consolidated assets measured at fair value</b>				
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 year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

	<b>Unlisted investments<sup>0</sup> 31 Dec 15 US\$million</b>	Unlisted investments <sup>0</sup> 31 Dec 14 US\$million
<b>Level 3 fair value movement</b>		
Balance at the beginning of the year	1,645.1	–
Additions	329.3	1,399.4
Net fair value gain to income statement	264.7	245.7
Net exchange differences on translation of foreign investments	(197.5)	–
Balance at the end of the year	2,041.6	1,645.1

<sup>0</sup> 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 15 US\$000	31 Dec 14 US\$000
– Audit or review of the financial reports	33.9	36.1
	<b>33.9</b>	<b>36.1</b>

**NOTE 20 AUDITOR'S REMUNERATION**

Amounts received or due and receivable by the auditors of the Trust for:

– Audit or review of the financial reports	33.9	36.1
	<b>33.9</b>	<b>36.1</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2015

## NOTE 21 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 twelve months ended 31 December 2015 was US\$1.0 million (31 December 2014: US\$1.0 million) of which US\$nil was payable at 31 December 2015 (31 December 2014: US\$nil).

### Loans and financial derivatives

#### Loans from/to WCL

During the financial year, the Trust had A\$ interest bearing loans from/to WCL. The balance of these loans at year end is nil (31 December 2014: receivable of US\$4.4 million), with accrued interest receivable of nil (31 December 2014: US\$8,864). Interest accrued on these loans based on a floating rate. The net interest expense for the year in respect of the loans from/to WCL was US\$4.4 million (31 December 2014: interest income US\$0.1 million).

During the financial year, the Trust had £ interest bearing loans to WCL. The balance of these loans at year end is nil (31 December 2014: 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\$81,974 (31 December 2014: nil).

During the financial year, the Trust had an A\$ non-interest bearing loan to WCL. The balance of the loan at year end is a receivable of US\$687.3 million (31 December 2014: US\$857.3 million).

During the period ended 30 June 2014, the Trust incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger and this amount was paid to WCL during the financial year ended 31 December 2015.

#### Loans from/to WAT

During the financial year, the Trust had A\$ interest bearing loans from/to WAT. The balance of these loans at year end is a payable of US\$336.2 million (31 December 2014: receivable of US\$42.4 million), with accrued interest payable of US\$0.5 million (31 December 2014: receivable of US\$13,509). Interest accrues on these loans based on a floating rate. The net interest expense for the year in respect of the loans from/to WAT was US\$4.6 million (31 December 2014: interest income US\$0.6 million).

During the financial year, the Trust had an A\$ non-interest bearing loan to WAT. The balance of the loan at year end is a receivable of US\$2,218.7 million (31 December 2014: US\$2,497.0 million).

#### Cross currency swaps with WAT

The Trust had cross currency swaps with WAT during the financial year. The Trust paid 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 matured during the year.

The net interest expense including net fair value loss on interest rate derivatives of US\$1.7 million (31 December 2014: gain of US\$1.9 million) for the financial year in respect of cross currency swaps with WAT was US\$0.2 million (31 December 2014: net interest income US\$0.9 million).

#### Foreign currency contracts with WCL entities

The Trust and WCL entities entered into foreign currency contracts in 2015, at market rates. The Trust paid £48.0 million to WCL entities in exchange for WCL entities paying A\$100.7 million to the Trust. The foreign currency contracts matured during the year and the net gain from the contracts was US\$0.2 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 2015 and the performance of WFDT 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 2016 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



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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 consolidated balance sheet as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

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

### Auditor's responsibility

Our responsibility is to express 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 2015 and of its performance for the financial year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(d).

Ernst & Young

Graham Ezzy  
Partner

Sydney, 16 March 2016

# Directors' Report

The Directors of Westfield America Management Limited (**Responsible Entity**), the responsible entity of WFD Trust (**Trust**) submit the following report for the year ended 31 December 2015 (**Financial Year**).

## 1. OPERATIONS AND ACTIVITIES

### 1.1 Review of Operations and Results of Operations

The Trust reported a net profit of US\$360.3 million. The basic earnings per unit is US\$17.34 cents and the distribution per unit is US\$3.65 cents for the Financial Year.

During the Financial Year, the Trust reported a revaluation gain of US\$265.5 million reflecting the capital appreciation in its investments in entities that hold the Westfield Corporation's UK property assets. The Trust also reported a gain of US\$23.9 million in respect of the disposition of its listed investments.

In 2014, the Trust incurred transaction costs of US\$29.0 million in respect of the Restructure and Merger and this amount was paid to Westfield Corporation Limited during the year.

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

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](http://www.westfieldcorp.com).

### 1.2 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 Year.

### 1.3 Subsequent Events

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

### 1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and Results of Operations above. The likely developments in 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.

### 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 Corporation 2015 Sustainability Report which includes Westfield Corporation's shopping centres, can be found at <http://www.westfieldcorp.com/about/sustainability/>.

## 2. DISTRIBUTIONS

For the six months ended 31 December 2014, the Trust distribution of US\$8.6600 cents per ordinary unit formed part of the distribution of US\$12.3000 cents per ordinary Westfield Corporation (**WFD**) stapled security paid on 27 February 2015. This distribution is 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.

For the six months ended 30 June 2015, the Trust distribution of US\$3.5500 cents per ordinary unit formed part of the distribution of US\$12.5500 cents per ordinary Westfield Corporation (**WFD**) stapled security paid on 31 August 2015. This distribution is 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.

For the six months ended 31 December 2015, the Trust distribution of US\$0.1000 cents per ordinary unit formed part of the distribution of US\$12.5500 cents per ordinary Westfield Corporation (**WFD**) stapled security paid on 29 February 2016. This distribution is 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 year and until the date of this report are set out below.

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Ilana Atlas	Non-Executive Director
Roy Furman	Non-Executive Director
Lord Peter Goldsmith QC PC	Non-Executive Director
Michael Gutman OBE	President / Chief Operating Officer
Mark G. Johnson	Non-Executive Director
Mark R. Johnson AO	Non-Executive Director
Don Kingsborough	Non-Executive Director
Peter Lowy	Co-Chief Executive Officer / Executive Director
Steven Lowy	Co-Chief Executive Officer / Executive Director
John McFarlane	Non-Executive Director
Professor Judith Sloan	Non-Executive Director (retired 14 May 2015)

Biographies for each of the Directors can be found in the 2015 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 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	
Brian Schwartz	31,110
Ilana Atlas	30,810
Roy Furman	50,000
Peter Goldsmith	5,000
Michael Gutman	1,146,498
Mark G. Johnson	20,000
Mark R. Johnson	75,000
Don Kingsborough	Nil
John McFarlane	51,951

Professor Judith Sloan retired from the Board on 14 May 2015. At the date of retirement, Professor Sloan held 3,000 stapled securities in Westfield Corporation.

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 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:

As a result of the restructure and merger of the Westfield Group in June 2014, Westfield Holdings Limited and Westfield Management Limited are now part of Scentre Group and have been renamed Scentre Group Limited and Scentre Management Limited respectively.

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
	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
	RE2 Limited^^	30 June 2014	Continuing
Ilana Atlas	Brambles Limited	13 March 2009	30 June 2014
	Westfield America Management Limited*	25 May 2011	Continuing
	Coca-Cola Amatil Limited	23 February 2011	Continuing
	Australia and New Zealand Banking Group Limited	24 September 2014	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	Westfield America Management Limited*	29 May 2002	Continuing
	Scentre Group Limited**	13 July 2004	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

#### 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 was formerly Westfield Holdings Limited, the shares of which were stapled to units in Westfield Trust and 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 was formerly Westfield Management Limited as responsible entity for (a) Westfield Trust, a managed investment scheme, the units of which were stapled to shares in Westfield Holdings Limited and units in Westfield America Trust, and which traded on the ASX as Westfield Group; and (b) Carindale Property Trust, a listed managed investment scheme. Scentre Management Limited and Carindale Property Trust are now part of Scentre Group.

^ RE1 Limited was the responsible entity for the former Westfield Retail Trust 1, a managed investment scheme, the units of which were stapled to units Westfield Retail Trust 2, and which traded on the ASX as Westfield Retail Trust. RE1 Limited is now part of Scentre Group, and is responsible entity for Scentre Group Trust 2 (formerly Westfield Retail Trust 2), the units of which are stapled to units in Scentre Group Trust 1 (formerly Westfield Trust) and Scentre Group Trust 3 (formerly Westfield Retail Trust 2) and shares in Scentre Group Limited (formerly Westfield Holdings Limited) and which trade on the ASX as Scentre Group.

^^ RE2 Limited, was the responsible entity for Westfield Retail Trust 2, a managed investment scheme, the units of which were stapled to units in Westfield Retail Trust 1, and which traded on the ASX as Westfield Retail Trust. RE2 Limited is now part of Scentre Group and is the responsible entity for Scentre Group Trust 3 (formerly Westfield Retail Trust 2), the units of which are stapled to units in Scentre Group Trust 1 (formerly Westfield Trust) and Scentre Group Trust 2 (formerly Westfield Retail Trust 1) and shares in Scentre Group Limited (formerly Westfield Holdings Limited) and which trade on the ASX as Scentre Group.

## 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 for a person who is or has been an officer or auditor of 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.

Premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and executive officers have been paid by a related corporation 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.

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

## 7. SPECIAL RULES FOR REGISTERED SCHEMES

- \$1.0 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 199,444,014 units as at the end of the Financial Year.
- Details of the units issued in the Trust during the Financial Year are set out in Note 10 on page 11.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(b) and 8 on pages 9 and 11 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 10 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



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

As lead auditor for the audit of WFD Trust for the financial year ended 31 December 2015, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of WFD Trust and the entities it controlled during the financial year.

**Ernst & Young**

Sydney, 16 March 2016

**Graham Ezzy**  
Partner

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 / 0100 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.

### 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 2016

**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 2015 Westfield Corporation Annual Financial Report. The Westfield Corporation's Annual Financial Report is available on the [westfieldcorp.com](http://westfieldcorp.com) website.

# Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2015

## Twenty Largest Holders of Stapled Securities in Westfield Corporation\*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	643,301,257	30.96
2.	J P Morgan Nominees Australia Limited	354,754,787	17.07
3.	National Nominees Limited	242,308,905	11.66
4.	Cordera Holdings Pty Limited	145,835,168	7.02
5.	Citicorp Nominees Pty Limited	143,671,568	6.91
6.	BNP Paribas Noms Pty Ltd <DRP>	73,633,770	3.54
7.	AMP Life Limited	32,992,111	1.59
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	32,169,065	1.55
9.	Hazel Equities Pty Ltd	23,771,039	1.14
10.	BNP Paribas Nominees Pty Ltd <Agency Lending DRP A/C>	20,414,059	0.98
11.	Mr Frank P Lowy	14,107,391	0.68
12.	RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	6,307,381	0.30
13.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	6,254,771	0.30
14.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.28
15.	UBS Wealth Management Australia Nominees Pty Ltd	5,511,045	0.27
16.	J P Morgan Nominees Australia Limited	5,434,070	0.26
17.	UBS Nominees Pty Ltd	5,288,641	0.25
18.	BNP Paribas Noms (NZ) Ltd <DRP>	5,208,757	0.25
19.	Lowy Foundation Pty Ltd	5,086,016	0.24
20.	Australian Foundation Investment Company Limited	4,672,580	0.22
		<b>1,776,591,806</b>	<b>85.47</b>

\* Ordinary shares in Westfield Corporation Ltd are stapled to units in Westfield America Trust and WFD Trust.

The 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	22,050,918	46,343	1.06
1,001-5,000	0	0	90,030,668	40,438	4.33
5,001-10,000	0	0	37,620,713	5,382	1.81
10,001-100,000	52,500	1	62,759,153	2,840	3.02
100,001 and over	27,608,709	3	1,865,628,234	197	89.78
Total	27,661,209	4	2,078,089,686	95,200	100.00

As at 17 February 2016, 3,896 security holders 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 17 February 2016 is 27,661,209.

\*\* There are 14,709,454 performance rights on issue to a total of 196 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.

\*\*\* During FY15, 5,576,924 Westfield Corporation securities (at an average rate of \$9.3954) were acquired on-market by Westfield's Performance Rights Trusts to satisfy executive entitlements on the vesting of rights under Westfield's equity-linked incentive plans.

### 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
State Street Corporation	131,634,765
BlackRock Group	128,048,647
The Vanguard Group, Inc	122,771,164
AMP Limited	103,920,713