28 March 2012

Westfield Group
Level 30
85 Castlereagh Street
Sydney NSW 2000
GPO Box 4004
Sydney NSW 2001
Australia

Telephone **02 9358 7000**
Facsimile **02 9358 7241**
Internet **www.westfield.com**

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

Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
ANNUAL REPORT FOR WESTFIELD GROUP

Attached is the Annual Report for the Westfield Group for the financial year ended 31 December 2011. The Annual Report will be despatched to members on or around 28 March 2012.

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

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

WESTFIELD GROUP ANNUAL REPORT 2011


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WESTFIELD SYDNEY:

The world-class project at Westfield Sydney has changed the face of retailing in downtown Sydney, and its mix of domestic and international luxury and 'high street' retailers, and the premium dining precinct has seen the centre achieve the highest specialty sales productivity in the Group's global portfolio in its first year.

CONTENTS

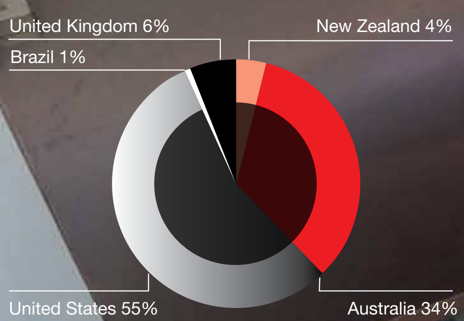
Front cover image: Westfield Stratford City

This page: Westfield Sydney

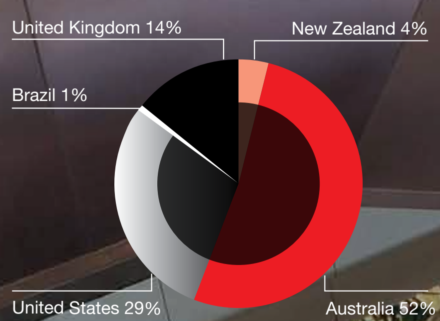
The Westfield Group has interests in and operates one of the world's largest shopping centre portfolios. This high-quality portfolio of 118 shopping centres across Australia, the United States, the United Kingdom, New Zealand and Brazil, is valued at $61.7 billion and has almost 24,300 retailers in more than 10.6 million square metres of retail space.

PORTFOLIO OVERVIEW (1)

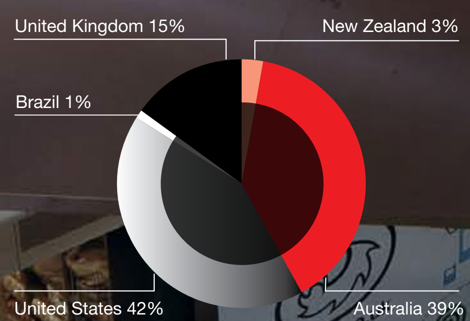
Gross Lettable Area



Assets Under Management

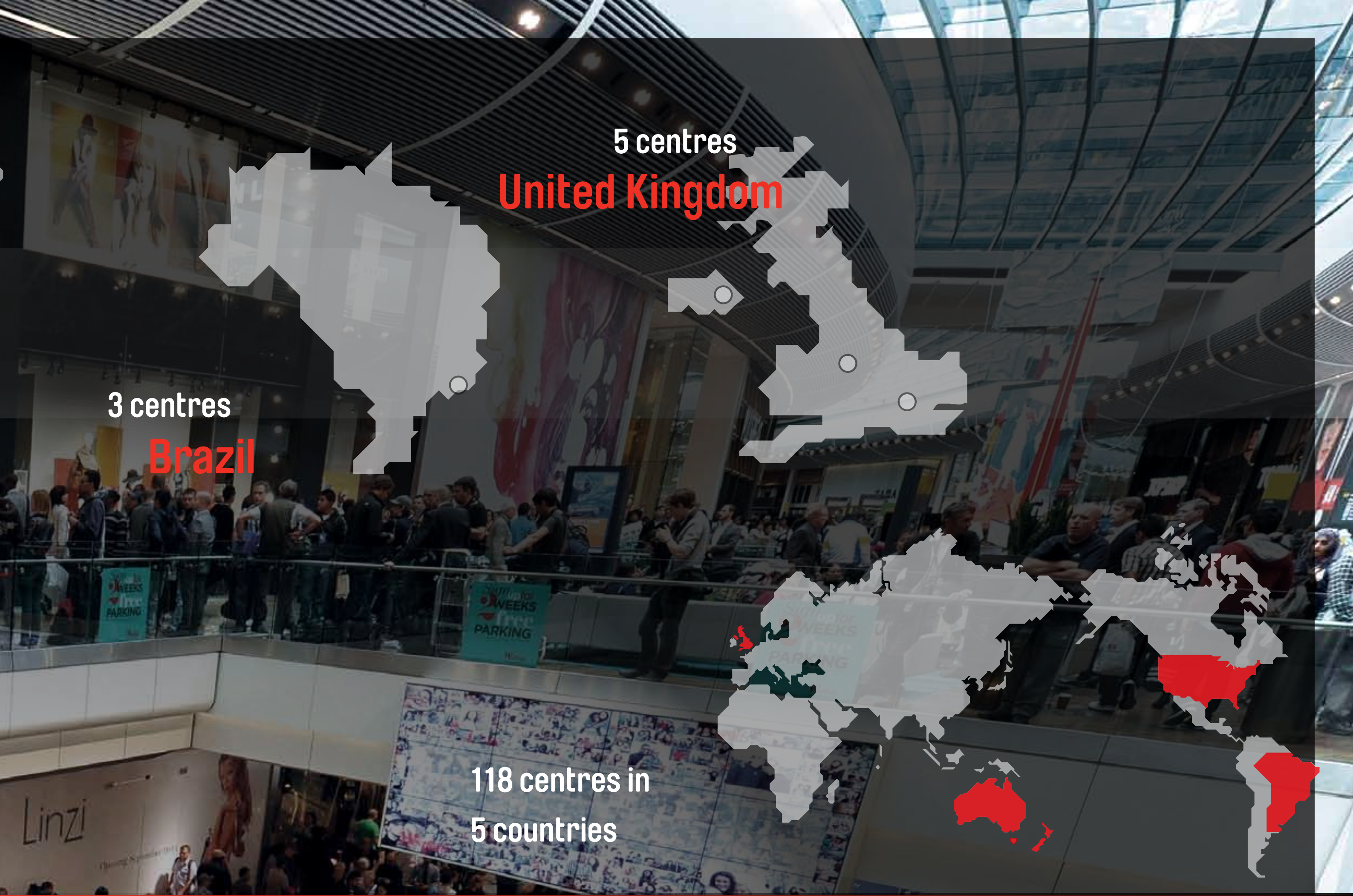


WDC Asset Value



Westfield Holdings Limited ABN 66 001 671 496
All amounts in Australian dollars unless otherwise specified

This report contains forward-looking statements, including statements regarding future earnings and distributions. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. You should not place undue reliance on these forward-looking statements. These forward-looking statements are based on information available to us as of the date of this report. Except as required by law or regulation (including the ASX Listing Rules) we undertake no obligation to update these forward-looking statements.



	Australia	New Zealand	United States	United Kingdom	Brazil	Total
Centres	43	12	55	5	3 [2]	118
Retail Outlets	11,885	1,711	8,930	1,270	492 [2]	24,288
Gross Lettable Area (million sqm)	3.6	0.4	5.9	0.6	0.1 [2]	10.6
WDC Asset Value (billion) [3]	$12.6	NZ$1.5	US$13.9	£3.1	na	$32.4
Asset Value – JV partner interests (billion)	$19.7	NZ$1.5	US$4.4	£2.6	na	$29.3
Assets Under Management (billion)	$32.3	NZ$3.0	US$18.3	£5.7	na	$61.7

[1] Proforma for the joint venturing of 12 assets in the United States and disposition of three non-core assets in the United Kingdom announced on 15 February 2012

[2] Excludes 2 development sites

[3] WDC share of shopping centre assets including construction in progress and assets held for redevelopment.

Note: Exchange rates as of 31 December 2011 were AUD/USD: 1.0170, AUD/GBP: 0.6587, AUD/NZD: 1.3151

CHAIRMAN'S REPORT

FRANK LOWY, AC

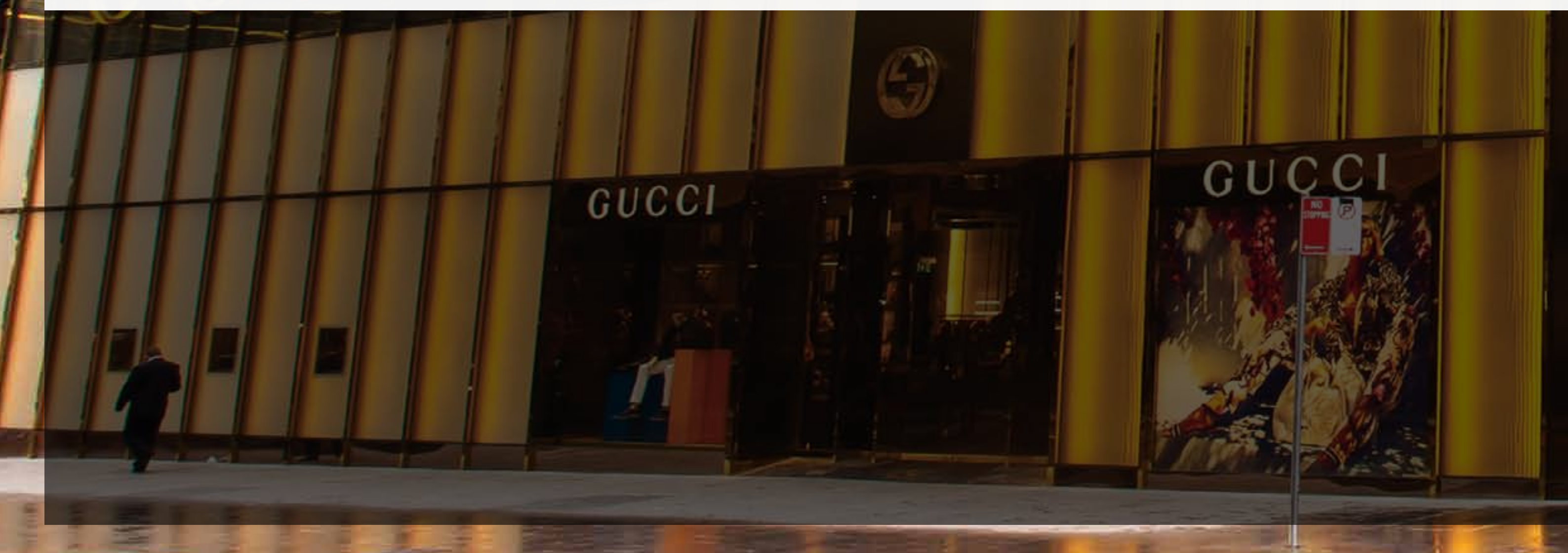
The past year has been a strong one for Westfield. The underlying business remained solid and a number of strategic initiatives were successfully implemented. These initiatives were aimed at increasing the Group's return on equity, long-term earnings growth and improving the quality of the portfolio. We are now well placed to make the most of new opportunities.

In the years since the global financial crisis there has been a stabilisation of international markets and in many regions a return to growth. In its 51 year-history Westfield has seen many economic cycles and constantly draws on this experience to help the Group make the necessary adjustments to adapt to changes in the retail landscape.

In recent years the Group has placed a greater emphasis on investment in higher quality assets as it refines its portfolio to meet the needs of the contemporary shopper. There are now flagship centres in some of the world's leading cities like Los Angeles, San Francisco, London, Melbourne and Sydney.

Westfield is responding to the continuous change in its marketplace in a number of ways – by creating these new and exciting shopping centres that attract the world's leading brands and feature the best in design and customer services, through to the use of the internet and digital technology to promote and offer retailers and consumers new opportunities to visit and shop at Westfield.

Keeping pace with these developments in the real and virtual worlds will remain a priority.



WESTFIELD SYDNEY , AUS
WESTFIELD GROUP HEADQUARTERS

During the year the Group enhanced its return on securityholders' equity by the strategic management of its balance sheet. We continue to manage our global portfolio with the objective of owning and operating the best and most productive assets. Strategic joint ventures and the sale of non-core assets has freed up capital for deployment in higher quality assets with better forecast investment returns and allowed the company to announce its intention to buy back up to 10% of the Group's issued capital.

It has been an exciting year for the Group with the opening of Westfield Stratford City on the site of the 2012 London Olympics, a proposed joint venture to develop the retail component of the World Trade Center in New York, entry to new markets in Brazil and Milan in Italy and the near-completion of our landmark shopping centre and new global corporate headquarters in the heart of Sydney's CBD.

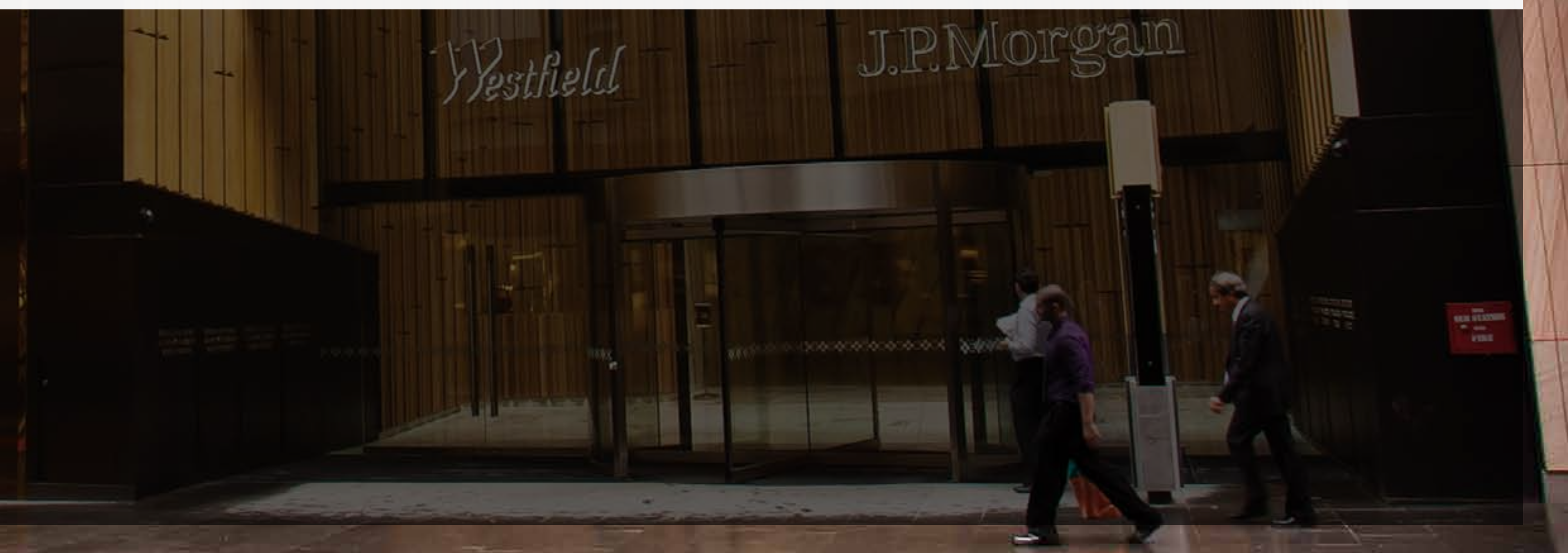
All these achievements are symbolic of the new phase of growth the Group is now embarking on.

During 2011 and early in 2012 the Group sold non-core assets in the United Kingdom and Australia and established strategic joint venture partnerships in the United States and the United Kingdom. In the United States the Group agreed with the Canadian Pension Plan to become a 45% joint venture partner in a US$4.8 billion portfolio of 12 assets currently owned by the Group in the United States.

I would like to take this opportunity to acknowledge the contribution of the board and management of Westfield Group to the company's continuing success. Their stewardship of the Group and their safeguarding of security holders' interests during the crises of the past few years has been exemplary.

I am confident that Westfield Group is entering a new and exciting period, with growth in new markets and our existing business continuing to perform strongly. We remain focussed on creating value and improving the return on equity for securityholders and I look forward to leading the Group during another year of progress and achievement.

Frank Lowy AC
Chairman



CO-CHIEF EXECUTIVE OFFICERS' REPORT

YEAR IN REVIEW

We are pleased to report on the performance of the Group as we continued the execution of the strategy we outlined in November 2010.

Our experience through years of stability and volatility alike has demonstrated the importance of a high quality portfolio and the Group has continually managed its investments to maintain that quality, while maximising its capital position through the most efficient ownership structures. In recent times we have increased the number of joint venture partnerships across the portfolio with view to improving return on equity.

The 2011 results saw the Group achieve a net profit of $1.53 billion, up 37.6% on the 2010 result.

Funds from Operations (FFO) was $1.49 billion representing 64.8 cents per security. This result, which was at the upper end of the forecast range, was pleasing as we absorbed the Australian dollar's significant appreciation of 12% against the US dollar and 8% against the UK pound over the year.

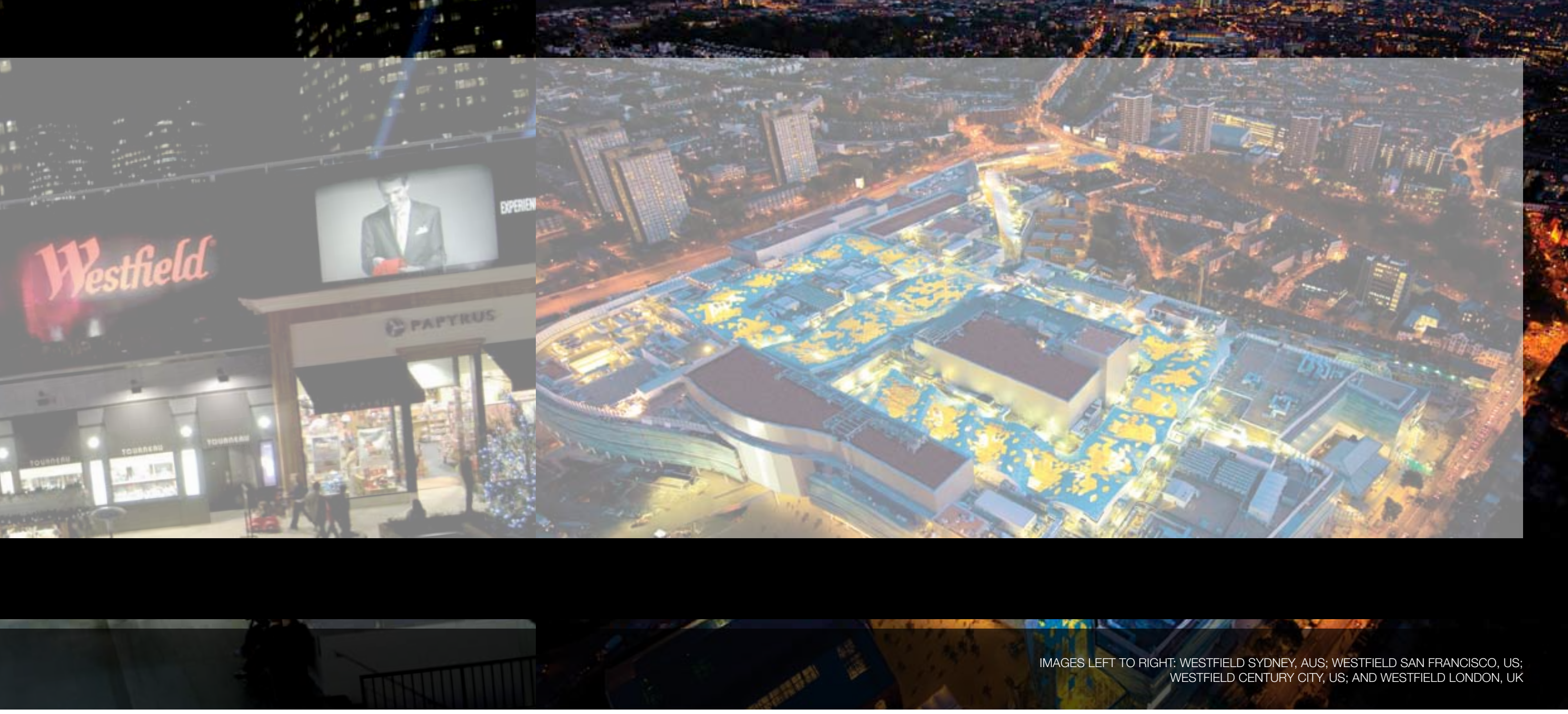
Distribution for the 12 months was $1.11 billion or 48.4 cents per security in line with forecast.

The result was driven by net property income increasing 7% for the year, a 100% increase in the Group's management income and a 92% increase in project income. Return on contributed equity increased to 11.4% for the year.

2011 was a significant year for the Group as we continued to implement the strategy of increasing return on equity through a more capital efficient business.

Following the establishment of Westfield Retail Trust (WRT) in December 2010, which created a joint venture partnership over the Australian/New Zealand portfolio, the Group completed further major joint venture partnerships including the £1.75 billion Westfield Stratford City in London with APG (Netherlands-based manager of multiple pension funds including the world's third largest pension fund) and the Canadian Pension Plan Investment Board (CPPIB – Canada's largest single-purpose investment fund.) More recently, we announced US$4.8 billion joint venture over 12 assets in the United States with CPPIB.

The joint ventures result in increasing returns for the Group.



IMAGES LEFT TO RIGHT: WESTFIELD SYDNEY, AUS; WESTFIELD SAN FRANCISCO, US; WESTFIELD CENTURY CITY, US; AND WESTFIELD LONDON, UK

The ongoing investment in the development pipeline continues to form a key part of the Group's capital management strategy and in 2011 was highlighted by the successful opening of Stratford City in September. The new 175,000 square metre (sqm) centre was the first major opening in east London's regeneration program which includes the London 2012 Olympic Games and an international transport hub.

In Sydney the $3.27 billion Westfield Sydney neared completion with the final stages of retail opening during the year, including the balance of the food atrium, a premium dining precinct and luxury stores.

The Group also continued its investment into new major iconic retail development projects with the announcements of a US$1.3 billion joint venture for the retail component of the new World Trade Center in New York, and the agreement to acquire a 50% interest in a strategic site in Milan (Italy) which we expect in time will be developed into a world-class shopping centre of similar scale and quality to Westfield London.

During the year the Group made its first entry to a new market in more than ten years with the announcement of its expansion into Brazil. The Group's new joint venture, Westfield Almeida Junior Shopping Centers S.A., owns and manages a portfolio of three operating centres and two projects currently under development in the southern state of Santa Catarina.

The expansion of the Group's global platform demonstrates not only its international growth, but the opportunity to work closely with a variety of joint venture partners around the world and its ability to access strategic development opportunities. We continue to look at attractive new development and acquisition opportunities globally.

The Group also divested a number of assets with the sale of Cairns in Australia and four non-core assets in the United Kingdom and we continue to examine further disposition of non-core assets that we believe do not provide the Group with sufficient returns in the future.

These multiple initiatives provide the Group with approximately $9 billion of capital for redeployment into higher return properties. These opportunities include the Group's share of the $11 billion development pipeline, the recent expansion into the new market of Brazil as well as the investment in major iconic projects at Milan and the World Trade Center in New York.

Westfield is now also in a position to return capital to shareholders and maintain its strong balance sheet and ability to grow. As a result the Group announced the intention to commence an on-market buy back of WDC securities for up to 10% of issued capital.

WDC's assets under management of $61.7 billion include 118 shopping centres in 5 countries with approximately 24,300 retailers. At 31 December 2011, WDC had total assets of $38.8bn, a gearing ratio of 36.4% and available liquidity of $5.3 billion. The identified pipeline of future development work is approximately $11 billion, of which the Group's share is between $5 billion and $6 billion.

OPERATING ENVIRONMENT

The Group's operating performance during the year was solid with each region enjoying income growth and comparable specialty sales growth. In addition, a record number of leasing deals were completed with more than 5,100 leasing deals agreed covering 960,000 sqm of retail space – highlighting the global demand for high quality retail space.

Occupancy has remained high throughout the portfolio, and as at 31 December 2011 the global portfolio was 97.5% leased, with the Australia and New Zealand portfolio at over 99.5%, the US portfolio at 93.1% and the UK portfolio at 99.0%.

During the year the Group also continued the expansion of its online strategy including the use of internet, mobile and social media with a major focus on driving shopping centre sales through strategic online marketing promoting retailers, their products and their offers.

The Group's global expansion in 2011 has provided the opportunity to enter a new market in Brazil and to invest in a strategic development opportunity in Milan.

BRAZIL

During the year the Group expanded into the new market of Brazil by investing R$740 million ($440 million) to become the 50% owner in a joint venture, Westfield Almeida Junior Shopping Centers S.A.

Brazil is the sixth-largest economy in the world with a GDP of approximately US$2.1 trillion and a population of around 190 million people. Brazil has seen high economic growth over recent years as well as substantial increase in its middle class population which now numbers over 110 million people.

The underlying characteristics of the shopping centre industry in Brazil are similar to the other markets in which the Group operates. There is an established industry of anchor-based centres from which income is mostly generated by a mix of domestic and international specialty retailers. Retail sales within shopping centres in Brazil represent only 18% of the country's total retail sales compared to 52% in the United States, and 41% in Australia providing an attractive growth opportunity for the industry.

Our partner Almeida Junior Shopping Centers S.A. shares similarities with Westfield in their near 30-year experience designing, developing, constructing, leasing, managing and owning shopping centres.

The new joint venture owns five properties, three of which are operating centres with two under development. The portfolio is in the southern state of Santa Catarina, a high income demographic region with 6 million people.

The total portfolio comprises around 157,000 sqm of retail space with almost 900 stores.

The Group is directly involved with the management and growth of the new company and its board comprises representatives from Westfield and the Almeida Junior family.

In addition, a number of senior Westfield executives have relocated to Brazil to assist in the growth of our joint venture in this high-potential region.

MILAN

The Group's entry into continental Europe was announced during the year with the agreement to acquire a 50% interest in a major development site in Milan, Italy.

The site is strategically located adjacent to Milan's Linate airport and has planning approval to be developed into a world class iconic regional shopping centre similar in scale, size and quality to Westfield London.

The 60-hectare site is one the best shopping centre development opportunities in continental Europe and will allow the Group to establish its franchise in one of the world's fashion capitals, and Italy's financial hub. Milan has the highest income demographic in the country and is the dominant fashion retail city in Italy for luxury brands including Giorgio Armani, Prada and Versace.

The site's acquisition establishes a joint venture between Westfield and Italian-based developer and retail brand owner Gruppo Stilo, which is principally owned by its founder Antonio Percassi. As with the Brazilian venture, there is a close cultural fit between the two organisations.

Westfield will use its London-based capabilities in the €1 billion-plus project and ongoing management of the Milan centre, which on completion is expected to be one of Europe's premier retail centres.

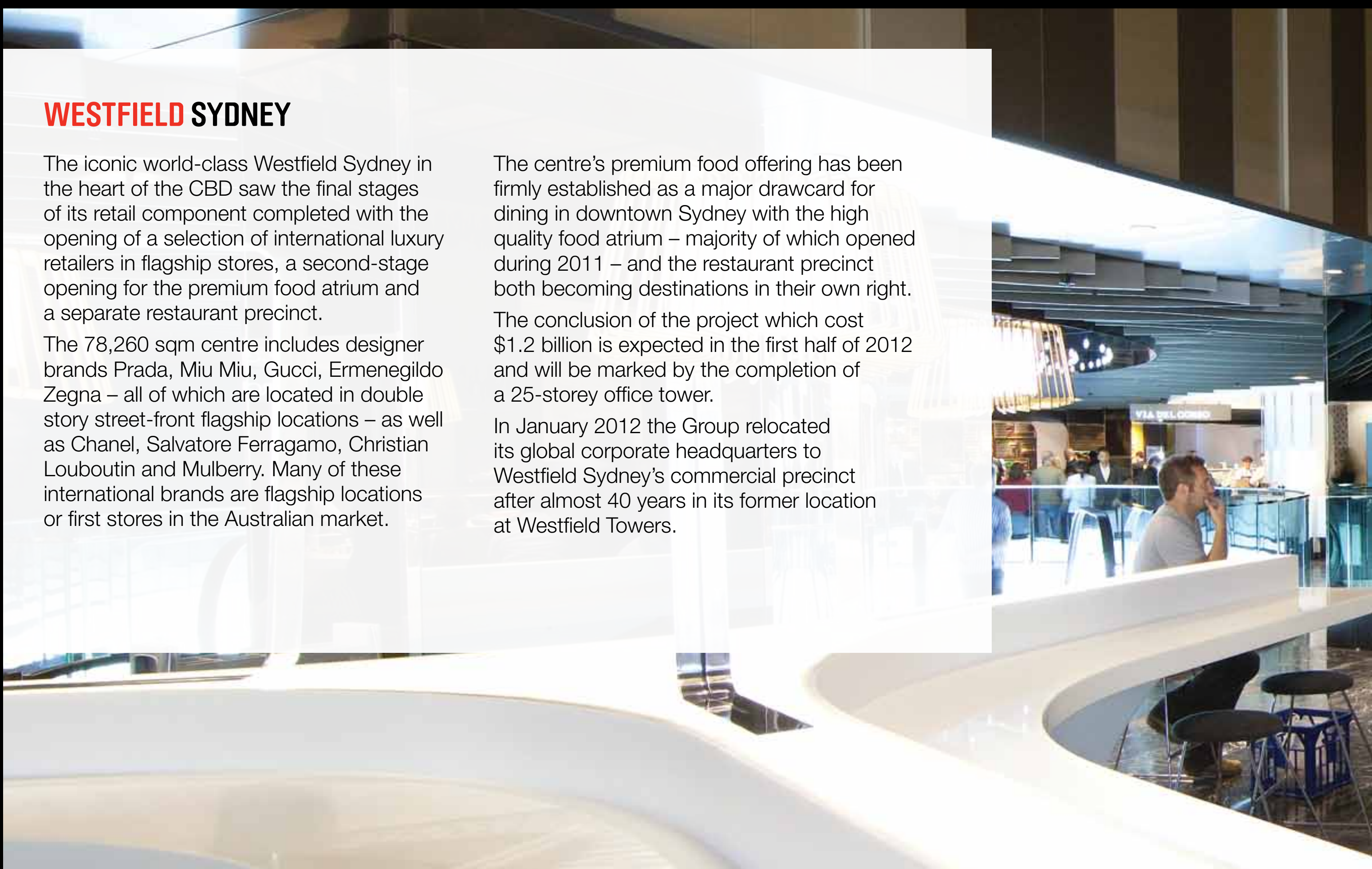
MILAN

This is the Group's first iconic project in Europe and it is anticipated that the strategic site will become one of the continent's premier retail and entertainment centres.

BRAZIL

The Group's expansion into the growing Brazilian shopping centre market is an exciting opportunity to penetrate the world's sixth-largest economy.

FLAGSHIP CENTRES



WESTFIELD SYDNEY

The iconic world-class Westfield Sydney in the heart of the CBD saw the final stages of its retail component completed with the opening of a selection of international luxury retailers in flagship stores, a second-stage opening for the premium food atrium and a separate restaurant precinct.

The 78,260 sqm centre includes designer brands Prada, Miu Miu, Gucci, Ermenegildo Zegna – all of which are located in double story street-front flagship locations – as well as Chanel, Salvatore Ferragamo, Christian Louboutin and Mulberry. Many of these international brands are flagship locations or first stores in the Australian market.

The centre's premium food offering has been firmly established as a major drawcard for dining in downtown Sydney with the high quality food atrium – majority of which opened during 2011 – and the restaurant precinct both becoming destinations in their own right.

The conclusion of the project which cost $1.2 billion is expected in the first half of 2012 and will be marked by the completion of a 25-storey office tower.

In January 2012 the Group relocated its global corporate headquarters to Westfield Sydney's commercial precinct after almost 40 years in its former location at Westfield Towers.

WESTFIELD STRATFORD CITY

In September the Group's iconic Westfield Stratford City opened adjacent to the site of the London 2012 Olympic Games in east London. As one of the Group's finest examples of innovative retail and sustainable design, the 175,000 sqm development is Europe's largest urban shopping centre with retail, commercial, entertainment and leisure space that serves a catchment area of more than four million people. In the first 14 weeks of opening the centre has attracted more than 13.6 million customer visits.

Westfield Stratford City is anchored by John Lewis, Marks & Spencer and Waitrose, a 17-screen Vue cinema and the largest casino in the United Kingdom, Aspers. The site, unique in scale and location, has more than 300 stores, three hotels which are owned and operated separately to Westfield, 12,000 sqm of commercial space – which is the first phase of a total of 102,000 sqm – and 1,200 residential dwellings that are expected to be developed after the 2012 Olympic Games. Stratford City is also one of the United Kingdom's most interconnected sites with unrivalled public transport access.

The project set new benchmarks in sustainability (see page 17) and was delivered on time and on budget and was more than 95% leased on opening.

The £1.75 billion landmark redevelopment at Stratford City bookends London's east, -Group's first major London development, Westfield London.

AUSTRALIA & NEW ZEALAND

The Australian and New Zealand portfolios remain resilient and with almost full occupancy, reflecting the ongoing demand for high-quality retail space. Comparable net operating income growth for the year was 4.3%, ahead of forecast range.

A number of first time deals were also completed with major international retailers seeking entry into the Australian market in prime locations – a trend that continues with offshore retailers seeking further space.

Comparable specialty retail sales in Australia were up 1.5% for the 12 months and up 1.9% in New Zealand, with the strongest performance in both regions being in the December quarter, up 2.0% and 4.8% respectively. This was the strongest quarter in both markets in more than two years.

Average specialty rent per square metre for the Australian and New Zealand portfolio grew by 3.5% for the year with the completion of 3,000 lease deals.

UNITED STATES

During the year the United States experienced continuing positive momentum in sales across all categories. The improving environment has seen an increase in leasing activity with the introduction of more luxury retailers and the broadening of goods and services for shoppers. More than 1,600 deals were completed for the year, representing around 4.1 million square feet (sf) of space.

We are continuing to change the nature of our malls and now have approximately seven supermarkets; thirteen gyms; nine Target discount department stores and three developments of Costco stores (two already underway) across the portfolio.

Average specialty rents during the year grew by 3.6%, the strongest growth in rents in more than three years.

Comparable specialty retail sales for the 12 months to December were up 7.1% with sales in the December quarter up 9.8%. The strong performance seen in the Group's US centres over the past two years has seen the portfolio's sales productivity of US$446 per square foot (psf) return to the same levels as 2008.

Given the strong improvement in leasing performance, growth in comparable net operating income over the year was 2%, at the top end of the forecast range.

UNITED KINGDOM

The operating highlight in the United Kingdom was the opening of Westfield Stratford City in September and the consistently strong performance of Westfield London, now in its third year of trade.

During the year approximately 50% of the Group's UK income came from Westfield London, whose sales for the year were around £960 million, up 10.8%. The strength of Westfield London underpinned the portfolio's comparable net operating income growth for the year, which was up 7.6%.

The Group anticipates that the London and Stratford centres will produce annual sales of around £2 billion and have approximately 50-60 million customer visits per year.

DEVELOPMENT ACTIVITIES

In addition to the opening of Westfield Stratford (see page 11) there were a number of redevelopment projects completed or underway during the year.

The iconic world-class project at Westfield Sydney has highlighted a new era for the Group's centres in Australia. Situated in the best retail location between the country's two highest-performing department stores, the centre's mix of luxury and high-street domestic and international retailers and premium food offering has resulted in Westfield Sydney already achieving the highest specialty sales productivity in the Group's global portfolio, annualised at $15,000 per square metre.

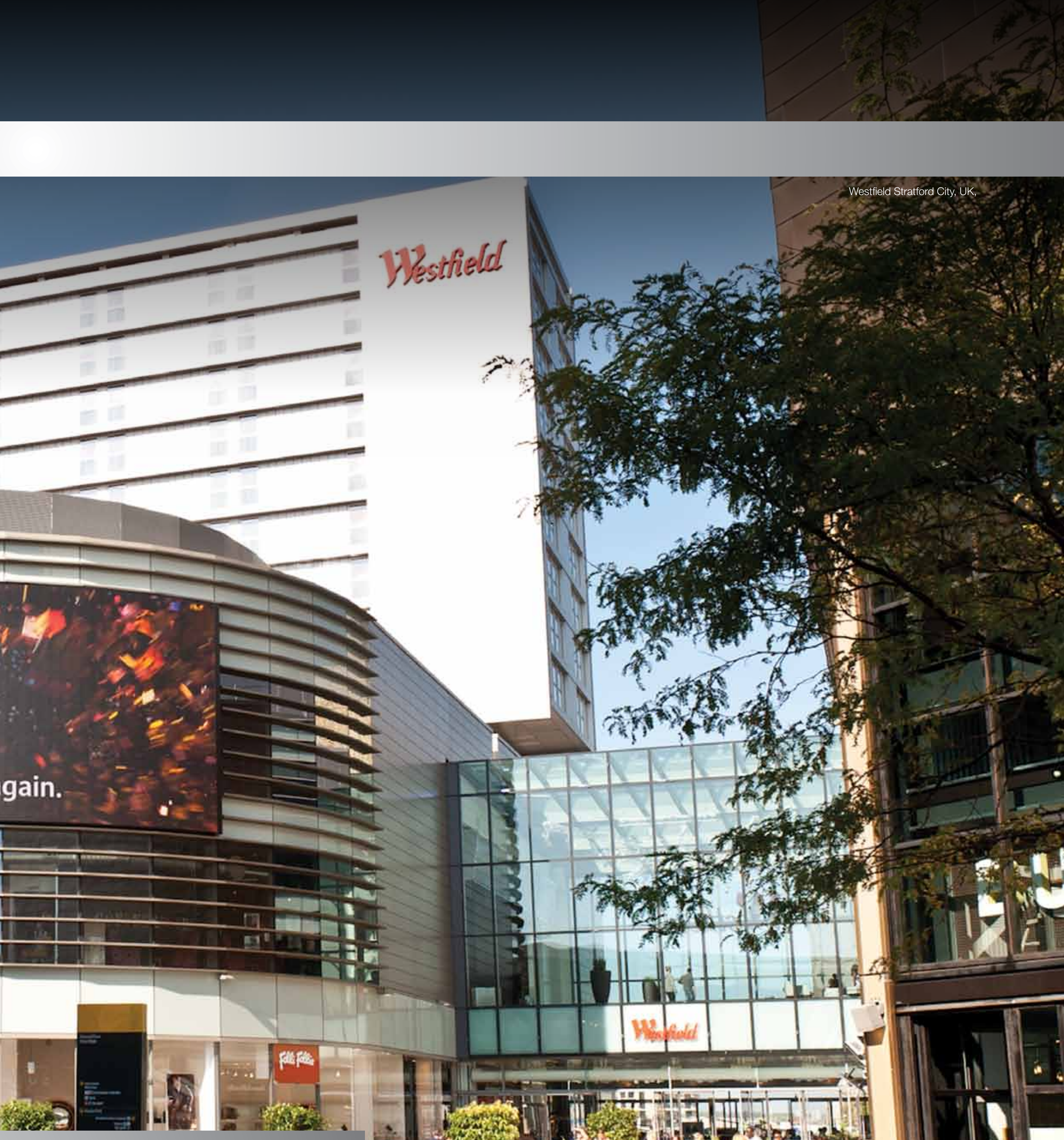
Also in Australia, the $125 million project at Belconnen in Canberra was completed and work commenced on the $320 million redevelopment at Fountain Gate in Melbourne. The $300 million expansion at Carindale in Brisbane continued during the year. Good progress in construction and leasing was achieved on all projects with both Carindale and Fountain Gate on track for completion in the second half of 2012.

In the United States the US$180 million stage one redevelopment of UTC in San Diego started, representing the first major project in the Group's US portfolio since 2007,and is due for completion at the end of 2012.

The Group expects to start between $1.25 billion – $1.5 billion worth of projects each year in 2012 and 2013 with Westfield's share being $500 million to $700 million annually.

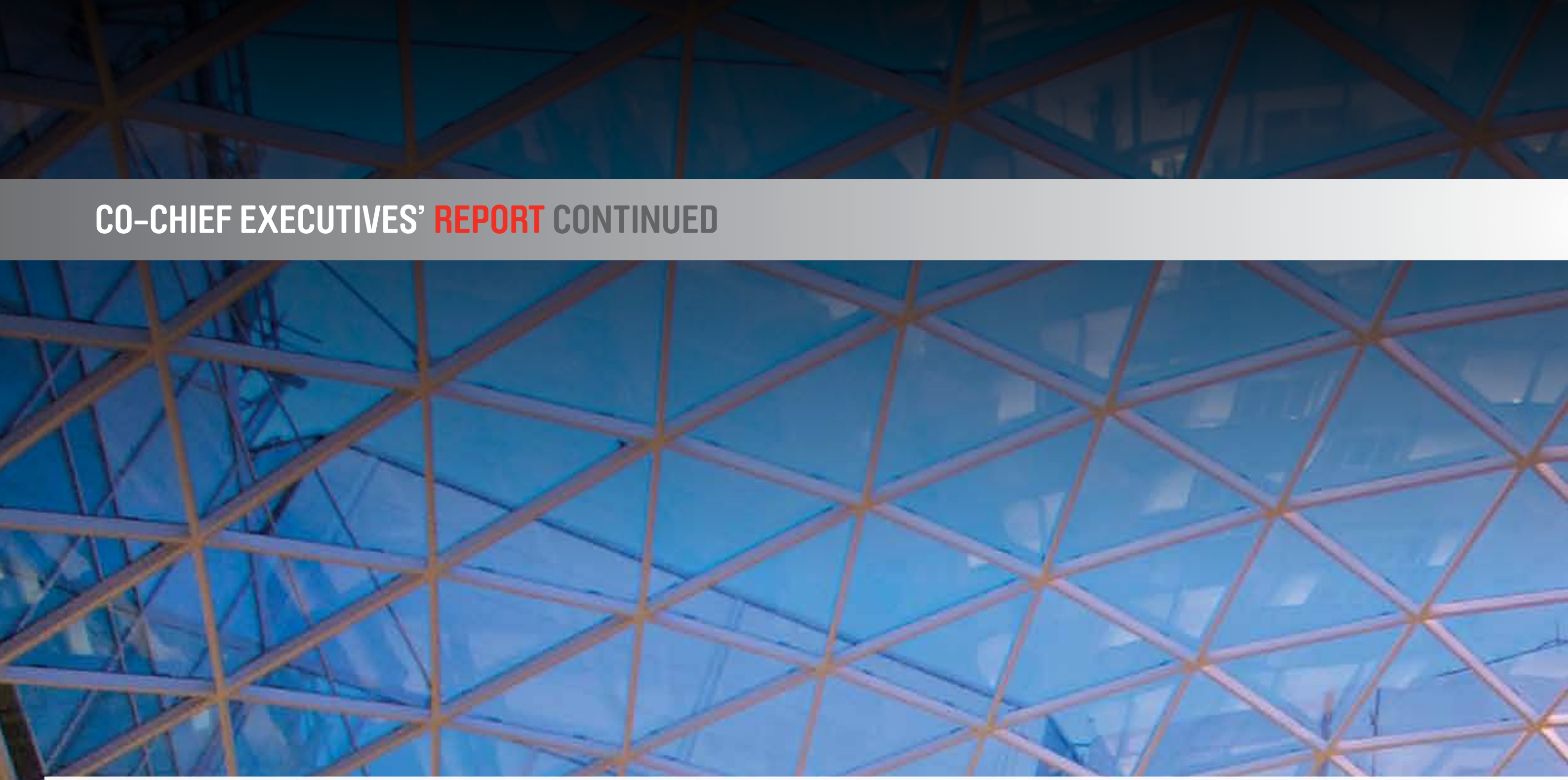
WESTFIELD SAN FRANCISCO, US

WESTFIELD FOUNTAIN GATE, AUS (ARTIST IMPRESSION)



Westfield Stratford City, UK.

WESTFIELD UTC, US



OUTLOOK

The Group remains focussed on investing its capital in highly productive shopping centres with strong franchise characteristics that are resilient through economic cycles. We are confident in the future of the Group's business model and opportunities for growth. We will continue to appropriately manage our invested capital position, including introducing further joint ventures and dispositions of non-core assets to deliver sustainable earnings growth, higher return on equity and increasing asset quality.

The Group expects to achieve FFO of approximately 68 cents per security for 2012. This forecast excludes the impact of the US joint venture and the UK asset sales announced in February this year, which have an annualised dilutionary impact to FFO of approximately 4c per security prior to the redeployment of capital and the impact of any buy back of WDC securities.

The Group forecasts an increase in distribution for the 2012 year to 49.5 cents per security from 48.4 cents per security in 2011. The forecast assumes no material change in foreign currency exchange rates compared to 2011.

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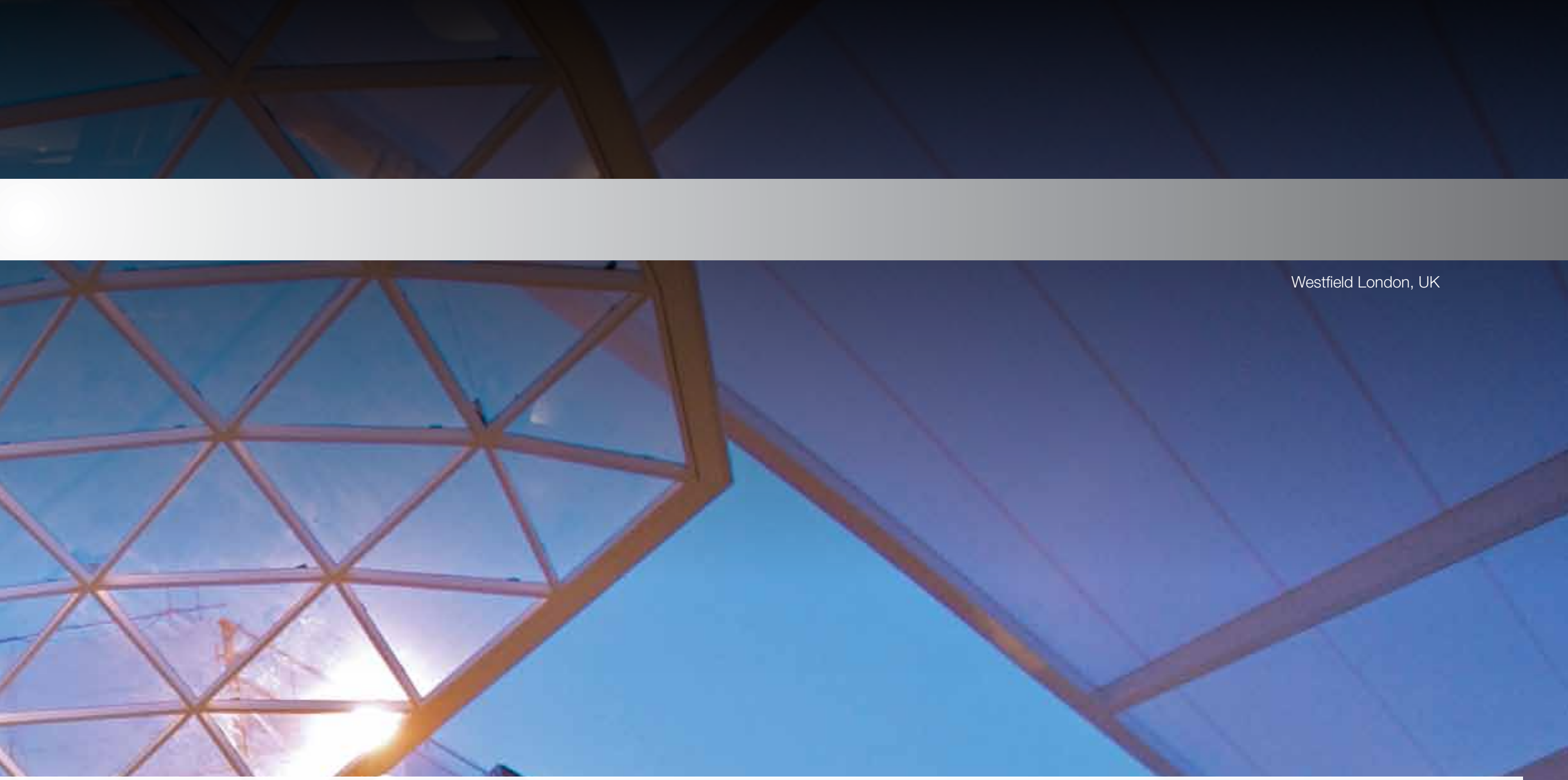
Peter Lowy
Co-Chief Executive Officer

Steven Lowy AM
Co-Chief Executive Officer



Westfield London, UK

FIVE-YEAR REVIEW

Financial Highlights

	2007	2008	2009	2010	2011
Net Property Income [(1)]	$2,512 m	$2,496 m	$2,721 m	$2,602 m	$1,958 m [(2)]
Property revaluations	$2,120 m	$(3,340) m	$(3,539) m	$1,135 m	$476 m
Profit/(Loss) After Tax	$3,437 m	$(2,197) m	$(458) m	$2,306 m [(3)]	$1,533 m
Distribution [(4)]	$1,978 m	$2,077 m	$2,149 m	$1,464 m	$1,115 m
Total Assets Under Management	$63,172 m	$69,436 m	$59,511 m	$58,220 m	$62,248 m
Shopping Centre Assets	$48,074 m	$53,404 m	$45,453 m	$33,539 m	$34,653 m
Net Assets	$27,592 m	$24,762 m	$24,113 m	$16,526 m	$16,748 m
Gearing (Net Debt as % Assets)	29.4%	38.6%	35.2%	38.4%	38.4%

(1) Net property income is after the disposal of shopping centre assets amounting to: 2007 – $2.7bn, 2008 – nil, 2009 – nil, 2010 – $12.1bn, 2011 – $0.3bn.

(2) Excludes a full year of net property income contribution from the $12.1bn of shopping centre assets disposed upon the establishment of WRT in December 2010.

(3) Net profit before one-off accounting adjustments and charges in relation to the creation of WRT. Including the WRT accounting adjustments and charges (due to the distribution of assets to WRT), reported statutory net profit was $1,114 million for 2010.

(4) The Group changed its distribution policy from up to 100% to 70%-75% of operational segment earnings commencing in the 2010 financial year. A further change was made in 2011 for the Board to determine distribution.

SUSTAINABILITY

Sustainability continues to be an important part of the way Westfield does business. Increasingly, the Group regards sustainability as a total approach to ensuring the business can keeping growing, with due consideration given to environmental, social and economic factors.

While the definition has evolved – both for Westfield and many other major companies – the underlying principles have not. The aim of sustainable business practice is simply to operate more safely and efficiently, use resources more wisely, produce less waste and build and redevelop shopping centres that use the best technology and new design techniques to minimise the impact on the environment.

Numerous initiatives to achieve this goal are already in place and have been for a number of years. These are well-entrenched in many divisions across the company including shopping centre operations, construction and development.

In 2011 Westfield produced its first comprehensive Sustainability Report following a global review of its corporate responsibility policies and practices. The Sustainability Report covered the Group's performance across a number of key indicators during 2010 and provides a baseline from which Westfield can continue to evolve its sustainability policies and procedures.

It is a structured approach to reporting on how the Group contributes to being a more sustainable business and while it provides an opportunity to demonstrate Westfield's progress to date, its primary purpose is to serve as a working document which management teams can use to share information, compare results and set targets.

The greenhouse gas inventory – the Group's global emissions data which is measured annually – was a key part of the report's foundation. The inaugural report also addressed a number of non-environmental sustainability indicators under the Global Reporting Initiative Framework (GRI). That framework is a widely accepted model for reporting on an organisation's sustainability performance across a number of general and sector-specific elements, and Westfield has joined a vast number of global companies which already use the GRI as their nominated reporting model.

Under the GRI framework Westfield targeted a level C rating, reporting against a required ten key performance indicators. The Group engaged with internal stakeholders across all regions, divisions and levels of seniority to determine the material issues that were considered to be of highest priority.

WESTFIELD GROUP'S SUSTAINABILITY REPORTING PRIORITIES

The following performance indicators were deemed high priority and are included in this report:

Environment

- Total direct and indirect greenhouse gas emissions by weight
- Other relevant indirect greenhouse gas emissions by weight
- Direct energy consumption by primary energy source
- Indirect energy consumption by primary energy source
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Economic

- Direct economic value generated and distributed including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments
- Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services

Social

Labour practices

- Rates of injury, occupational diseases, lost days and absenteeism, and number of work related fatalities, by region and gender

Society

- Percentage of operations with implemented local community engagement, impact assessments, and development programs
- Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services

Westfield UTC, USA

In addition to each key performance indicator the report included a number of case studies which demonstrate initiatives in action.

The full report can be seen at www.westfield.com/corporate.

Westfield reports on its sustainability performance in a number of other forums including the Carbon Disclosure Project (CDP) – an independent not-for-profit organisation that holds the largest database of corporate climate change information in the world (the Group's submission to the CDP 2011 can be found at www.cdproject.net); the Global Real Estate Sustainability Benchmark (GRESB); and market-specific obligatory initiatives like providing data under Australia's National Greenhouse and Energy Reporting Act (NGER) and the impending United Kingdom's Carbon Reduction Commitment.

During 2011 Westfield Stratford City opened as one of the United Kingdom's most environmentally efficient retail centres which the Group designed to achieve excellence in sustainability. Those achievements were highlighted in the sustainability report and cover almost every aspect of the project.

Westfield Stratford City is a pinnacle of east London's urban regeneration program and is a truly integrated site that incorporates the transport, employment and economic considerations of the local community.

Significantly Stratford City is also home to a combined cooling, heat and power (CCHP) plant that generates 75% of energy requirements. The CCHP is part of a broader electricity plant installation comprising two community energy centres that supply Stratford City and the neighbouring Olympic Park with heating, cooling and electricity. Together with a number of other initiatives like the use of recycled materials, water harvesting and recycling, the CCHP has put Stratford City at the forefront of sustainable design in the construction industry.

In Sydney, Australia, similar achievements have been made at the nearly-completed Westfield Sydney. In November the retail centre was awarded the 5 Star Green Star rating for 'Australian Excellence' in retail design by the Green Building Council of Australia (GBCA). Many of the centre's sustainable design initiatives contributed to this including the recycled water treatment system, and the first dedicated tri-generation system in a retail development in Australia.

The Group worked closely with the GBCA to develop the Green Star retail rating tool which evaluates the 'green' attributes of building projects based on nine categories including energy and water efficiency, indoor environment quality and materials.

The project at Westfield Sydney will finish in April 2012 with the completion of a 25-storey office tower which has been designed to target a 6 Star green star office rating in line with that of the first commercial component of the project at 100 Market St.

Westfield has also implemented major sustainability initiatives in the operational side of the business.

In the United States a major project has been underway across the shopping centre portfolio with the progressive installation of the ecoWISE system – the implementation of an enterprise energy management system that will help the centres become 'smart buildings' allowing Westfield to receive more accurate, real time energy data about any system or piece of equipment that uses electricity.

The installation was completed in late 2011, and it is anticipated that each centre will yield a minimum 5% energy saving with some expected to yield more.

In Australia the sustainable initiatives continue to be grouped together under IT MATTERS – a clear branding identity for shoppers, retailers and other stakeholders which in 2011 included programs like the public place recycling, a portfolio-wide reduction in water and electricity usage year-on-year – 3% and 2% respectively, and a 9% point increase in recycled waste.

The Group continues to maintain its association with key industry groups in each of its operating regions. In Australia that includes the GBCA, the Property Council of Australia National Sustainability Roundtable; NABERS (Retail Technology Advisory Group (TAG)) coordinated by the Department of Environment and Climate Change among many others. In New Zealand Westfield is a member of the New Zealand Packaging Council and the Property Council of New Zealand, the electricity authority and the Green Building Council. Westfield in the United States is a member of the US Green Building Council and its Leadership in Energy Efficiency and Design program, and the Commercial Real Estate Energy Alliance International Council of Shopping Centres Sustainability World Group. In the United Kingdom the Group is a member of the British Council of Shopping Centres.

COMMUNITY

The local community of every Westfield centre remains a critical part of the business.

In 2011 that close relationship was highlighted by a number of initiatives and programs in each of the Group's operating regions.

The Australian business continued to consolidate its program providing support to the families and carers of children with disabilities, and since its inception in 2008 has helped to raise more than $2.8 million dollars for almost 30 disability groups that maintain direct relationships with local Westfield centres.

In New Zealand the Group's focus was on supporting the communities in Christchurch and Canterbury after the February earthquake. Centres across the portfolio continued their support for a number of causes including schools, sports groups and Cure Kids, Kids Can, StarShip and the Diabetes Foundation.

In the United States a number of causes were supported at a national and local level including the National MS Society, Special Olympics, St Jude's Children's Hospital and the Make-A-Wish Foundation while in the United Kingdom the Group continued to support the British Heart Foundation, Fashion for Relief, Breast Cancer Care and a number of local children's organisations through centre-based community programs.

More detailed information about Westfield's sustainability performance can be found in the Group's Sustainability Report at www.westfield.com/corporate.

SENIOR EXECUTIVE TEAM

CORPORATE

Peter Allen*
Group Chief
Financial Officer

Simon Tuxen*
Group General Counsel
& Company Secretary

Mark Bloom*
Deputy Group Chief
Financial Officer

Elliott Rusanow*
Head of Corporate Finance

* GROUP EXECUTIVE COMMITTE MEMBERS

Eamonn Cunningham
Chief Risk Officer

Mark Ryan
Group Director
Corporate Affairs

David Temby
Group Tax Counsel

Maureen McGrath
General Counsel,
Corporate & Compliance

REGIONAL

Michael Gutman*
Managing Director

United Kingdom, Europe & New Markets

Peter Miller
Chief Executive Officer - United Kingdom

Duncan Bower
Head of Development &
Asset Management

John Burton
Head of Stratford Project

Janine Frew
Head of Human Resources

Bill Giouroukos
Head of Leasing,
Management & Marketing

Leon Shelley
General Counsel

Philip Slavin
Head of Finance

Myf Ryan
Head of Marketing

Xavier Walker
Head of IT

Keith Whitmore
Head of Design
& Construction

Westfield Almeida Junior Shopping Centers S.A.

Jaimes Almeida Junior
Chief Executive Officer

Peter Huddle
Head of Development,
Design & Construction

David Ruddick
Head of Operations

John Fleming
Head of Finance

Heloisa HK de Almeida
Head of Administration

The stability and experience of Westfield Group's management team has been a major reason for the success of the Group throughout its history. A core team of senior executives has served the Group over the past two decades, complemented by the introduction of new executives to meet the challenges of expansions to new markets and changes in the retail environment.

The Group's top 50 executives has an average age of 50 and length of service with the organisation of 12 years. Of this team, 20 have worked for Westfield in more than one country which has proven to be just one of many important factors in building Westfield's global knowledge base.

During the year there were significant changes in Westfield's leadership at the board level, in senior executive management and at the regional level.

In March 2011 it was announced that the Chairman would assume the role of non-executive Chairman while Peter and Steven Lowy would be appointed Co-Chief Executive Officers. This in turn has led to a consolidation of the global senior executive team through the establishment of the Group Executive Committee to assist in managing the increasingly global and diverse organisation while preparing the next generation of management.

At the same time the ongoing evolution of the Westfield Board – a process which began in earnest more than a decade ago – continued with the retirement of long-serving director David Gonski after 25 years, and Deputy Chairman David Lowy who has been with the company in numerous senior management and board roles for almost 35 years. These changes were implemented at the 2011 Annual General Meeting along with the election of Group Chief Financial Officer Peter Allen to the role of Finance Director. Peter has been an executive with Westfield for 16 years, seven in his current role. At the same time, Brian Schwartz was appointed Deputy Chairman and Ilana Atlas was appointed to the board as a non-executive director.

During the year the role of the Group's Managing Director UK and Europe, Michael Gutman, was expanded to include business development in new markets, coinciding with the Group's expansion into Brazil. Michael was appointed Chairman of the new Brazilian joint venture, Westfield Almeida Junior Shopping Centers S.A. Three experienced Westfield executives have relocated to Brazil with responsibility for finance, development, leasing and management activities, while the Milan project will be managed by Westfield's UK team.

Robert Jordan*
Managing Director

John Widdup *
Chief Operating Officer
Development, Design & Construction

Greg Miles *
Chief Operating Officer

Australia & New Zealand

Andrew Clarke
Head of Finance

John Batistich
Head of Marketing

Peter Bourke
Head of IT

Ian Cornell
Head of Human Resources

Paul Giugni
General Counsel

Andy Hedges
Head of Shopping Centre Management

Ian Irving
Head of Design & Construction

Justin Lynch
Head of New Zealand

John Papagiannis
Head of Leasing

Michelle Vanzella
Head of Business Development

United States

Bruce Bothwell
Head of IT

Alan Cohen
Head of Marketing

Stan Duncan
Head of Human Resources

William Hecht
Head of Development

Peter Leslie
Head of Leasing

Easther Liu
Head of Strategy & Market Research

David Moore
Head of Design & Product Development

Peter Schwartz
General Counsel

Mike Skovran
Head of Finance – Operations

Richard Steets
Head of Corporate Development

Mark Stefanek
Head of Finance – Corporate

Gary Williams
Head of Management & Marketing

In November further announcements were made regarding the regional executive teams, which were implemented in the first quarter of 2012. Westfield's Australia and New Zealand Managing Director Robert Jordan, who has been with the Group for 25 years, has expanded his role to include responsibility for US operations.

Chief Operating Officer of Development, Design and Construction in Australia, Greg Miles, has relocated to the United States as Chief Operating Officer for that market, and has been succeeded by John Widdup who returned to Australia from the United States to take up the position of Chief Operating Officer of Development, Design and Construction. Both Greg and John have extensive experience with the Group, serving for 15 and 18 years respectively.

All these appointments are just one part of a profound change underway in the way Westfield and its people operate in a more complex, geographically diverse and fast-moving marketplace. In 2011 this was embodied in the move of Westfield's Group and Australian headquarters after almost 40 years at 100 William St in Sydney to its new home in the heart of Sydney's CBD and directly above its newest flagship centre – Westfield Sydney.

The conceptual approach to the design of the new headquarters was to create a workplace that encourages a greater level of communication and sharing of ideas and information between all levels of management, and between the operating and corporate divisions of the business as well as between international markets. The result is more open-plan office space with a less hierarchical structure, more common areas where staff can mingle informally, and greater use of technology to communicate with shopping centres and other Westfield offices around the world. All of these features are contributing to a more dynamic, interesting and productive workplace.

Further change is evident in the Group's decision to place a higher priority on its digital business operations with the intended appointment in 2012 of a Chief Digital Officer to oversee global digital business strategy and operations.

The Group places great emphasis on attracting, developing and retaining high quality staff at all levels which is evident from the changes made during the past year and continues to develop and promote from within. A full range of training, leadership development and succession planning programs have been in place for many years and underscore our commitment to staff.

PROPERTY PORTFOLIO

AUSTRALIA

FOR THE YEAR ENDED 31 DECEMBER 2011

SHOPPING CENTRE	INTEREST %	FAIR VALUE 31 DEC 2011 $ MILLION	ESTIMATED YIELD	RETAIL SALES: TOTAL ANNUAL SALES $ MILLION	RETAIL SALES: VARIANCE %(i)	RETAIL SALES: SPECIALTY ANNUAL SALES $ PSM	LETTABLE AREA (SQM): TOTAL	NUMBER OF RETAILERS
Australian Capital Territory								
Belconnen	50.0	392.5	6.13%	478.4	5.5	8,405	94,598	282
Woden	25.0	165.0	6.25%	416.6	(1.2)	9,499	72,064	262
New South Wales								
Bondi Junction	50.0	1,046.9	5.25%	972.8	(3.9)	12,422	128,759	522
Burwood	50.0	397.6	6.00%	404.5	0.3	9,397	63,848	251
Chatswood	50.0	447.9	6.00%	503.5	(2.4)	9,041	76,696	290
Figtree	50.0	72.5	7.50%	170.5	1.1	8,951	21,930	94
Hornsby	50.0	438.0	6.00%	611.6	0.7	7,630	99,631	333
Hurstville	25.0	147.5	7.00%	397.5	(0.4)	9,298	62,576	261
Kotara	50.0	355.0	6.25%	454.9	(10.3)	9,506	68,961	269
Liverpool	25.0	218.8	6.25%	456.0	0.9	8,279	84,182	337
Macquarie	27.5	249.1	6.00%	507.2	(3.9)	8,517	97,704	278
Miranda	25.0	345.2	5.75%	702.8	(2.7)	11,669	107,860	393
Mt Druitt	25.0	112.4	7.00%	378.7	2.5	7,915	59,218	243
North Rocks	50.0	58.2	7.50%	143.7	0.7	6,900	22,698	92
Parramatta	25.0	388.1	5.75%	712.9	(2.0)	10,111	137,407	498
Penrith	25.0	270.0	6.00%	582.6	1.0	10,346	92,072	343
Sydney Central Plaza	50.0	299.0	6.00%	357.6	(8.3)	16,045	53,919	95
Westfield Sydney #	50.0	944.0	5.13%	–	–	–	78,209	257
Tuggerah	50.0	322.5	6.25%	469.4	0.4	7,819	82,949	270
Warrawong	50.0	92.8	8.00%	224.2	0.7	6,280	57,968	143
Warringah Mall	12.5	137.4	6.00%	710.8	(2.7)	9,368	125,134	327
Queensland								
Carindale #	*25.0	222.5	5.75%	661.2	(0.6)	11,622	106,444	284
Chermside	50.0	743.7	5.50%	890.2	2.1	13,692	146,050	415
Helensvale	25.0	92.3	6.50%	330.7	2.6	9,156	44,533	187
Mt Gravatt	37.5	326.5	6.00%	562.8	(0.2)	10,146	98,960	313
North Lakes	25.0	103.0	6.25%	366.2	3.8	8,811	61,452	217
Pacific Fair	22.0	221.2	6.25%	470.7	(8.0)	8,972	104,472	308
Strathpine	50.0	140.0	7.25%	264.4	1.1	8,562	44,743	162
South Australia								
Marion	25.0	280.0	5.90%	772.8	1.0	11,065	133,576	331
Tea Tree Plaza	31.3	211.0	6.13%	473.1	1.0	10,223	93,619	257
Westlakes	25.0	102.5	6.38%	374.5	(1.0)	9,272	60,792	214
Victoria								
Airport West	25.0	84.0	7.00%	275.5	7.0	7,328	52,299	180
Doncaster	25.0	367.5	5.75%	812.2	3.4	11,544	121,080	437
Fountain Gate #	50.0	440.3	6.00%	654.1	(2.3)	10,678	127,493	285
Geelong	25.0	122.5	6.25%	276.5	5.2	8,499	51,933	188
Knox	15.0	150.9	6.35%	706.6	(3.9)	8,664	142,654	410
Plenty Valley	25.0	72.5	6.50%	294.4	4.4	6,542	53,719	180
Southland	25.0	325.0	5.90%	778.5	0.3	8,776	130,033	416
Western Australia								
Booragoon	12.5	109.3	6.00%	577.1	1.3	13,509	71,714	272
Carousel	50.0	428.5	6.00%	541.4	1.4	10,534	82,874	294
Innaloo	50.0	133.0	7.00%	277.9	1.2	8,211	47,262	171
Karrinyup	16.7	93.8	6.50%	418.7	(2.1)	10,586	59,717	219
Whitford City	25.0	148.8	6.75%	439.5	(1.1)	8,048	77,662	305

NEW ZEALAND

FOR THE YEAR ENDED 31 DECEMBER 2011

SHOPPING CENTRE	INTEREST %	FAIR VALUE 31 DEC 2011 NZ$ MILLION	ESTIMATED YIELD	RETAIL SALES: TOTAL ANNUAL SALES NZ$ MILLION	RETAIL SALES: VARIANCE %(i)	RETAIL SALES: SPECIALTY ANNUAL SALES NZ$ PSM	LETTABLE AREA (SQM): TOTAL	NUMBER OF RETAILERS
New Zealand								
Albany	50.0	199.5	6.75%	305.0	2.8	9,691	53,165	146
Chartwell	50.0	87.0	8.50%	125.5	(16.0)	6,153	28,977	129
Downtown	50.0	40.3	8.00%	68.1	5.8	7,921	13,964	81
Glenfield	50.0	52.5	8.50%	140.0	0.0	5,211	30,626	118
Manukau	50.0	169.8	7.63%	222.5	1.3	8,052	45,704	198
Newmarket	50.0	122.8	7.25%	131.7	0.1	10,842	31,449	120
Pakuranga	50.0	41.8	8.75%	105.6	1.3	4,753	29,375	123
Queensgate	50.0	162.5	7.25%	228.7	(0.9)	7,466	51,735	183
Riccarton	50.0	207.0	8.00%	407.1	16.3	10,792	55,205	198
Shore City	50.0	41.7	8.38%	60.1	1.8	6,400	14,121	77
St Lukes	50.0	232.0	6.88%	267.4	1.3	10,189	46,998	194
WestCity	50.0	93.8	8.38%	156.8	(0.3)	6,616	36,164	144

(i) Year on year variance per square metre sales.

UNITED KINGDOM

SHOPPING CENTRE	LOCATION	INTEREST %	FAIR VALUE 31 DEC 2011 £ MILLION	ESTIMATED YIELD	LETTABLE AREA (SQM)	NUMBER OF RETAILERS
England						
Derby	Derby	* 66.7	270.3	6.50%	120,368	233
Guildford (i)	Guildford	50.0	70.7	6.75%	14,436	64
Merry Hill	Birmingham	** 33.3	259.0	5.70%	154,112	294
Stratford City (ii)	Stratford	50.0	875.0	5.50%	174,545	364
Tunbridge Wells (i)	Tunbridge Wells	** 33.3	41.9	6.75%	30,578	116
Westfield London	London	50.0	1,073.5	5.50%	161,682	374
Northern Ireland						
Belfast (i)	Belfast	** 33.3	47.8	7.50%	31,307	92
Sprucefield	Sprucefield	100.0	62.5	6.00%	21,476	5

UK Footnotes:

(i) Since the end of the financial year Westfield Group has agreed to sell its interest in these shopping centres.
(ii) Stratford City opened in September 2011.
* 100% interest in this shopping centre is consolidated and 33.3% is shown as external non controlling interest. Westfield Group's 66.7% economic interest in Derby includes an 16.7% investment held via Westfield Group's one third interest in Westfield UK Shopping Centre Fund.
** As at 31 December 2011, Westfield Group's 33.3% investment in Belfast, Merry Hill and Tunbridge Wells includes an 8.3% investment held via Westfield Group's one third interest in Westfield UK Shopping Centre Fund.

Australia Footnotes:

(i) Year on year variance per square metre sales.
* 50% interest in this shopping centre is consolidated and 25% is shown as external non–controlling interest.
# Centres currently under redevelopment.

PROPERTY PORTFOLIO

UNITED STATES

FOR THE YEAR ENDED 31 DECEMBER 2011				RETAIL SALES			LETTABLE AREA (SQF)		
				SPECIALTY ANNUAL SALES					
SHOPPING CENTRE	INTEREST %	FAIR VALUE 31 DEC 2011 US$ MILLION	ESTIMATED YIELD	US$ MILLION	VARIANCE %(i)	US$ PSF	TOTAL	SPECIALTY	NUMBER OF SPECIALTY STORES
EAST COAST									
Connecticut									
Connecticut Post	100	232.3	7.30%	87.9	4.8	333	1,331,918	663,776	179
Meriden	100	136.3	7.58%	71.9	2.0	315	889,919	437,982	136
Trumbull	100	316.8	6.00%	101.9	10.1	374	1,121,494	445,544	175
Florida									
Brandon	100	388.0	6.27%	184.9	9.7	480	1,152,382	532,667	201
Broward	100	159.4	6.40%	81.8	0.4	377	995,590	278,996	124
Citrus Park	100	221.0	6.73%	100.1	3.2	370	1,139,480	502,532	148
Countryside	100	191.0	7.00%	92.1	0.0	352	1,205,948	387,133	164
Sarasota	100	125.0	6.40%	55.0	0.6	274	943,514	362,864	123
Southgate	100	109.0	7.10%	48.7	3.7	457	421,398	135,524	46
Westland	100	134.0	6.63%	88.2	16.8	449	836,215	232,397	108
Maryland									
Annapolis (ii)	100	669.5	5.79%	265.3	4.7	506	1,462,363	770,215	254
Montgomery	50	245.0	5.56%	224.0	7.7	611	1,221,744	509,643	202
Wheaton	100	271.5	7.26%	90.1	2.8	315	1,601,655	607,526	182
New Jersey									
Garden State Plaza	50	699.1	5.85%	388.5	12.4	746	2,138,675	1,005,843	310
New York									
South Shore	100	165.4	7.66%	78.6	1.7	342	1,154,071	296,810	121
Sunrise	100	111.0	6.60%	73.0	0.9	327	1,201,920	468,422	152
North Carolina									
Eastridge	100	44.7	9.80%	38.2	(0.2)	197	898,641	298,894	94
MID WEST									
Illinois									
Chicago Ridge	100	133.0	7.31%	100.1	3.9	407	838,608	415,568	143
Fox Valley	100	193.9	8.10%	105.2	6.1	307	1,406,733	526,981	173
Hawthorn	100	195.0	7.20%	73.9	(2.6)	296	1,300,131	566,698	158
Louis Joliet	100	115.0	6.42%	80.4	3.8	402	971,025	354,557	113
Old Orchard	100	508.7	6.25%	173.0	4.5	569	1,807,457	778,031	138
Indiana									
Southlake	100	267.0	6.28%	143.0	4.3	391	1,365,057	678,716	176
Nebraska									
Gateway	100	103.5	7.13%	76.6	6.2	333	969,524	331,838	115
Ohio									
Belden Village	100	181.0	6.82%	99.6	5.1	422	830,277	320,088	107
Franklin Park	100	307.4	7.00%	136.8	1.8	396	1,262,464	660,671	166
Great Northern	100	144.5	6.80%	88.2	5.5	328	1,204,545	406,579	129
Southpark	100	262.3	7.00%	132.0	4.4	337	1,657,382	868,981	176

FOR THE YEAR ENDED 31 DECEMBER 2011

SHOPPING CENTRE	INTEREST %	FAIR VALUE 31 DEC 2011 US$ MILLION	ESTIMATED YIELD	RETAIL SALES – SPECIALTY ANNUAL SALES US$ MILLION	VARIANCE %(i)	US$ PSF	LETTABLE AREA (SQF) TOTAL	SPECIALTY	NUMBER OF SPECIALTY STORES
WEST COAST									
Northern California									
Downtown Plaza	100	55.0	8.00%	35.1	(9.9)	285	1,155,554	368,441	106
Galleria at Roseville	100	582.7	5.85%	194.3	2.1	526	1,318,960	677,416	246
Oakridge (ii)	100	366.3	6.44%	150.1	4.0	484	1,144,048	617,304	195
San Francisco	*	555.2	5.82%	241.2	17.2	766	1,454,039	538,201	198
Solano	100	192.2	7.40%	90.8	8.0	352	1,052,391	581,616	173
Valley Fair	50	535.0	5.36%	424.5	10.9	880	1,477,677	742,949	263
Southern California – Los Angeles									
Century City	100	785.0	5.38%	246.2	13.5	920	879,872	522,872	153
Culver City (ii)	100	330.0	5.83%	116.1	10.9	439	1,062,120	502,701	171
Eastland	100	114.0	6.50%	16.9	15.8	288	805,406	592,051	42
Fashion Square	50	145.9	6.31%	149.3	0.1	546	855,731	353,196	143
Mainplace	100	257.0	7.30%	110.3	(1.0)	339	1,114,042	453,542	189
Palm Desert	100	147.0	8.00%	87.3	8.1	347	1,000,980	388,287	150
Promenade (ii)	100	52.5	7.10%	22.7	(9.9)	280	613,530	343,530	46
Santa Anita (ii)	100	457.5	6.17%	179.7	7.9	382	1,311,264	795,440	245
Topanga (ii)	100	747.8	6.04%	260.0	(0.2)	507	1,637,596	681,229	278
Valencia Town Center	50	186.6	6.50%	160.6	26.0	399	1,065,583	617,664	213
West Covina	100	321.5	5.62%	113.7	5.4	340	1,137,277	609,183	206
Southern California – San Diego									
Horton Plaza (ii)	100	324.0	6.26%	70.1	0.5	383	758,410	477,924	132
Mission Valley (ii)	100	303.7	6.62%	123.3	3.9	472	1,573,803	794,875	127
North County (ii)	100	226.0	6.93%	138.0	6.1	428	1,255,561	446,135	174
Parkway	100	301.8	6.29%	96.1	(1.4)	327	1,295,516	611,235	187
Plaza Bonita (ii)	100	352.5	6.50%	145.7	4.1	425	1,032,903	595,138	182
Plaza Camino Real	100	161.0	7.00%	87.2	1.4	319	1,122,136	403,926	149
UTC #	50	193.0	6.00%	167.6	4.6	560	1,053,061	464,258	141
Washington									
Capital	100	160.0	6.90%	82.5	1.9	345	777,111	505,206	128
Southcenter (ii)	100	741.4	5.58%	234.5	5.5	528	1,682,736	760,880	243
Vancouver	100	141.0	6.05%	66.4	(0.3)	306	903,327	301,761	132

(i) Year on year variance.
(ii) Since the end of the financial year Westfield Group has agreed with the Canada Pension Plan Investment Board (CPPIB) to become a 45% joint venture partner in these shopping centres.
* Includes San Francisco Centre at 100% and San Francisco Emporium at 50%.
\# Centres currently under redevelopment

BRAZIL

SHOPPING CENTRE	LETTABLE AREA (SQM)
Santa Catarina	
Joinville Garten	28,272
Balneario Gamboruli	23,631
Blumenau Norte #	33,190
Nuemarkt Blumenau	28,398
Continente Park #	43,000

\# Centres under development

BOARD OF DIRECTORS

Back Row: (Left to Right) Professor Judith Sloan, Mr John McFarlane, Mr Peter K Allen, Mr Brian M Schwartz AM, Professor Frederick G Hilmer AO, Mr Roy L Furman, Mr Stephen P Johns, The Right Honourable Lord Goldsmith QC PC
Front Row: (Left to Right) Mr Steven M Lowy AM, Mr Frank P Lowy AC, Ms Ilana R Atlas, Mr Peter S Lowy, Mr Mark R Johnson AO

Mr Frank P Lowy AC

Chairman
Frank Lowy is the Chairman and co-founder of the Westfield Group. Having served as Westfield's Chief Executive Officer for over 50 years, Mr Lowy assumed a non-executive role in May 2011. He is the founder and Chairman of the Lowy Institute for International Policy and Chairman of Football Federation Australia Limited. Mr Lowy is Chairman of the Westfield Group Nomination Committee.

Mr Brian M Schwartz AM

Deputy Chairman
Brian Schwartz was appointed as a non-executive Director of Westfield Holdings Limited in May 2009 and as Deputy Chairman in May 2011. In a career with Ernst & Young Australia spanning more than 25 years, he rose to the positions of Chairman (1996 – 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Mr Schwartz assumed the role of CEO of Investec Bank (Australia) Limited. He is Chairman of Insurance Australia Group Limited, Deputy Chairman of Football Federation Australia Limited, a Director of Brambles Limited and is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants. Mr Schwartz is a member of the Westfield Group Audit and Compliance Committee and Nomination Committee and is the lead independent Director.

Mr Peter K Allen

Peter Allen was appointed as an executive Director of Westfield Holdings Limited in May 2011 and is the Westfield Group's Chief Financial Officer. Mr Allen worked for Citibank in Melbourne, New York and London before joining Westfield in 1996 as Director for Business Development. From 1998 to 2004 he was based in London as Westfield's CEO of United Kingdom/ Europe and was responsible for establishing Westfield's presence in the United Kingdom. Mr Allen is a Director of Westfield Retail Trust and is on the Board of the Kolling Foundation. He is also an Associate Member of the Australian Property Institute (AAPI).

Ms Ilana R Atlas

Ilana Atlas was appointed as a non-executive Director of Westfield Holdings Limited in May 2011. Ms Atlas was previously a partner in Mallesons Stephen Jaques and held a number of managerial roles in the firm, including Managing Partner and Executive Partner, People & Information. In 2000 she joined Westpac as Group Secretary and General Counsel before being appointed to the role of Group Executive, People from 2003 to 2010. In that role, she was responsible for human resources, corporate responsibility and sustainability and communications. Ms Atlas is a Director of Suncorp Group Limited and Coca-Cola Amatil Limited, Chairman of Bell Shakespeare Company and Pro-Chancellor of the Australian National University. Ms Atlas is a member of the Westfield Group Risk Management Committee.

Mr Roy L Furman

Roy Furman was appointed as a non-executive Director of Westfield Holdings Limited in July 2004, having served as a non-executive Director of Westfield America Management Limited since 2002. He holds a degree in law from Harvard Law School. Mr Furman is based in the US and is Vice-Chairman of Jefferies and Company and Chairman of Jefferies Capital Partners, a group of private equity funds. In 1973 he co-founded Furman Selz – an international investment banking, institutional brokerage and money management firm and was its CEO until 1997. Mr Furman is a member of the Westfield Group Remuneration Committee.

The Right Honourable Lord Goldsmith QC PC

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

Professor Frederick G Hilmer AO

Frederick Hilmer was appointed a non-executive Director of Westfield Holdings Limited in August 1991. He holds degrees in law from the Universities of Sydney and Pennsylvania and an MBA from the Wharton School of Finance. Professor Hilmer became Vice-Chancellor and President of the University of NSW (UNSW) in June 2006. From 1998 until November 2005, he was CEO and a Director of John Fairfax Holdings Limited. Between 1989 and 1997, he was Dean and Professor of Management at the Australian Graduate School of Management (UNSW). Professor Hilmer is Chairman of the Westfield Group Audit and Compliance Committee and Remuneration Committee.

Mr Stephen P Johns

Stephen Johns was appointed an executive Director of Westfield Holdings Limited in November 1985. He holds a Bachelor of Economics degree from the University of Sydney and is a fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Mr Johns held a number of positions within Westfield, including Group Finance Director from 1985 to 2002, and became a non-executive Director in October 2003. He is Chairman of Leighton Holdings Limited and a Director of Brambles Limited. Mr Johns is Chairman of the Westfield Group Risk Management Committee and a member of the Audit and Compliance Committee.

Mr Mark R Johnson AO

Mark Johnson was appointed as a non-executive Director of Westfield Holdings Limited in May 2010. He holds a degree in law from the University of Melbourne and a Masters of Business Administration from Harvard University. Mr Johnson is a senior advisor for Gresham Partners in Sydney and Chairman of Alinta Energy and the Australian Government's Australian Financial Centre Task Force. He is one of the Prime Minister's three Australian representatives on the APEC Business Advisory Council (ABAC) and was Chairman of ABAC and the APEC Business Summit in Sydney in 2007. Mr Johnson is also a member of the Board of Governors of the Institute for International Trade at the University of Adelaide and a Life Governor of the Victor Chang Cardiac Research Institute. He has previously held senior roles in Macquarie Bank before retiring as Deputy Chairman in July 2007 and his former directorships include Pioneer International and the Sydney Futures Exchange. Mr Johnson is a member of the Westfield Group Remuneration Committee.

Mr Peter S Lowy

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

Mr Steven M Lowy AM

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

Mr John McFarlane

John McFarlane was appointed as a non-executive Director of Westfield Holdings Limited in February 2008. He holds an MA from the University of Edinburgh and an MBA from Cranfield School of Management. In the UK, Mr McFarlane is a Director of Aviva plc (and Chairman designate), The Royal Bank of Scotland Group plc and Old Oak Holdings Limited. Mr McFarlane is the former CEO of Australia & New Zealand Banking Group Limited and earlier Group Executive Director of Standard Chartered Plc, and Head of Citicorp and Citibank in the UK and Ireland. He was also President of the International Monetary Conference, Chairman of the Australian Bankers Association and a Director of the London Stock Exchange and the Auditing Practices Board.

Professor Judith Sloan

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

Financial Report

WESTFIELD GROUP [(1)]

For the financial year ended 31 December 2011

Contents

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

The Directors of Westfield Holdings Limited (Company) submit the following report for the period from 1 January 2011 to 31 December 2011 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

A review of the operations for the Financial Year of the Company and the other entities required by the accounting standards to be included in the consolidated financial statements (collectively the Group) and the results of those operations are contained in the Chairman's and Co-Chief Executive Officers Reviews, at pages 4 to 14 of the Annual Report.

The significant highlights were:

– net profit for the year of $1.53 billion, up 37.6% on prior year;

– funds from operations of $1.49 billion or 64.8 cents per security;

– net property income increasing 7% on prior year[1], property management income increasing 100% on prior year and project income increasing 92% on prior year;

– strategic investments globally, expanding the business in both existing and new markets, including Brazil and the acquisition of a strategic development site in Milan, Italy;

– the successful opening of the £1.75 billion Westfield Stratford City project adjacent to the London 2012 Olympic site;

– the joint venture of Westfield Stratford City; and

– in the United States the Group reached an in principle agreement on the US$1.3 billion joint venture of the retail premises at the World Trade Centre in New York.

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

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

1.2 Principal Activities

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

1.3 Subsequent Events

In February 2012, the Group announced that:

– The Canadian Pension Plan Investment Board (CPPIB) will become a 45% joint venture partner in a portfolio of 12 assets in the United States currently owned by the Group with a gross value of US$4.8 billion. The transaction is expected to close during the first quarter of 2012. The Group will receive approximately US$1.85 billion after the assumption of property related debt by CPPIB. The Group will act as managing general partner for the joint venture and will be responsible for property management, leasing and development. The transaction will increase the number of joint ventured centres in the United States to 19, representing 50% by value, of the Group's US portfolio.

– The Group has agreed to sell its interest in 3 non-core centres in the United Kingdom (Castle Court, Belfast (33%); The Friary, Guildford (50%) and Royal Victoria Palace, Tunbridge Wells (33%)), which will result in gross proceeds of £159 million.

The Group also announced the intention to commence an on market buy-back of securities for up to 10% of its issued capital. The buy-back commenced in March 2012.

1.4 Future Developments, Business Strategy and Prospects

Details of the Group's future developments, business strategy and prospects are outlined in the Chairman's Report and Co-Chief Executive Officers' Report at pages 4 to 14 of this Annual Report.

1.5 Environmental Performance

Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored. In 2011 Westfield produced its first comprehensive Sustainability Report, a copy of which can be found at www.westfield.com/corporate.

2. DIVIDENDS

A dividend of 5.00 cents per security was declared for the six months ended 31 December 2010.[2]

No dividend was declared for the six months ended 30 June 2011.[3]

No dividend was declared for the six months ended 31 December 2011.[4]

3. DIRECTORS AND SECRETARIES

3.1 Board Membership and Qualifications

The following Directors served on the Board during the Financial Year: Mr Frank Lowy, Mr David Lowy, Mr Brian Schwartz, Mr Peter Allen, Ms Ilana Atlas, Professor Fred Hilmer, Mr Roy Furman, Lord Peter Goldsmith, Mr David Gonski, Mr Stephen Johns, Mr Mark Johnson, Mr Peter Lowy, Mr Steven Lowy, Mr John McFarlane and Professor Judith Sloan.

The composition of the Board changed during the Financial Year with the retirement of Mr David Lowy and Mr David Gonski on 25 May 2011 and the appointment of Mr Peter Allen and Ms Ilana Atlas on the same date.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors as at the date of this report are set out on page 25 of the Annual Report.

3.2 Directors' Relevant Interests

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

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

Mr David Lowy and Mr David Gonski retired from the Board on 25 May 2011. On the date of retirement, Mr Lowy (as part of the Lowy family holdings) held a relevant interest in 179,598,386 stapled securities in the Westfield Group and Mr David Gonski held 243,057 stapled securities in the Westfield Group.

None of the Directors hold options over any issued or unissued stapled securities in the Westfield Group.

[1] Adjusting for the impact of the assets distributed to Westfield Retail Trust in December 2010 and on a constant currency basis.

[2] The Company dividend of 5.00 cents per share formed part of the distribution of 31.56 cents per stapled security paid on 28 February 2011. This 31.36 cents distribution was the aggregate distribution from each of the Company, Westfield Trust and Westfield America Trust. The 5.00 cents reported in this report represents the component of the aggregate distribution paid by the Company.

[3] A distribution of 24.20 cents per stapled security was paid on 31 August 2011. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust. No dividend was paid by the Company.

[4] A distribution of 24.20 cents per stapled security was paid on 29 February 2012. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust. No dividend was paid by the Company.

3.3 Directors' attendance at meetings

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

Number of Meetings held:

Board of Directors:	7
Audit and Compliance Committee:	4
Remuneration Committee:	3
Nomination Committee:	2
Board Risk Management Committee:	4

	Board		Audit & Compliance		Remuneration		Nomination		Board Risk Management	
Directors	A	B	A	B	A	B	A	B	A	B
Frank Lowy	7	7	–	–	–	–	2	2	–	–
David Lowy*	4	4	–	–	–	–	–	–	2	2
Peter Lowy	7	7	–	–	–	–	–	–	–	–
Steven Lowy	7	7	–	–	–	–	–	–	–	–
Peter Allen**	4	4	–	–	–	–	–	–	–	–
Ilana Atlas**	4	4	–	–	–	–	–	–	–	–
Roy Furman	7	7	–	–	3	3	–	–	–	–
Peter Goldsmith	7	6	–	–	–	–	–	–	–	–
David Gonski*	4	4	2	2	1	1	1	1	–	–
Fred Hilmer	7	7	4	4	3	3	–	–	–	–
Stephen Johns	7	7	4	4	–	–	–	–	4	4
Mark Johnson	7	7	–	–	2	2	–	–	–	–
John McFarlane	7	6	–	–	–	–	–	–	4	3
Brian Schwartz	7	7	4	4	–	–	2	2	–	–
Judith Sloan	7	7	–	–	–	–	2	2	2	2

Key: A = Number of meetings eligible to attend
B = Number of meetings attended
* Mr David Lowy and Mr David Gonski retired from the Board on 25 May 2011.
** Mr Peter Allen and Ms Ilana Atlas were appointed to the Board on 25 May 2011.

3.4 Directors' directorships of other listed companies

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

Director	Company	Date appointed	Date resigned
Frank Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	16 January 1979	Continuing
Brian Schwartz	Brambles Limited	13 March 2009	Continuing
	Insurance Australia Group	1 January 2005	Continuing
	Westfield America Management Limited*	6 May 2009	Continuing
	Westfield Management Limited**	6 May 2009	Continuing
Peter Allen	RE1 Limited***	12 August 2010	Continuing
	RE2 Limited****	12 August 2010	Continuing
	Westfield America Management Limited*	25 May 2011	Continuing
	Westfield Management Limited**	25 May 2011	Continuing
Ilana Atlas	Coca-Cola Amatil Limited	23 February 2011	Continuing
	Suncorp Group Limited	1 January 2011	Continuing
	Suncorp Metway Limited	1 January 2011	Continuing
	Westfield America Management Limited*	25 May 2011	Continuing
	Westfield Management Limited**	25 May 2011	Continuing
Roy Furman	Westfield America Management Limited*	29 May 2002	Continuing
	Westfield Management Limited**	13 July 2004	Continuing
Peter Goldsmith	Westfield America Management Limited*	28 August 2008	Continuing
	Westfield Management Limited**	28 August 2008	Continuing
Fred Hilmer	Westfield America Management Limited*	13 July 2004	Continuing
	Westfield Management Limited**	13 July 2004	Continuing

Director	Company	Date appointed	Date resigned
Stephen Johns	Brambles Limited	21 August 2006 (1)	Continuing
	Leighton Holdings Limited	21 December 2009	Continuing
	Spark Infrastructure Group	8 November 2005 (2)	30 September 2011
	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	11 November 1985	Continuing
Mark Johnson	AGL Energy Limited	7 April 1988	21 October 2010
	Guinness Peat Group plc	22 September 2010	8 April 2011
	Westfield America Management Limited*	27 May 2010	Continuing
	Westfield Management Limited**	27 May 2010	Continuing
Peter Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	1 May 1986	Continuing
Steven Lowy	RE1 Limited***	12 August 2010	Continuing
	RE2 Limited****	12 August 2010	Continuing
	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	28 June 1989	Continuing
John McFarlane	Westfield America Management Limited*	26 February 2008	Continuing
	Westfield Management Limited**	26 February 2008	Continuing
Judith Sloan	Lend Lease Primelife Limited	30 May 2006	28 April 2009
	Santos Limited	5 September 1994	6 May 2009
	Westfield America Management Limited*	26 February 2008	Continuing
	Westfield Management Limited**	26 February 2008	Continuing

(1) While Mr Johns was appointed to the Board on this date, Brambles Limited did not list on the ASX until 27 November 2006.

(2) While Mr Johns was appointed to the Board on this date, Spark Infrastructure Group did not list on the ASX until 16 December 2005.

Notes:

* Westfield America Management Limited, as responsible entity for Westfield America Trust, a managed investment scheme the units of which are stapled to units in Westfield Trust and shares in the Company and which trade on the ASX as Westfield Group.

** Westfield Management Limited as responsible entity for (a) Westfield Trust, a managed investment scheme the units of which are stapled to units in Westfield America Trust and shares in the Company and which trade on the ASX as Westfield Group; and (b) Carindale Property Trust, a listed managed investment scheme. Westfield Management Limited became responsible entity of Carindale Property Trust on 21 December 2000.

*** RE1 Limited, as responsible entity for Westfield Trust 1, a managed investment scheme, the units of which are stapled to units in Westfield Retail Trust 2 and which trade on the ASX as Westfield Retail Trust.

**** RE2 Limited, as responsible entity for Westfield Trust 2, a managed investment scheme, the units of which are stapled to units in Westfield Retail Trust 1 and which trade on the ASX as Westfield Retail Trust.

3.5 Secretaries

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

Mr Simon Tuxen

Simon Tuxen joined Westfield in July 2002 as Group General Counsel and Company Secretary. He holds a Bachelor of Laws degree, and has practised as a solicitor and corporate lawyer for over 30 years. Prior to joining Westfield, Mr Tuxen was the General Counsel of BIL International Limited in Singapore, Group Legal Manager of the Jardine Matheson Group in Hong Kong and a partner with Mallesons Stephen Jaques from 1987 to 1993.

Ms Maureen McGrath

Maureen McGrath joined Westfield in May 2000 and was appointed a Secretary of the Company in July 2002. She holds Bachelor of Jurisprudence and Bachelor of Laws degrees and has practised as a solicitor and corporate lawyer for over 23 years. Ms McGrath was a solicitor and later a senior associate with Mallesons Stephen Jaques for 11 years before joining Westfield in 2000.

4. OPTIONS

Details of the unissued ordinary shares in the Company under options as at the date of this report are provided in Note 24 to the Financial Statements page 94.

Details of fully paid ordinary shares in the Company which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued shares are provided in Note 10 and 23 to the Financial Statements (pages 80 and 93).

5. 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 Group.

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

The Group has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and Executive Officers of the Group 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.

6. AUDIT

6.1 Audit and Compliance Committee

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

6.2 Non-Audit Services and Audit Independence

Details of the amount paid to the auditor, which includes amounts paid for non-audit services, are set out in Note 42 to the Financial Statements (page 116) The Board is satisfied that the provision of non-audit services by the auditor during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the provision of non-audit services by the auditor during the year did not compromise the independence requirements under the Corporations Act 2001 because:

(a) the Group's Charter of Non-Audit Services sets out the categories of non-audit services that the auditor may or may not undertake. Those categories of permitted services remain subject to the overriding principle that a non-audit service may not be provided in circumstances where it would be detrimental to the actual or perceived independence of the statutory auditor;

(b) the Charter of Non-Audit Services provides a mechanism by which approval for non-audit services proposed to be performed by the auditor is required to be given prior to the provision of such non-audit services, providing an appropriate review point for independence issues prior to engagement;

(c) under the Charter of Non-Audit Services, the auditor is required to report at least twice each year as to its compliance with the terms of the Charter and, in all instances, confirm the position that the independence of Ernst & Young as statutory auditor has been maintained;

(d) the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the Act or of any applicable code of professional conduct and that the Charter of Non-Audit Services has been complied with.

6.3 Auditor's Independence Declaration to the Directors of Westfield Holdings Limited

ERNST & YOUNG

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

In relation to our audit of the financial report of Westfield Holdings Limited for the year ended 31 December 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

S J Ferguson
Partner

Sydney, 14 March 2012

Liability limited by a scheme approved under Professional Standards Legislation.

7. REMUNERATION

7.1 Remuneration Committee

7.1.1 Role of the Committee

The Westfield Group's remuneration arrangements are overseen by the Remuneration Committee. The Committee's activities are governed by its Charter, a copy of which is available at the Corporate Governance section of the westfield.com/corporate website.

The responsibilities of the Remuneration Committee include:

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

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

7.1.2 Membership and meetings

The current members of the Committee are:

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

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

7.2 Remuneration of Non-Executive Directors

7.2.1 Policy

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

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

The aggregate pool available for payment of fees to Non-Executive Directors of the Westfield Group is currently a maximum of $3.5 million. That amount was approved by members at the Annual General Meeting (AGM) of the Company held on 25 May 2011.

The fees paid to the Non-Executive Directors in the Financial Year are set out in section 7.2.2. The aggregate fees for Non-Executive Directors (including standing Committee fees) for the 2012 financial year are $2,647,800. On the recommendation of the Remuneration Committee, the Board determined that the base fee for Non-Executive Directors (inclusive of superannuation guarantee contributions) increase by 5.7% from $175,000 to $185,000, effective from 1 January 2011. The same rate of increase applied to Committee fees, the additional fee for deputy chair and the fee for Committee chair. There will be no increase in the fees in 2012.

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

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

7.2.2 Remuneration of Non-Executive Directors

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

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

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

(2) On 25 May 2011, Mr Lowy retired as chief executive officer and assumed the role of non-executive Chairman. Full details of his executive remuneration for the Financial Year and 2010 are at section 7.6. Mr Lowy is paid a fee of $750,000 p.a. as non-executive Chairman. His fees for 2011 are on a pro-rata basis.

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

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

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

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

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

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

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

7.2.3 Other entitlements

Short term employee benefits

The fees paid to the Non-Executive Directors are disclosed in the table in section 7.2.2.

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

- short-term compensated absences such as annual leave and personal leave;
- short-term cash profit sharing or other cash or performance related bonuses; or
- non-monetary or other short-term employee benefits.

Post-employment benefits

Non-Executive Directors are not entitled to:

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

Other long-term employee benefits

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

Termination benefits

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

Share based payments

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

7.2.4 Board changes

On 25 May 2011:

- Mr Frank Lowy assumed the role of non-executive Chairman;
- Mr Brian Schwartz was appointed as Deputy Chairman;
- Ms Ilana Atlas was elected as a Non-Executive Director;
- Mr Peter Allen was elected as an Executive Director. Details of Mr Allen's remuneration are at section 7.7.2; and
- Mr David Lowy and Mr David Gonski retired from the Board.

7.3 Remuneration of the Senior Executive Team

7.3.1 Policy and environment

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

- fairly and reasonably reward executives having regard to the overall performance of the Group, the performance of the executive measured against pre-determined objectives and the external compensation environment;
- enable the Group to attract and retain key executives who will create sustainable value for members and other stakeholders; and
- appropriately align the interests of executives with members.

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

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

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

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

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

a) Performance

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

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

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

The size and scope of the Group's business and the philosophy of intensive management of the Group's business mean that the management team faces challenges which demand highly skilled and committed executives.

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

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

[(1)] As the terms of the EDA Plan and EPR Plan are essentially the same (other than the EDA Plan being cash settled and the EPR Plan being equity settled), unless the context otherwise appears a reference to the EDA Plan is also a reference to the EPR Plan. The same convention also applies to the PIP Plan and the PIR Plan. In Australia and New Zealand, the issuer of awards under the EDA and PIP Plans is Westfield Holdings Limited, in the United States, it is Westfield LLC and in the United Kingdom, it is Westfield Shoppingtowns Limted. The said companies are issuers of rights under the EPR and PIR Plans.

b) Retention

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

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

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

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

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

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

Despite the strong performance of the Group in the Financial Year (as detailed above), at the end of 2011, given the continuing economic uncertainty being experienced globally, the Board determined that the remuneration freeze should be reintroduced in relation to the 2012 financial year. These policies are discussed in more detail in section 7.3.2.

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

c) Alignment

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

That alignment is achieved in a number of ways including:

- through the application of appropriate performance criteria in the short term variable bonus system;
- through the participation by the executive team in the Group's long term equity linked incentive plans; and
- through a culture which rewards performance and decision making aimed at creating long term value for members.

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

As explained in detail in section 7.4.2, the Group's short term variable bonus scheme rewards executives for performance against financial and non-financial objectives which are specific to that executive and which are considered to be in the interests of the Group and its members.

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

- in the case of the PIP Plan, being the plan in which the most senior executives in the Group participate, alignment is created through the performance hurdles which are established for each Qualifying Period (see section 7.3.3). These hurdles focus on the fundamentals of the Group's business and on the performance of the executive team in meeting the operational, development and corporate targets set by the Board. The Board is of the view that if the management team maintains its focus on these fundamentals, members will be rewarded, over time, by superior returns;
- the structure of the Group's Plans and the specific performance hurdles set for the PIP Plan are designed to avoid encouraging excessive risk taking by the senior executive team;
- through the 3 to 5 year vesting periods which are imposed under the Plans (see section 7.4.3). By requiring executives to serve lengthy periods with the Group in order to achieve vesting, the Group is better able to achieve its retention objectives. Consequently, the practice of paying disproportionate cash bonuses for achieving short term objectives (with questionable long term benefits) is avoided; and
- the value of maturing awards made to executives under each of the Group's Plans mirrors, in all respects, the performance of the Group's securities on the ASX. As a consequence of the declining equity markets which have impacted property securities globally (including the Westfield Group), the value of unvested awards which will be received by executives participating in the Plans has reduced significantly.

Enhancing the alignment between members and the executive team was a matter of continued focus for the Remuneration Committee and the Board in the Financial Year. Following a review of the operation of the performance hurdles utilised in the PIP Plan, the Board has decided that, commencing in 2012, a new hurdle focussing on Return on Contributed Equity should be introduced and that performance against that hurdle should be measured over a 4 year period. This change in the performance hurdles is further discussed in section 7.3.3.

7.3.2 Specific remuneration policies

a) 2009 and 2010 Financial Years

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

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

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

- there was no increase in the fees payable to Non-Executive Directors in 2009;
- with two exceptions arising as a consequence of promotions, there were no base salary increases for the senior executive team in 2009;
- the aggregate increase for other executives and staff for 2009 was capped at 4% per annum (to reflect increases in the cost of living);
- other than the exceptions noted above, the total target remuneration (including short term bonuses and equity linked incentives) for the senior executive team in 2009 was capped at the same level as in 2008; and
- in almost all cases for the senior executive team, the short term variable bonuses paid to executives for 2008 were at, or below, the same level as were paid in the preceding year.

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

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

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

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

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

b) 2011 Financial Year

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

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

In addition, several of the Specified Executives (refer section 7.8) received project bonuses (in addition to their short term variable bonuses) in recognition of their contribution to the recently completed Westfield Stratford City project in the United Kingdom and the Westfield Sydney project in Australia. In approving these project bonuses the Board noted the value created for members through both projects and the significant contributions made by the individual recipients over the life of these projects.

As discussed in detail in section 7.3.4, the Group's accounting treatment of cash settled awards issued under the Plans can result in significant year on year fluctuations in total remuneration. A review of the remuneration of each executive over a longer period presents a more accurate picture of average remuneration actually received by that executive. For this reason, where applicable, we have disclosed, where applicable, a 5 year history for each Executive Director and Specified Executive which demonstrates the level of disclosed remuneration for that executive over time (see sections 7.7 and 7.8).

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

- the remuneration for the Financial Year prior to project bonuses paid to Mr Jordan and Mr Gutman in respect of the Westfield Sydney and Westfield Stratford City projects respectively, was \$5,325,043 for Mr Jordan and \$5,439,933 for Mr Gutman which approximates their remuneration in the 2007 financial year; and
- the remuneration of Mr Allen in the Financial Year approximates his remuneration in the 2007 financial year.

c) 2012 financial year

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

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

- there was no increase in the fees payable to Non-Executive Directors;
- with 3 exceptions arising as a consequence of promotions, there were no base salary increases for the senior executive team in 2012;
- the aggregate increase for other executives and staff for 2012 was capped at 3% per annum (to reflect increases in the cost of living);
- other than the exceptions noted above, the total target remuneration (including short term bonuses and equity linked incentives) for the senior executive team in 2012 was capped at the same level as in the Financial Year; and
- the short term variable bonus targets for 2012 have been set at, or below, the same level as were paid in the Financial Year.

With respect to the equity linked plans, for the 2012 financial year, the Board has decided to replace the hurdle relating to development starts with a hurdle focussed on the Return on Contributed Equity (ROCE) achieved by the Group, measured over a 4 year period. The Board believes that using a hurdle of this type appropriately reflects the Group's emphasis on improving ROCE over time. The Group's policies with respect to the performance hurdles applicable to the PIP Plan in 2012 are set out in section 7.3.3.

7.3.3 Review of equity linked incentive plans

a) Background

The operation of the Group's equity linked incentive plans is described in greater detail in section 7.4.3.

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

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

b) 2011 Qualifying Year

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

- achieving OSE per security against a graduated scale of vesting . This hurdle was given a 75% weighting; and
- achieving a targeted level of development project starts of at least \$750 million. This target was binary (i.e. this portion of the PIP or PIR awards would not have vested if the target was not achieved). This hurdle was given a 25% weighting.

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

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

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

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

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

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

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

The second hurdle is a measure of the success of the Group in achieving a targeted value of development project starts. All major developments must be approved by the Board prior to commencement to ensure that relevant financial, operating and strategic requirements are satisfied. Development starts are considered by the Board to be of particular importance to the medium term growth of OSE as well as the capital value of the Group's portfolio. The Committee set a targeted level of development starts of at least $750 million which was required to be achieved in order for the awards linked to this hurdle to vest. If the level of development project starts fell below that target, no part of the value of the awards which were contingent on meeting this hurdle would have vested. 25% of the total targeted number of awards were granted based on performance against this hurdle. As noted in the Co-Chief Executive Officers' Report at pages 6 to 14, the Group commenced developments in excess of the $750 million threshold in the Financial Year.

c) 2012 Qualifying Year

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

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

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

The FFO Hurdle

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

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

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

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

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

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

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

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

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

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

Although the Westfield Group has a well established record of superior share market performance both in relative and absolute terms, the philosophy of the Group has been, and remains, that this record of success is a product of sound operating performance and strategic decision making and that the focus of the executive team should remain on the underlying business and not on the price of the Group's securities. The Board's view remains that long term incentives (which are an increasingly significant component of executive remuneration) should not fluctuate in favour of, or against, the executive, based principally on movements in the price of Westfield Group securities. Rather, performance hurdles should focus on the fundamentals of the Group's business and on the performance of the executive team in meeting the targets which the Group sets for itself. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, security holders will be rewarded, over time, by superior market performance.

The interests of the executive and the members are also aligned in respect of the price of the Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive.

As noted above, the benefits received by participants in the Plans have been significantly impacted by the fall in the price of the Group's securities in recent years.

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

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

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

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

At the end of each accounting period the awards are marked to market on the basis of the then current share price and the assumptions made in previous years are reconsidered having regard to any change in circumstances.

This process may result in a variation of the estimate of the future liability of the Group with respect to that award and an increase or decrease in the amortisation. For example, in any year, where the share price increases at a rate which is greater than the estimate made in the original model, the implied increase in value of the awards at the date of maturity will result in an increase in the amount of amortisation. Conversely, as occurred in 2008 and 2009 financial years, where the share price decreases in any year, the expected lower value of the awards at the date of maturity will result in a decrease in the amount of amortisation. The full amount of that amortisation is then included in the accounts and disclosed as part of the remuneration of Executive Directors and Specified Executives.

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

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

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

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

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

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

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

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

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

7.4 Components of Westfield Executive Remuneration

7.4.1 Base salary

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

7.4.2 Short term variable bonus

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

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

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

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

7.4.3 Equity linked incentive plans

The Westfield Group has 4 equity linked incentive plans. The EDA Plan and the PIP Plan which were introduced following the merger in 2004 and the EPR Plan and the PIR Plan which were introduced in 2008 to provide the Group with the flexibility to issue equity settled rights where considered appropriate.

Mechanics of the Plans

Under the EDA Plan and the PIP Plan, awards granted to executives are more in the nature of "restricted stock" whereby, on maturity, the executive is entitled to receive, for no further consideration, one Westfield Group security for each award. However, as explained below EDA and PIP Plans are synthetic and executives receive cash payments rather than physical securities.

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

– based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of $400,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $40,000;

– immediately prior to the commencement of participation in the Plan, that dollar amount is converted into an award which is based on the then current market price of Westfield Group stapled securities. In the above example, assuming a market price of $10.00 per stapled security, the participant would receive an award equal to the economic benefit of 4,000 Westfield Group stapled securities; and

– assuming the executive remains employed by the Group through the vesting period and, any applicable performance hurdles are satisfied, the executive will receive a pay-out equal to the capital value of the stapled securities in the award. That is, the executive receives a cash payment (rather than physical securities) which reflects the capital value of the number of "synthetic securities" comprised in that award as at the vesting date.

As noted above, the right to receive a cash pay-out under either the EDA Plan or the PIP Plan is dependent on the executive remaining employed by the Westfield Group throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board retains a discretion under the Plans to allow vesting of all or part of the awards granted under the Plans (see section 7.9), or to allow the executive to remain as a participant in the Plan through to the vesting date.

The EDA Plan

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

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non-financial objectives. Executives qualify to receive a pay-out of that deferred compensation by satisfying the requirement that they remain in the employment of the Westfield Group through the vesting period. That vesting period is currently 3 years (other than retention awards referred to below which have a vesting period of 5 years). There are no additional performance hurdles applicable during the vesting period.

Participants will qualify to receive a cash amount on the qualification date or, in limited circumstances, the date that they cease to be an employee of the Group. Depending on age, length of service and the date of retirement executives may be eligible to continue to participate in the Plans up to the vesting date if they retire prior to that date.

The circumstances in which a participant's award will be forfeited include the following:

– voluntary resignation by the executive (other than where the retirement conditions are met);

– a "Summary Termination Event" occurring in respect of a participant (this includes the participant engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and

– the participant failing to comply with a "Competition and Confidentiality Condition" (which will include standard confidentiality, non-compete and non-solicitation conditions).

In the case of death or total and permanent disablement, the awards will fully vest with the exception of retention awards in respect of which a pro-rata payment will be made.

If a participant is made redundant or Westfield terminates their employment other than for cause, a pro-rata payment will be made to that participant. However, no payment will be made in these circumstances in respect of any retention awards.

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

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

The PIP Plan

Only the senior leadership team of the Westfield Group participates in the PIP Plan. There are currently 20 executives world-wide, including the Executive Directors, participating in the PIP Plan.

The PIP Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIP Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 7.3.1.

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

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

Actual performance against the hurdles which apply during the Qualifying Period will determine the final number of awards which the executive will receive at the end of that period. If performance against a hurdle is such that full qualification for awards is not achieved, there is no provision in the Plan for re-testing in subsequent years. The Board will revise hurdles during a Qualifying Period only where required as a consequence of a capital transaction undertaken by the Group (e.g. a major capital raising) or a strategic decision by the Group which prevents achievement of the hurdle.

The awards issued under the PIP Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5. No other performance hurdles are imposed during the vesting period.

The hurdles chosen by the Remuneration Committee for the 2012 Qualifying Period are discussed in section 7.3.3.

By adopting this combination of the application of performance hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, the Westfield Group aims, through the issue of awards under the PIP Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Executives participating in the PIP Plan will be required to remain with the Group for a period of 5 years in order to get the full benefit of each award.

The EPR Plan and PIR Plan

In 2004, the Group moved to "synthetic" equity linked incentive plans as certain Australian taxation concessions in place at the time in relation to options over shares issued under employee share plans did not apply equally to options granted to employees over units in a trust. As a consequence, it was not practical for the Group to issue options over Westfield Group securities. Rather, the Group introduced the synthetic plans (EDA and PIP Plans) as described above which result in a cash payment to executives based on the value of Westfield Group securities rather than being settled through the issue or transfer of actual securities.

In 2007, the Federal government introduced legislation to correct this position with regard to stapled entities, such as the Westfield Group.

The EPR Plan and the PIR Plan operate in much the same manner as the EDA Plan and the PIP Plan except that entitlements will be satisfied by the delivery of Westfield Group securities (as opposed to the payment of a cash amount).

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

The EPR Plan and the PIR Plan also offer participants the opportunity to defer the time at which they are taxed once the performance rights vest. Typically, on delivery of securities, participants will be taxed on the value of the securities (as ordinary income). These plans enable participants to defer the taxing point if they elect to have a restriction period on dealing with securities that vest under the Plans. If such an election is made, securities delivered upon vesting will be placed in a "holding lock". This means that, while the securities will be registered in the name of the participant and they will have a right to vote and receive distributions, the participant will not be able to sell or transfer the securities during the restriction period. The restriction period is up to ten years from the date of the grant of the performance rights.

7.4.4 Hedging policy

In addition to the restrictions placed on entering into hedging arrangements by operation of the Group's Security Trading Policy, participants in the Plans are prohibited from entering into hedging arrangements in respect of unvested awards or rights (or rights the subject of a holding lock) in any of the Plans.

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

7.5 Performance of the Westfield Group

Full details of the Group's various financial and operating achievements are contained in the Chairman's Report at pages 4 to 5 and the Co-Chief Executive Officers' Report at pages 6 to 14 of this Annual Report.

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

The following pages contain an analysis of the Group's performance using various metrics applied over time.

7.5.1 Earnings

Year on year comparisons of earnings metrics are difficult because of the impact of the WRT transaction in 2010 under which the Group transferred interests in 54 of its shopping centre assets in Australia and New Zealand to WRT. As part of the transaction the Group distributed approximately $7.3 billion of capital to then Westfield Group securityholders, via an in-specie distribution of units in WRT. As a consequence of the transfer of those assets, the Group's earnings in absolute terms and on a per security basis have reduced significantly.

Operating segment earnings

OSE on a constant currency basis [1] for the last five years are detailed below. The decrease in OSE for the Financial Year is primarily attributable to the approximately $7.3 billion distribution of capital to securityholders as part of the WRT transaction in December 2010.

Financial year to 31 December	**OSE $m**	**OSE growth (annual %)**	**OSE (cents per security)**
2011	1,736.6	(14.5) [2]	75.40
2010	2,031.6	3.6	88.26
2009	1,961.7	5.7	87.45
2008	1,855.8	12.2	95.53
2007	1,654.5	11.4	89.02

(1) Constant currency is achieved by retranslating each item in the prior period income statement at the current period exchange rate. The average exchange rates are A$/US$1.0320 (31/12/10 0.9198, 31/12/09 0.7986, 31/12/08 0.8598, 31/12/07 0.8388); A$/£ 0.6437 (31/12/10 0.5950, 31/12/09 0.5074, 31/12/08 0.4596, 31/12/07 0.4188); A$/NZ$ 1.3058 (31/12/10 1.2746, 31/12/09 1.2477, 31/12/08 1.1934, 31/12/07 1.1397).

(2) The decrease in OSE for the Financial Year is primarily attributable to the approximately $7.3 billion distribution of capital to securityholders as part of the WRT transaction in December 2010.

Adoption of Funds from Operations as a reporting measure

In 2011, the Group announced that it will report earnings comprising FFO. FFO is a widely recognised measure of the performance of real estate investment groups by the property industry and is a useful measure of operating performance. The basis of calculation of FFO is explained in Note 10 of the financial statements at page 80.

7.5.2 Earnings per security

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

The Group's earnings per security (EPS) for the last 5 financial years are detailed below.

Financial year to 31 December	**EPS (cents)**	**EPS growth (annual %)**
2011	66.35	37.8
2010	48.14	335.9
2009	(20.41)	82.7
2008	(117.79)	(163.7)
2007	184.93	(41.5)

7.5.3 Distributions per security

Distributions paid by the Group for the last 5 financial years are detailed in the table below.

Distributions per security decreased in 2010 and the Financial Year for the following reasons:

(a) in 2010, the reduced distribution per security, despite an increase in OSE per security, resulted from implementation by the Group of a new distribution policy first communicated to the market in the first half of 2009. The revised policy was to distribute between 70% – 75% of OSE.

(b) at the time of the WRT transaction, the Group announced that the distribution per security for the Financial Year would be 48.40 cents. This reduced distribution reflects the impact of the WRT transaction under which the Group made a $7.3 billion distribution of capital to securityholders and transferred interests in 54 of its shopping centres to WRT. The Group's distribution policy is no longer based on OSE. Rather, it is anticipated that a target will be announced to the market at the time of the release of the Group's annual results.

Financial year to 31 December	**Annual distributions per stapled security (cents)**	**Annual distributions (total $)**
2011	48.40 [1]	1,114,800,000
2010	63.56	1,463,500,000
2009	94.00	2,149,100,000
2008	106.50	2,076,500,000
2007	106.50	1,977,500,000

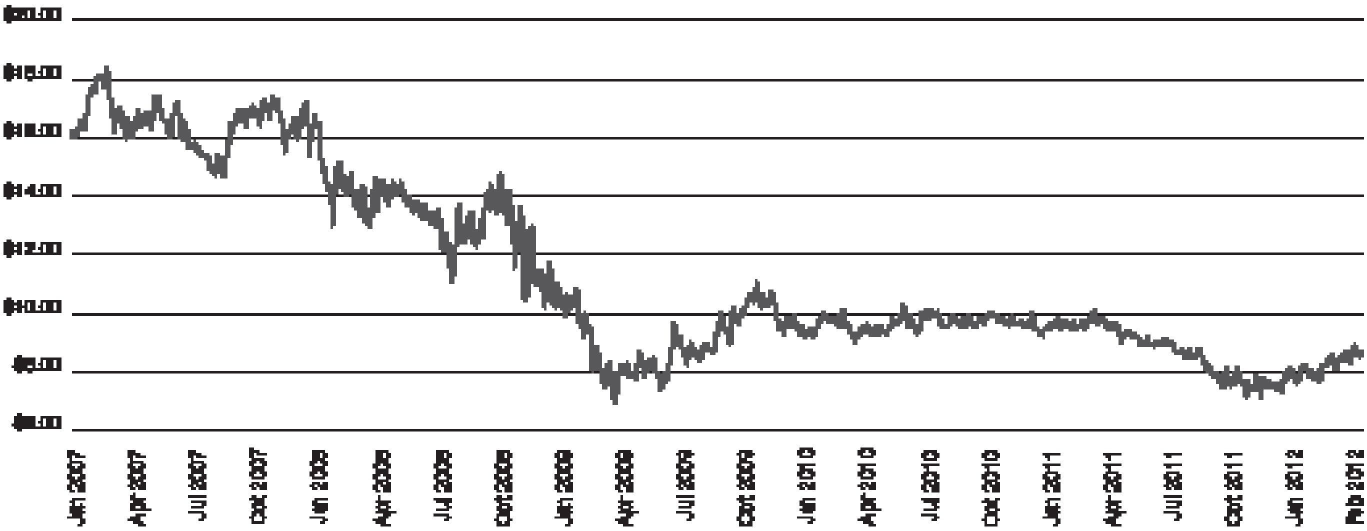
(1) The reduced distributions for the Financial Year reflect the impact of the WRT transaction as noted above.

Directors' Report (continued)

7.5.4 WDC security price

Movement in the Westfield Group's security price for the last 5 financial years (as adjusted for the WRT transaction) is shown in the chart below. The aggregate distribution to members during the period 1 January 2007 to 29 February 2011 was $4.19 per security.

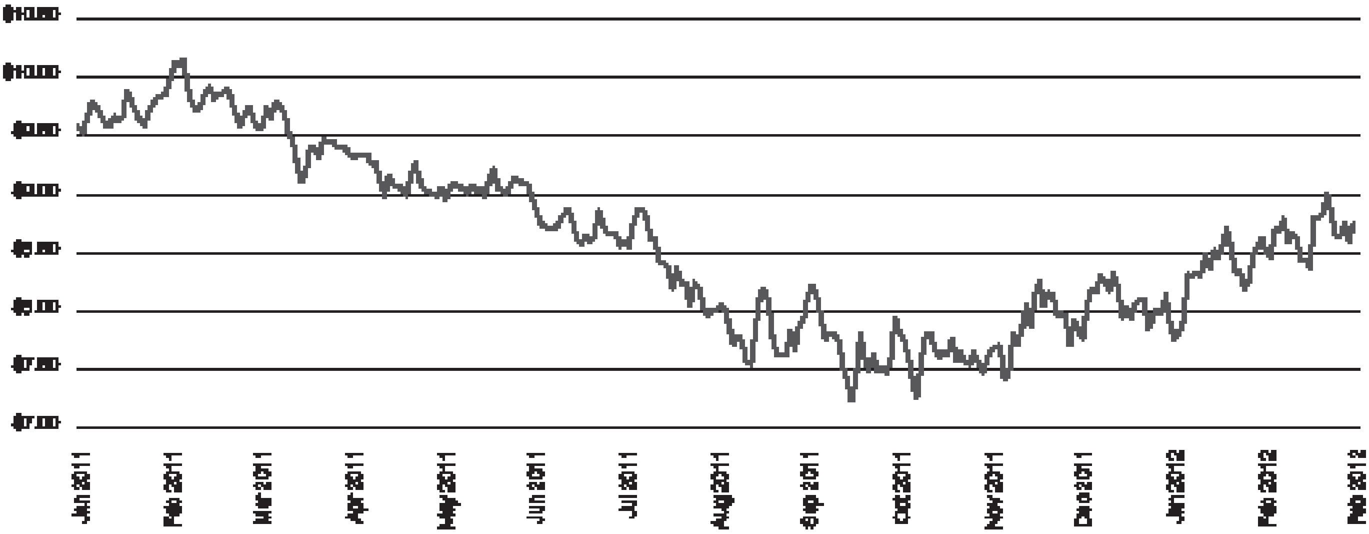
WDC Prices 1 Jan 2007 – 29 Feb 2012



Source: Bloomberg, which includes an adjustment for the impact of the WRT transaction.

The Group's security price for the period 1 January 2011 to 29 February 2012 is shown in the chart below.

WDC Security Prices 1 Jan 2011 – 29 Feb 2012

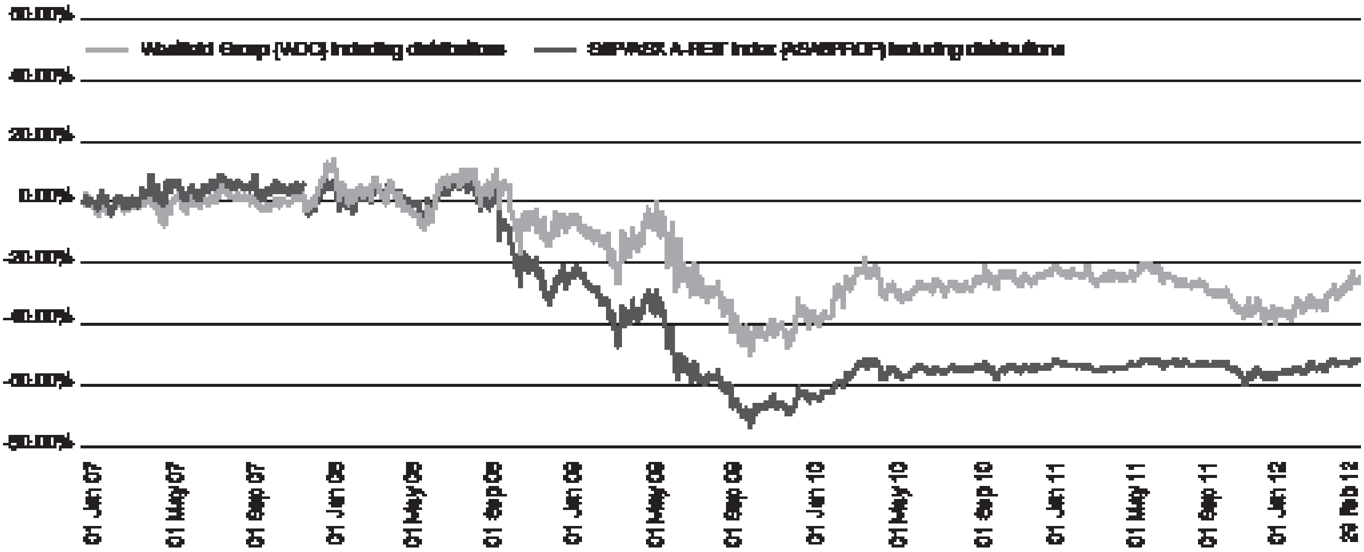


Source: Bloomberg

7.5.5 Performance against S&P/ASX A-REIT Index since 1 January 2007 – 29 February 2012

As evidenced by the chart below, the performance of the Westfield Group has tracked above the movements in the Index for much of the last 5 years.

Performance against S&P/ASX A-REIT index: 1 Jan 2007 – 29 Feb 2012



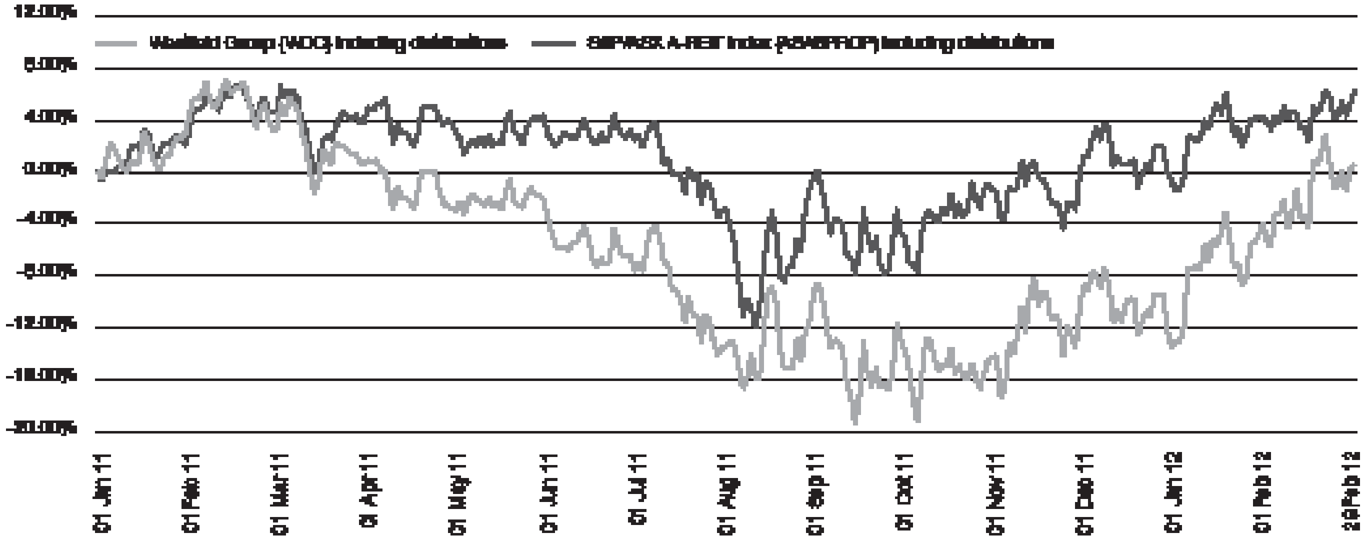
Source: Bloomberg

7.5.6 Performance against S&P/ASX A-REIT Index 1 January 2011 – 29 February 2012

The Westfield Group is included in the S&P/ASX A-REIT Index with a weighting of approximately 27.5% of that index as at 29 February 2012.

The chart below shows the performance of the Group against the S&P/ASX A-REIT Index from 1 January 2011 to 29 February 2012.

Performance against S&P/ASX A-REIT index: 1 Jan 2011 – 29 Feb 2012



Source: Bloomberg

7.6 Remuneration of the Chairman

On 25 May 2011, Mr Lowy retired as chief executive officer and assumed the role of non-executive Chairman. As a consequence, Mr Lowy's service arrangements with the Group ceased and he is now remunerated as a non-executive Chairman at $750,000 per annum.

Mr Lowy's remuneration for the Financial Year is detailed below. Mr Lowy's remuneration for the Financial Year is pro-rated for the period Mr Lowy was an Executive Director and when he assumed the role of non-executive Chairman on 25 May 2011.

Component of remuneration	A$ 2011	A$ 2010	A$ 2009	A$ 2008	A$ 2007
Short term employee benefits					
– Salary / fees [1] Fixed	3,672,961	8,000,000	8,000,000	8,000,000	8,000,000
– Cash bonus At risk	2,780,822 [2]	7,000,000	5,950,000	7,000,000	7,000,000
– Other short term employee benefits [3] Fixed	(128,723)	(26,100)	11,693	24,657	1,351
– Non monetary benefits [4] Fixed	525,470	889,414	902,584	1,054,041	817,421
Total short term employee benefits	6,850,530	15,863,314	14,864,277	16,078,698	15,818,772
Post-employment employee benefits					
– Pension and superannuation benefits Fixed	–	–	–	–	–
– Retirement benefits [5]	10,848	101,588	67,679	126,062	66,506
Other long term benefits	–	–	–	–	–
Termination benefits	–	–	–	–	–
Share based payments [6]	–	–	–	–	–
Total remuneration	**6,861,378**	**15,964,902**	**14,931,956**	**16,204,760**	**15,885,278**

(1) Mr Lowy's base salary of $3,221,725 was inclusive of statutory superannuation contributions. Mr Lowy's fees as a non-executive Chairman ($451,236) are also inclusive of statutory superannuation contributions. The amount of $3,672,961 is the total of base salary and fees on a pro-rated basis.

(2) Mr Lowy's bonus for the Financial Year was pro-rated to 25 May 2011 being the date he assumed the role of non-executive Chairman. No part of this bonus is payable in respect of any future financial year. Mr Lowy's bonus was determined by reference to the PIP Plan hurdles for 2011. As noted in section 7.3.3 those hurdles were met as to 100%. Accordingly, Mr Lowy received 100% of his bonus on a pro-rated basis.

(3) Comprising annual leave and long service leave entitlements for the period in which Mr Lowy was Executive Chairman.

(4) As at the date of his retirement as Executive Chairman, Mr Lowy's entitlement to private use of the corporate aircraft ceased. This amount reflects a pro-rated entitlement based on 75 hours per annum.

(5) Mr Lowy's service arrangements provided for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit was calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post-merger arrangements. On his retirement as an Executive Director in May 2011, Mr Lowy was paid $2.2 million in retirement benefits. The payment represents amounts that were previously included as remuneration and disclosed in the Group's remuneration reports.

(6) Mr Lowy does not participate in the Group's equity linked incentive plans. He was not paid or entitled to any share based compensation in the Financial Year.

7.7 Remuneration of the Executive Directors

At the date of this report, there were 3 Executive Directors in office, the Co-Chief Executive Officers, Mr Peter Lowy and Mr Steven Lowy and the Group Chief Financial Officer, Mr Peter Allen.

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

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

In determining short term bonuses paid to the Executive Directors the Committee and Board have regard to the performance of the Executive Directors in relation to the functions for which they are responsible. Details of the specific performance criteria for each of the Executive Directors are outlined below in the summary of their employment arrangements.

7.7.1 Co-Chief Executive Officers

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

Mr Peter Lowy

- Has been with the Group since 1983.
- Has resided in the United States since 1990.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Base salary of US$2.5 million per annum for the Financial Year.
- Mr Lowy's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Lowy's bonus the Committee and Board had regard to Mr Lowy's responsibilities as a Co-Chief Executive Officer. The Board has delegated authority to the Co-Chief Executive Officers. Under this delegation, the Co-Chief Executive Officers are responsible for:
  - Making recommendations and reporting to the Board regarding the development of global strategies for, and the management and performance of, the business and operations of the Group.
  - The management of the Group in accordance with Board approved strategies, business plans and processes.

  In carrying out these delegated functions, the Co-Chief Executive Officers' responsibilities include:
  - Responsibility for the overall financial management and performance of the Group including financial planning and forecasting for the Group and preparation of the Group's annual budget.
  - Oversight of the effective operation, administration and development of the Group.
  - Strategic planning on capital management issues.
  - Management of major operational activities of the Group including acquisition and disposal strategies; development strategies and new market strategies.
  - Presentation to the Board of budgets and financial statements.
  - Oversight of compliance with legal and regulatory obligations including in relation to risk management; occupational health and safety matters and ASX requirements.
  - Maintaining awareness of the business, economic and political environments as they affect the Group.
- Mr Lowy qualified for awards under the PIP Plan (see sections 7.3.3 and 7.4.3) at 100% of target for the 2011 Qualifying Year (2010:125%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 7.9. Following the appointment of Mr Lowy as a Co-Chief Executive Officer on 25 May 2011 there were no changes to Mr Lowy's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration [1]	**US$ 2011**	**US$ 2010**	**US$ 2009**	**US$ 2008**	**US$ 2007**
Short term employee benefits					
– Base salary Fixed	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
– Cash bonus At risk	3,360,000 [2]	3,360,000	2,850,000	3,360,000	3,531,600
– Other short term employee benefits [3] Fixed	(45,563)	–	–	89,346	(123,798)
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	5,814,437	5,860,000	5,350,000	5,949,346	5,907,802
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments [4]					
– Cash settled EDA/PIP Plan (at risk)	2,460,633	2,755,051	1,507,787	1,100,308	2,651,522
Other long term benefits	–	–	–	–	–
Total remuneration	**8,275,070**	**8,615,051**	**6,857,787**	**7,049,654**	**8,559,324**

(1) As Mr Peter Lowy is based in the United States his remuneration is disclosed in US$.

(2) Mr Lowy's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

(3) Comprising annual leave entitlements.

(4) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or PIR Plan. Refer to the tables at sections 7.7.3 and 7.7.4 for details of awards held by Mr Lowy under the EDA Plan and PIP Plan.

Mr Steven Lowy

- Has been with the Group since 1987.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Base salary of A$2.5 million per annum for the Financial Year.
- Mr Lowy's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Lowy's bonus the Committee and Board had regard to Mr Lowy's responsibilities as a Co-Chief Executive Officer. The Board has delegated authority to the Co-Chief Executive Officers. Under this delegation, the Co-Chief Executive Officers are responsible for:
  - Making recommendations and reporting to the Board regarding the development of global strategies for, and the management and performance of, the business and operations of the Group.
  - The management of the Group in accordance with Board approved strategies, business plans and processes.

  In carrying out these delegated functions, the Co-Chief Executive Officers' responsibilities include:
  - Responsibility for the overall financial management and performance of the Group including financial planning and forecasting for the Group and preparation of the Group's annual budget.
  - Oversight of the effective operation, administration and development of the Group.
  - Strategic planning on capital management issues.
  - Management of major operational activities of the Group including acquisition and disposal strategies; development strategies and new market strategies.
  - Presentation to the Board of budgets and financial statements.
  - Oversight of compliance with legal and regulatory obligations including in relation to risk management; occupational health and safety matters and ASX requirements.
  - Maintaining awareness of the business, economic and political environments as they affect the Group.
- Mr Lowy qualified for awards under the PIP Plan (see sections 7.3.3 and 7.4.3) at 100% of target for the 2011 Qualifying Year (2010:125%).
- Details of the Executive Directors' Service Agreements with the Group including termination entitlements are set out in section 7.9. Following the appointment of Mr Lowy as a Co-Chief Executive Officer on 25 May 2011 there were no changes to Mr Lowy's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration (1)	**A$ 2011**	**A$ 2010**	**A$ 2009**	**A$ 2008**	**A$ 2007**
Short term employee benefits					
– Base salary (2) Fixed	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
– Cash bonus At risk	4,000,000 (3)	4,000,000	3,400,000	4,000,000	4,000,000
– Other short term employee benefits (4) Fixed	41,667	(73,718)	(141,025)	89,743	70,513
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	6,541,667	6,426,282	5,758,975	6,589,743	6,570,513
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments (5)					
– Cash settled EDA/PIP Plan (at risk)	2,384,334	2,995,272	1,888,038	1,279,726	3,161,090
Other long term benefits		–	–	–	–
Total remuneration	**8,926,001**	**9,421,554**	**7,647,013**	**7,869,469**	**9,731,603**

(1) As Mr Steven Lowy is based in Australia his remuneration is disclosed in A$.

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

(3) Mr Lowy's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

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

(5) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or the PIR Plan. Refer to the tables at sections 7.7.3 and 7.7.4 for details of awards held by Mr Lowy under the EDA Plan and the PIP Plan.

7.7.2 Group Chief Financial Officer

The employment arrangements of the Group Chief Financial Officer are as follows.

Mr Peter Allen

- Has been with the Group since 1996.
- All aspects of Mr Allen's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Egan & Associates Pty Limited to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Base salary of A$1.4 million per annum for the Financial Year.
- Mr Allen's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Allen's bonus the Committee and Board had regard to Mr Allen's responsibilities as a Group Chief Financial Officer in relation to the finance, treasury, information technology, planning, tax, investor relations and risk management functions of the Group. In this role, Mr Allen has specific objectives including in relation to oversight of the following:
  - Participation in the Group's major corporate transactions including corporate mergers, buying and selling assets, joint ventures etc.
  - Preparation and presentation of the financial accounts of the Group and regular disclosures to the market (including in relation to continuous disclosure issues).
  - Communicating with members, analysts and the investment community more broadly.
  - The continuous process of financial planning and forecasting for the Group including preparation of the Group's annual budget.
  - Strategic planning on capital management issues.
  - Co-ordination of the Group's global debt and derivative programs covering bilateral, syndicated and debt market facilities offerings and related hedging programs.
  - Tax policies adopted by the Group generally and specific planning in relation to major transactions.
  - The Group's information technology function including in relation to the identification and implementation of new systems and the security of the Group's systems.
  - The operation of the risk management function including identification and mitigation of material risks for the Group, participation in the Executive Risk Management Committee and promoting compliance with relevant legal and ASX requirements.
  - Implementation of the Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, sustainability and diversity.
  - Human resource issues including ensuring succession planning within the relevant divisions and promoting the sharing of resources and expertise between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Membership of the Global Executive Committee.
- Mr Allen qualified for awards under the PIP Plan (see sections 7.3.3 and 7.4.3) at 100% of target for the 2011 Qualifying Year (2010:125%).
- Details of the Executive Directors' Service Agreements with the Group including termination entitlements are set out in section 7.9. Following the appointment of Mr Allen as an Executive Director on 25 May 2011, there were no changes to Mr Allen's contractual terms including his remuneration for the 2011 Financial Year.

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

Component of remuneration (1)	**A$ 2011**	**A$ 2010**	**A$ 2009**	**A$ 2008**	**A$ 2007**
Short term employee benefits					
– Base salary (2) Fixed	1,400,000	1,200,000	1,200,000	1,200,000	1,000,000
– Cash bonus At risk	1,400,000 (3)	1,700,000	1,200,000	1,200,000	1,500,000
– Other short term employee benefits (4) Fixed	155,687	43,076	(19,231)	188,508	88,871
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,955,687	2,943,076	2,380,769	2,588,508	2,588,871
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments (5)					
– Cash settled EDA/PIP Plan (at risk)	1,010,911	948,637	187,975	699,661	3,276,389
– Equity settled EPR/PIR Plan (at risk)	1,887,911	1,067,602	1,067,602	547,719	–
Other long term benefits	–	–	–	–	–
Total remuneration	**5,854,509**	**4,959,315**	**3,636,346**	**3,835,888**	**5,865,260**

(1) As Mr Allen is based in Australia his remuneration is disclosed in A$.

(2) Mr Allen's base salary is inclusive of statutory superannuation contributions.

(3) Mr Allen's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

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

(5) Refer to the tables in sections 7.7.3, 7.7.4 and 7.7.5 below.

7.7.3 Executive Directors: participation in the EDA Plan

The following chart details awards under the EDA Plan held by the Executive Directors.

Executive	Date of grant	Number of awards at grant date	Vesting date	Reinvest-ment awards [1]	Adjustment awards [2]	Total awards held	Fair value at grant [3] $	Market value at 29 Feb 2012 [4] $	Perfor-mance hurdles
Peter Lowy	1 Jan 2009	84,661	15 Dec 2011 [5]	21,988	27,601	134,250	971,690	N/A	N/A
	1 Jan 2010	82,656	14 Dec 2012	N/A	23,144	105,800	864,582	929,982	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	N/A	118,387	995,635	1,040,622	N/A
Steven Lowy	1 Jan 2009	84,661	15 Dec 2011 [5]	21,988	27,601	134,250	971,690	N/A	N/A
	1 Jan 2010	82,656	14 Dec 2012	N/A	23,144	105,800	864,582	929,982	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	N/A	118,387	995,635	1,040,622	N/A
Peter Allen [6]	1 Jan 2006	288,355	1 Jan 2011 [7]	109,398	111,371	509,124	6,786,595	N/A	N/A
	1 Jan 2010	72,933	14 Dec 2012	N/A	20,421	93,354	762,879	820,582	N/A
	1 Jan 2011	88,790	16 Dec 2013	N/A	N/A	88,790	746,724	780,464	N/A

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2009 and 2010. The notional reinvestment of distributions feature of the EDA Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(2) To take into account the impact of the WRT transaction, the number of awards granted in 2009 and 2010 were adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards in 2010, there has been no alteration to the terms of the grant to either of the Co-Chief Executive Officers or the Group Chief Financial Officer under the EDA Plan since the grant date.

(3) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of awards granted under the EDA plan on or after 1 January 2011 is calculated using the Black Scholes pricing methodology. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EDA Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) These awards vested (and were paid) in December 2011. The pay-out amount was $1,082,055 for each Co-Chief Executive Officer.

(6) In 2008 and 2009, Mr Allen participated in the EPR Plan. Refer table at section 7.7.5.

(7) These awards vested (and were paid) in January 2011. The pay-out amount was $4,984,324.

7.7.4 Executive Directors: participation in the PIP Plan

The following chart details awards under the PIP Plan held by the Executive Directors.

Executive	Date of grant	Number of awards / Vesting date	Reinvestment awards [1]	Adjustment awards [2]	Total awards held	Fair value at grant [3] $	Market value at 29 Feb 2012 [4] $	Performance hurdles
Peter Lowy	1 Jan 2007	50,462: 01/01/11 [5]	15,069	18,349	83,880	1,200,073	N/A	Satisfied
	1 Jan 2008	51,680: 15/12/11 [6]	17,462	17,894	87,036	1,247,481	N/A	Satisfied
	1 Jan 2009	58,720: 15/12/11 [7]	15,250	19,144	93,114	1,032,484	N/A	Satisfied
		58,720: 14/12/12	15,250	19,144	93,114	1,027,262	814,472	
	1 Jan 2010 [8]	108,442: 14/12/12	N/A	30,364	138,806	852,354	1,220,105	85% satisfied
		116,367: 16/12/13	N/A	32,583	148,950	859,952	1,309,271	
	1 Jan 2011 [9]	120,264: 16/12/13	N/A	33,674	153,938	1,199,022	1,353,115	125% satisfied
		125,772: 15/12/14	N/A	35,216	160,988	1,196,101	1,415,085	
	1 Jan 2012	102,987: 15/12/14	N/A	15,400	118,387	948,280	1,040,622	100% satisfied
		102,986: 15/12/15	N/A	20,534	123,520	942,458	1,085,741	
Steven Lowy	1 Jan 2007	50,462: 01/01/11 [5]	15,069	18,349	83,880	1,200,073	N/A	Satisfied
	1 Jan 2008	51,680: 15/12/11 [6]	17,462	17,894	87,036	1,247,481	N/A	Satisfied
	1 Jan 2009	58,720: 15/12/11 [7]	15,250	19,144	93,114	1,032,484	N/A	Satisfied
		58,720: 14/12/12	15,250	19,144	93,114	1,027,262	814,472	
	1 Jan 2010 [8]	108,442: 14/12/12	N/A	30,364	138,806	852,354	1,220,105	85% satisfied
		116,367: 16/12/13	N/A	32,583	148,950	859,952	1,309,271	
	1 Jan 2011 [9]	120,264: 16/12/13	N/A	33,674	153,938	1,199,022	1,353,115	125% satisfied
		125,772: 15/12/14	N/A	35,216	160,988	1,196,101	1,415,085	
	1 Jan 2012	102,987: 15/12/14	N/A	15,400	118,387	948,280	1,040,622	100% satisfied
		102,986: 15/12/15	N/A	20,534	123,520	942,458	1,085,741	
Peter Allen [11]	1 Jan 2007	23,070: 01/01/11 [10]	6,890	8,389	38,349	503,609	N/A	Satisfied
	1 Jan 2011 [12]	60,131: 16/12/13	N/A	16,837	76,968	599,506	676,549	125% satisfied
		62,886: 15/12/14	N/A	17,608	80,494	598,046	707,542	
	1 Jan 2012	59,194: 15/12/14	N/A	N/A	59,194	474,144	520,315	100% satisfied
		61,760: 15/12/15	N/A	N/A	61,760	471,229	542,870	

(1) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the PIP Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(2) To take into account the impact of the WRT transaction, the number of awards granted in 2009 and 2010 were adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to either of the Co-Chief Executive Officers or the Group Chief Financial Officer under the PIP Plan since the grant date.

(3) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of awards granted under the PIP plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology and calculated on the assumption that the employee remains employed with the Group for the full term of the PIP Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in January 2011. The pay-out amount was $821,185 for each Co-Chief Executive Officer.

(6) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in December 2011. The pay-out amount was $701,510 for each Co-Chief Executive Officer.

(7) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These awards are tranche 1 of the awards first granted in 2009. Tranche 1 vested on 15 December 2011. The pay-out amount was $750,499 for each Co-Chief Executive Officer.

(8) As the Qualifying Hurdles were only satisfied to 85%, 169,323 base awards were granted. The difference of 55,486 represents a gross up of awards for an adjustment for future distributions. See note 1 above. If the Qualifying Hurdles for 2009 were met in full the Co-Chief Executive Officers would have entitled to 264,480 awards (including gross up of future distributions).

(9) As the Qualifying Hurdles were satisfied to 125%, 207,469 base awards were granted. The difference of 38,567 represents a gross up of awards for an adjustment for future distributions. See note 1 above.

(10) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in January 2011. The pay-out amount was $375,437.

(11) In 2008, 2009 and 2010, Mr Allen participated in the PIR Plan. Refer table at section 7.7.5.

(12) As the Qualifying Hurdles were satisfied as to 125%, base awards 103,734 were granted. The difference of 19,283 represents a gross up of awards for an adjustment for future distributions. See note 1 above.

7.7.5 Group Chief Financial Officer: participation in EPR and PIR plans

The following chart details awards under the EPR Plan held by the Group Chief Financial Officer.

Date of grant	Number of rights at grant date	Vesting date [1]	Adjustment rights [2]	Total rights held	A$ fair value at grant [3]	A$ market value at 29 Feb 2012 [4]	Performance hurdles
1 Jan 2009 [5]	96,352	15 Dec 2011	26,979	123,331	737,093	N/A	N/A
1 Jan 2011	771,923	15 Dec 2015	–	771,923	5,889,772	6,785,203	N/A

(1) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $995,281.

(2) To take into account the impact of the Westfield Retail Trust transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to Mr Allen under the EPR Plan since the grant date.

(3) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EPR Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) In 2009, Mr Allen did not participate in the EDA Plan. He participated in the EDA Plan in 2010.

The following chart details awards under the PIR Plan held by the Group Chief Financial Officer.

Date of grant	Number of awards/ Vesting date [1]	Adjustment rights [2]	Total rights held	A$ fair value at grant [3]	A$ market value at 29 Feb 2012 [4]	Performance hurdles
1 Jan 2008	28,375: 15/12/11 [6]	7,945	36,320	489,469	N/A	Satisfied
1 Jan 2009 [5]	34,868: 15/12/11 [7]	9,763	44,631	439,685	N/A	Satisfied
	36,704: 14/12/12	10,277	46,981	433,841	412,963	
1 Jan 2010 [8]	54,600: 14/12/12	15,288	69,888	380,562	614,316	85% satisfied
	58,689: 16/12/13	16,433	75,122	372,675	660,322	

(1) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $293,102 and $360,172 respectively.

(2) To take into account the impact of the Westfield Retail Trust transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to Mr Allen under the PIR Plan since the grant date.

(3) The fair value of the rights issued under the PIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the PIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIR Plan.

(4) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(5) In 2009 and 2010, Mr Allen did not participate in the PIP Plan.

(6) This number represents 50% of the original number of the awards, as awards under the PIR Plan vest in two tranches. These tranche 2 rights vested in December 2011. Refer note 1.

(7) This number represents 50% of the original number of the awards, as awards under the PIR Plan vest in two tranches. These tranche 1 rights vested in December 2011. Refer note 1.

(8) If the Qualifying Hurdles in 2009 were met in full Mr Allen would have been entitled to 133,282 rights. However, as the Qualifying Hurdles were only satisfied as to 85%, 113,289 rights were granted.

7.8 Remuneration: Specified Executives

7.8.1 Specified Executives

This report incorporates details of the Specified Executives, being the executives (other than the Directors) numbering at least five, who received the highest remuneration for the Financial Year.

Each of Mr Michael Gutman (Managing Director UK, Europe and New Markets), Mr Robert Jordan (Managing Director Australia, New Zealand and the United States) and Mr John Widdup (Chief Operating Officer, United States) are also the Key Management Personnel as defined under AASB 124. Mr Peter Leslie (Senior Executive Vice President – Leasing) who relocated to the United States from Australia in 2009 and Mr Greg Miles (Chief Operating Officer, Development, Design & Construction, Australia) are also disclosed as Specified Executives. In 2012, Mr Jordan assumed the role of Managing Director, United States in addition to his role as Managing Director, Australia and New Zealand. Mr Miles relocated to the United States as Chief Operating Officer, United States (he was previously the Chief Operating Officer Development, Design & Construction, Australia) and Mr Widdup relocated to Australia as Chief Operating Officer Development, Design & Construction, Australia (he was previously the Chief Operating Officer, United States).

In determining the cash bonuses the Committee and Board have regard to performance of those executives in relation to the functions for which they are responsible. Details of the primary criteria for determination of bonuses paid to Specified Executives are outlined in the summary of their employment arrangements.

The Board considers that each Specified Executive has contributed significantly to the ongoing success of the Group, the highlights of which are described in the Co-Chief Executive Officers' Report at pages 6 and 14 of this Annual Report.

Of particular note are the success of Westfield Sydney and Westfield Stratford City, two of the Group's iconic centres in respect of which one-off project bonuses were paid to Messrs Gutman (Westfield Stratford City), Jordan and Miles (Westfield Sydney). Details of the Group's achievements in relation to those projects are set out in the Co-Chief Executive Officers' Report.

Mr Michael Gutman

- Has been with the Group since 1993.
- Is responsible for overall management of all aspects of the Group's business in the United Kingdom, Europe and New Markets. Mr Gutman is also a member of the Group's Executive Committee.
- All aspects of Mr Gutman's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of $1.3 million per annum for the Financial Year.
- Mr Gutman's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Gutman's bonus the Committee and Board had regard to Mr Gutman's responsibilities as Managing Director, UK, Europe and New Markets. In this role, Mr Gutman is responsible for all aspects of the Group's business in the United Kingdom, Europe and New Markets including:
  - Achievement of Net Operating Income (NOI) targets through a combination of revenue generation and appropriate cost control.
  - Maintenance of occupancy levels and tenancy mix at centres; planning for vacancies including as a consequence of insolvency.
  - Identification and progression of development opportunities including land acquisitions, obtaining planning consents and preparation of development feasibilities with a view to maintaining the Group's development pipeline.
  - Ongoing development projects with a view to delivery within budget and timetables.
  - Centre management to ensure the highest standards of maintenance and operation.
  - Identification of acquisition and disposal opportunities and assisting in the evaluation and execution of approved transactions.
  - Identification of new business or revenue opportunities utilising the Group's assets and resources.
  - Identifying and responding to industry trends impacting the UK business (e.g. different retailing formats and internet retailing).
  - Human resource issues including ensuring succession planning within the business and promoting the sharing of resources between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Building and maintaining relationships with other interested parties including joint venture partners, unions, government and council bodies, community organisations and representative bodies.
  - Representing the Group in industry forums and on industry bodies where appropriate.
  - Implementation of the Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, risk management, sustainability and diversity.
  - Identifying and securing opportunities for the Group in new markets (such as Brazil and Milan in the Financial Year).
- As noted previously, Mr Gutman was paid a project bonus in recognition of his contribution to the success of Westfield Stratford City.
- Details of the Specified Executives' Service Agreement with the Group, including termination entitlements are set out in section 7.9.

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

Mr Michael Gutman: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [(1)]	A$ 2011	A$ 2010	A$ 2009	A$ 2008	$ 2007
Short term employee benefits					
– Base salary [(2)]	1,300,000	1,200,000	1,200,000	1,200,000	955,110
Fixed					
– Cash bonus	1,300,000 [(3)]	1,200,000	1,200,000	1,200,000	1,552,053
Project bonus	1,250,000 [(4)]	–	–	–	–
At risk					
– Other short term employee benefits [(5)]	78,375	19,230	19,230	78,242	28,010
Fixed					
– Non monetary benefits [(6)]	68,768	228,764	282,342	691,971	952,019
Fixed					
Total short term employee benefits	3,997,143	2,647,994	2,701,572	3,170,213	3,487,192
Post-employment employee benefits					
– Pension and superannuation benefits	38,970	–	–	–	–
Share based payments [(7)]					
– Cash settled EDA/PIP Plan (at risk)	850,095	842,212	187,135	708,720	3,123,099
– Equity settled EPR/PIR Plan (at risk)	1,803,725	902,268	902,268	482,582	–
Other long term benefits	–	–	–	–	–
Total remuneration	**6,689,933**	**4,392,474**	**3,790,975**	**4,361,515**	**6,610,291**

(1) Mr Gutman is based between Australia and the UK. As he is paid in A$ his remuneration is disclosed in A$.

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

(3) Mr Gutman's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

(4) Mr Gutman was paid a one off project bonus for Westfield Stratford City. No part of this bonus is payable in respect of any future financial year.

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

(6) Comprising normal expatriate benefits including medical benefits, accommodation, school fees, home leave plus fringe benefit tax on those benefits.

(7) Refer to the tables in sections 7.8.2 to 7.8.5.

Mr Robert Jordan

- Has been with the Group since 1987.
- Is responsible for overall management of all aspects of the Group's business in Australia and New Zealand. Mr Jordan has also been appointed as Managing Director, United States. Mr Jordan is also a member of the Group's Global Executive Committee.
- All aspects of Mr Jordan's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of $1.3 million per annum for the Financial Year.
- Mr Jordan's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Jordan's bonus the Committee and Board had regard to Mr Jordan's responsibilities during the Financial Year as Managing Director, Australia and New Zealand. In this role, Mr Jordan is responsible for all aspects of the Group's business in Australia and New Zealand including oversight of the following:
  - Achievement of NOI targets through a combination of revenue generation and appropriate cost control.
  - Maintenance of occupancy levels and tenancy mix at centres.
  - Planning for vacancies including as a consequence of insolvency.
  - Identification and progression of development opportunities including land acquisitions, obtaining planning consents and preparation of development feasibilities with a view to maintaining the Group's development pipeline.
  - Ongoing development projects with a view to delivery within budget and timetables.
  - Centre management to ensure the highest standards of maintenance and operation.
  - Preparation and adherence to the Australian/New Zealand budget.
  - Identification of acquisition and disposal opportunities and assisting in the evaluation and execution of approved transactions.
  - Identification of new business or revenue opportunities utilising the Group's assets and resources.
  - Identifying and responding to industry trends impacting the Australia/New Zealand business (e.g. different retailing formats and internet retailing).
  - Human resource issues including ensuring succession planning within the business and promoting the sharing of resources between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Building and maintaining relationships with other interested parties including joint venture partners, unions, government and council bodies, community organisations and representative bodies.
  - Representing the Group in industry forums and on industry bodies where appropriate.
  - Implementation of the Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, risk management, sustainability and diversity.
- As noted previously, Mr Jordan was paid a project bonus in recognition of his contribution to the success of Westfield Sydney.
- Details of the Specified Executives' Service Agreement with the Group, including termination entitlements are set out in section 7.9.

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

Mr Robert Jordan: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [1]	**A$ 2011**	**A$ 2010**	**A$ 2009**	**A$ 2008**	**A$ 2007**
Short term employee benefits					
– Base salary [2] Fixed	1,300,000	1,200,000	1,200,000	1,200,000	1,000,000
– Cash bonus	1,300,000 [3]	1,200,000	1,200,000	1,200,000	1,500,000
Westfield Sydney, project bonus At risk	1,150,000 [4]	–	–	–	–
– Other short term employee benefits [5] Fixed	68,936	(19,033)	(3,078)	219,899	97,075
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	3,818,936	2,380,967	2,396,922	2,619,899	2,597,075
Post-employment employee benefits					
– Pension and superannuation benefits	–	–	–	–	–
Share based payments [6]					
– Cash settled EDA/PIP Plan (at risk)	850,095	843,215	187,975	715,082	3,184,914
– Equity settled EPR/PIR Plan (at risk)	1,806,012	907,425	907,425	469,441	–
Other long term benefits	–	–	–	–	–
Total remuneration	**6,475,043**	**4,131,607**	**3,492,322**	**3,804,422**	**5,781,989**

(1) As Mr Jordan was based in Australia for the Financial Year and his remuneration is disclosed in A$.

(2) Mr Jordan's base salary is inclusive of statutory superannuation contributions.

(3) Mr Jordan's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

(4) Mr Jordan was paid a one off project bonus for Westfield Sydney. No part of this bonus is payable in respect of any future financial year.

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

(5) Refer to the tables in sections 7.8.2 to 7.8.5.

Mr Peter Leslie

- Has been with the Group since 2001.
- Is responsible for overall management of the Group's leasing activities in the United States.
- All aspects of Mr Leslie's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of US$800,00 per annum for the Financial Year.
- Mr Leslie's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Leslie's bonus the Committee and Board had regard to Mr Leslie's responsibilities as Senior Executive, Vice President Leasing, United States. In particular, it was noted that during the Financial Year the United States experienced continuing momentum in sales across all categories and increases in occupancy. There was an increase in leasing activity with the introduction of more luxury retailers and the broadening of goods and services for shoppers. More than 1,600 leases were completed for the year, representing around 4.1 million square feet of space. Average specialty rents during the year grew by 3.6%, the strongest growth in rents in more than 3 years. Comparable specialty retail sales for the 12 months to December were up 7.1% with sales in the December quarter up 9.8%. The performance in the Group's US centres over the past 2 years has seen the portfolio's sales productivity of $US 446 per square feet return to the same levels as 2008.
- Details of the Specified Executives' Service Agreement with the Group, including termination entitlements are set out in section 7.9.

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

Mr Peter Leslie: Fixed and at risk remuneration for the Financial Year.

Component of remuneration (1)	**US$ 2011**	**US$ 2010**	**US$ 2009**
Short term employee benefits			
– Base salary (2)	800,000	750,000	707,797
Fixed			
– Cash bonus	1,200,000 (3)	1,250,000	1,150,000
At risk			
– Other short term employee benefits (4)	3,138	15,637	31,486
Fixed			
– Non monetary benefits (5)	586,060	495,998	279,610
Fixed			
Total short term employee benefits	2,589,199	2,511,635	2,168,893
Post-employment employee benefits			
– Pension and superannuation benefits		–	–
Share based payments (6)			
– Cash settled EDA/PIP Plan (at risk)	733,826	754,608	483,291
– Equity settled EPR/PIR Plan (at risk)	63,041	167,687	145,591
Other long term benefits		–	–
Total remuneration	**3,386,066**	**3,433,930**	**2,797,776**

(1) Mr Peter Leslie is based in the United States and his remuneration is disclosed in US$. Mr Leslie was not a Specified Executive in 2007 or 2008. Accordingly, 2007 and 2008 comparative information is not shown.

(2) Base salary is inclusive of statutory superannuation contributions earned prior to Mr Leslie's expatriation to the United States.

(3) Mr Leslie's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

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

(5) Comprising normal expatriate benefits including medical benefits, accommodation, school fees, home leave plus fringe benefit tax on those benefits.

(6) Refer to the tables in sections 7.8.2 to 7.8.5.

Mr Greg Miles

- Has been with the Group since 1997.
- Mr Miles has recently been appointed as Chief Operating Officer, United States and will relocate to the United States in early 2012. In his role of Chief Operating Officer Development, Design and Construction, Australia during the Financial Year, Mr Miles was responsible for all aspects of the development, design and construction and asset management functions (reporting to Mr Jordan) in the Group's business in Australia. Mr Miles is also a member of the Group's Global Executive Committee.
- All aspects of Mr Miles's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of $900,000 per annum for the Financial Year.
- Mr Miles's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Miles's bonus the Committee and Board had regard to Mr Miles's responsibilities as Chief Operating Officer Development, Design and Construction, Australia including oversight of the following:
  - Identification of development opportunities in the current portfolio.
  - Identification of potential development sites outside the Group's current portfolio.
  - Working with state and local planning authorities to achieve development consents as required to progress projects.
  - Developing concepts for developments (including broad economic analysis).
  - Preparing detailed feasibility studies for proposed projects.
  - Liaising with joint venture parties in relation to development proposals with a view to obtaining any necessary approvals.
  - Overseeing the design and construction function on all matters relating to the design and construction of approved projects including the development of project plans and timetables and project budgets with a view to delivery of projects on time and on budget.
  - Overseeing the Group's asset management function which constantly reviews the Group's stable portfolio for opportunities to improve the performance of the Group's assets and reviewing the recommendations and performance of third party property managers in relation to assets not managed by Westfield.
  - Human resource issues including ensuring succession planning within the business and promoting the sharing of resources between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Building and maintaining relationships with other interested parties including existing and prospective joint venture partners, government and council bodies, community organisations and representative bodies.
  - Representing the Group in industry forums and on industry bodies where appropriate.
  - Implementation of the Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, risk management, sustainability and risk management as they affect the functions described above.
- As noted previously, Mr Miles was paid a project bonus in recognition of his contribution to the success of Westfield Sydney.
- Details of the Specified Executives' Service Agreement with the Group, including termination entitlements are set out in section 7.9.

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

Mr Greg Miles: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [1]	A$ 2011
Short term employee benefits	
– Base salary [2]	900,000
Fixed	
– Cash bonus	900,000 [3]
Westfield Sydney, project bonus	1,150,000 [4]
At risk	
– Other short term employee benefits [5]	(496)
Fixed	
– Non monetary benefits	–
Fixed	
Total short term employee benefits	2,949,504
Post-employment employee benefits	
– Pension and superannuation benefits	–
Share based payments [6]	
– Cash settled EDA/PIP Plan (at risk)	435,272
– Equity settled EPR/PIR Plan (at risk)	480,912
Other long term benefits	–
Total remuneration	**3,865,688**

(1) As Mr Miles was based in Australia during the Financial Year his remuneration is disclosed in A$. As this is the first time that Mr Miles has been disclosed as a Specified Executive, there are no comparative figures.

(2) Mr Miles's base salary is inclusive of statutory superannuation contributions.

(3) Mr Miles's bonus for the Financial Year was 100% of his targeted bonus. No part of this bonus is payable in respect of any future financial year.

(4) Mr Miles was paid a one off project bonus for Westfield Sydney. No part of this bonus is payable in respect of any future financial year.

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

(6) Refer to the tables in sections 7.8.2 to 7.8.5.

Mr John Widdup

- Has been with the Group since 1994.
- Mr Widdup has recently been appointed as Chief Operating Officer Development, Design and Construction, Australia and will relocate to Australia in early 2012. In his role of Chief Operating Officer, United States during the Financial Year, Mr Widdup was responsible for all aspects of the Group's business in the United States. Mr Widdup is also a member of the Group's Global Executive Committee.
- All aspects of Mr Widdup's remuneration are reviewed annually by the Remuneration Committee and the Board.
- Base salary of US$900,000 per annum for the Financial Year.
- Mr Widdup's performance bonus was paid at 100% of target for the Financial Year (2010:100%). In determining to pay Mr Widdup's bonus the Committee and Board had regard to Mr Widdup's responsibilities as Chief Operating Officer, United States including his oversight of the following:
  - Achievement of NOI targets through a combination of revenue generation and appropriate cost control.
  - Maintenance of occupancy levels and tenancy mix at centres.
  - Planning for vacancies including as a consequence of insolvency.
  - Identification and progression of development opportunities including land acquisitions, obtaining planning consents and preparation of development feasibilities with a view to maintaining the Group's development pipeline.
  - Ongoing development projects with a view to delivery within budget and timetables.
  - Centre management to ensure the highest standards of maintenance and operation.
  - Preparation and adherence to the US budget.
  - Identification of acquisition and disposal opportunities and assisting in the evaluation and execution of approved transactions.
  - Identification of new business or revenue opportunities utilising the Group's assets and resources.
  - Identifying and responding to industry trends impacting the US business (e.g. different retailing formats and internet retailing).
  - Human resource issues including ensuring succession planning within the business and promoting the sharing of resources between regions where appropriate.
  - Promoting OH&S compliance at all levels.
  - Building and maintaining relationships with other interested parties including joint venture partners, unions, government and council bodies, community organisations and representative bodies.
  - Representing the Group in industry forums and on industry bodies where appropriate.
  - Implementation of the Group's corporate policies at the business level including in relation to matters such as the Westfield Code of Conduct, sustainability and diversity.
- Details of the Specified Executives' Service Agreement with the Group, including termination entitlements are set out in section 7.9.

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

Mr John Widdup: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [1]	US$ 2011	US$ 2010	US$ 2009	US$ 2008
Short term employee benefits				
– Base salary Fixed	900,000	800,000	800,000	800,000
– Cash bonus At risk	900,000 [2]	900,000	700,000	800,000
– Other short term employee benefits [3] Fixed	17,377	30,709	25,897	71,701
– Non monetary benefits [4] Fixed	666,000	740,266	625,390	609,913
Total short term employee benefits	2,483,377	2,470,975	2,151,287	2,281,614
Post-employment employee benefits				
– Pension and superannuation benefits	–	–	–	–
Share based payments [5]				
– Cash settled EDA/PIP Plan (at risk)	707,305	802,040	526,877	432,205
– Equity settled EPR/PIR Plan (at risk)	715,581	637,782	553,743	596,178
Other long term benefits	–	–	–	–
Total remuneration	**3,906,263**	**3,910,797**	**3,231,907**	**3,309,998**

(1) Mr John Widdup was based in the United States for the Financial Year his remuneration is disclosed in US$. Mr Widdup was first classified as a Specified Executive in 2008. Accordingly, 2007 comparative information is not shown.

(2) Mr Widdup's bonus for the Financial Year was 100% of his targeted bonus (2010:100%). No part of this bonus is payable in respect of any future financial year.

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

(4) Comprising normal expatriate benefits including medical benefits, accommodation, school fees, home leave plus fringe benefit tax on those benefits.

(5) Refer to the tables in sections 7.8.2 to 7.8.5.

From 1 January 2008, certain overseas executives were given the election to participate in the EDA Plan or the EPR Plan, and the PIP Plan or the PIR Plan. The participation of Messrs Gutman, Leslie and Widdup in the Plans should be read in this context.

7.8.2 Specified Executives: participation in the EDA Plan [(1)]

The following chart details awards under the EDA Plan held by Specified Executives.

Executive	Date of grant	Number of awards at grant date	Vesting date	Reinvest-ment awards [(2)]	Adjustment awards [(3)]	Total awards held/ issued	Fair value at grant [(4)] $	Market value at 29 Feb 2012 [(5)] $	Perfor-mance hurdles
Michael Gutman									
	1 Jan 2006	288,355	1 Jan 2011 [(6)]	109,398	111,371	509,124	6,786,595	N/A	N/A
	1 Jan 2010	48,622	14 Dec 2012	N/A	13,614	62,236	508,586	547,054	N/A
	1 Jan 2011	59,193	16 Dec 2013	N/A	N/A	59,193	497,813	520,306	N/A
Robert Jordan									
	1 Jan 2006	288,355	1 Jan 2011 [(7)]	109,398	111,371	509,124	6,786,595	N/A	N/A
	1 Jan 2010	48,622	14 Dec 2012	N/A	13,614	62,236	508,586	547,054	N/A
	1 Jan 2011	59,193	16 Dec 2013	N/A	N/A	59,193	497,813	520,306	N/A
Peter Leslie									
	1 Jan 2007	103,359	1 Jan 2012 [(8)]	41,852	37,581	182,792	2,162,382	N/A	N/A
	1 Jan 2009	38,563	15 Dec 2011 [(9)]	10,017	12,573	61,153	442,613	N/A	N/A
	1 Jan 2010	26,830	14 Dec 2012	N/A	7,512	34,342	280,642	301,866	N/A
	1 Jan 2011	29,333	16 Dec 2013	N/A	N/A	29,333	246,691	257,837	N/A
Greg Miles [(10)]									
	1 Jan 2010	38,897	14 Dec 2012	N/A	10,891	49,788	406,863	437,637	N/A
	1 Jan 2011	47,355	16 Dec 2013	N/A	N/A	47,355	398,256	416,250	N/A
John Widdup									
	1 Jan 2009	46,276	15 Dec 2011 [(11)]	12,020	15,087	78,383	531,141	N/A	N/A
	1 Jan 2010	32,196	14 Dec 2012	N/A	9,015	41,211	336,770	362,245	N/A
	1 Jan 2011	46,932	16 Dec 2013	N/A	N/A	46,932	394,698	412,532	N/A

(1) In Australia and New Zealand, the issuer of awards under the EDA Plan is Westfield Holdings Limited. In the United States it is Westfield LLC and, in the United Kingdom, Westfield Shoppingtowns Limited.

(2) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the EDA Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(3) To take into account the impact of the WRT transaction, the number of awards has been adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to the Specified Executives under the EDA Plan since the grant date.

(4) The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of awards granted under the EDA plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EDA Plan.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) These retention awards vested and have been paid. The pay-out amount was $4,984,324.

(7) These retention awards vested and have been paid. The pay-out amount was $4,984,324.

(8) These retention awards vested and have been paid. The pay-out amount was $1,475,131.

(9) These awards vested and have been paid. The pay-out amount was $492,893.

(10) 2011 is the first year that Mr Miles has been classified as a Specified Executive.

(11) These awards vested and have been paid. The pay-out amount was $591,467.

7.8.3 Specified Executives: participation in the PIP Plan [1]

The following chart details awards under the PIP Plan held by Specified Executives.

Executive	Date of grant	Number of awards/ Vesting date	Reinvest-ment awards [2]	Adjustment awards [3]	Total awards held/ issued	Fair value at grant [4] $	Market value at 29 Feb 2012 [5] $	Performance hurdles
Michael Gutman								
	1 Jan 2007	20,642: 01/01/11 [6]	6,167	7,507	34,316	450,617	N/A	Satisfied
	1 Jan 2011	60,131: 16/12/13	N/A	16,837	76,968	599,506	676,549	125% satisfied
		62,886: 15/12/14	N/A	17,608	80,494	598,046	707,542	
	1 Jan 2012	59,194: 15/12/14	N/A	N/A	59,194	474,144	520,315	100% satisfied
		61,760: 15/12/15	N/A	N/A	61,760	471,229	542,870	
Robert Jordan								
	1 Jan 2007	23,070: 01/01/11 [7]	6,890	8,389	38,349	503,609	N/A	Satisfied
	1 Jan 2011	60,131: 16/12/13	N/A	16,837	76,968	599,506	676,549	125% satisfied
		62,886: 15/12/14	N/A	17,608	80,494	598,046	707,542	
	1 Jan 2012	59,194: 15/12/14	N/A	N/A	59,194	474,144	520,315	100% satisfied
		61,760: 15/12/15	N/A	N/A	61,760	471,229	542,870	
Peter Leslie								
	1 Jan 2010	25,192: 14/12/12	N/A	7,054	32,246	198,009	283,442	85% satisfied
		27,032: 16/12/13	N/A	7,569	34,601	199,766	304,143	
	1 Jan 2011	25,218: 16/12/13	N/A	7,061	32,279	251,423	283,732	125% satisfied
		26,373: 15/12/14	N/A	7,384	33,757	250,807	296,724	
	1 Jan 2012	22,293: 15/12/14	N/A	N/A	22,293	178,567	195,955	100% satisfied
		23,260: 15/12/15	N/A	N/A	23,260	177,474	204,955	
Greg Miles [8]								
	1 Jan 2011	18,039: 16/12/13	N/A	5,051	23,090	179,849	202,961	125% satisfied
		18,866: 15/12/14	N/A	5,282	24,148	179,416	212,261	
	1 Jan 2012	17,758: 15/12/14	N/A	N/A	17,758	142,242	156,093	100% satisfied
		18,528: 16/12/13	N/A	N/A	18,528	141,369	162,861	
John Widdup								
	1 Jan 2008	10,336: 15/12/11 [9]	3,496	3,580	17,412	214,146	N/A	Satisfied
	1 Jan 2009	12,567: 15/12/11 [10]	3,265	4,097	19,929	221,013	N/A	Satisfied
		12,567: 14/12/12	3,265	4,097	19,929	219,910	175,176	
	1 Jan 2010	21,689: 14/12/12	N/A	6,073	27,762	170,476	244,028	85% satisfied
		23,273: 16/12/13	N/A	6,516	29,789	171,987	261,845	
	1 Jan 2011	24,053: 16/12/13	N/A	6,735	30,788	239,808	270,627	125% satisfied
		25,155: 15/12/14	N/A	7,043	32,198	239,224	283,020	
	1 Jan 2012	28,746: 15/12/14	N/A	N/A	28,746	230,255	252,677	100% satisfied
		29,992: 15/12/15	N/A	N/A	29,992	228,839	263,630	

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

(2) Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2007, 2008, 2009 and 2010. The notional reinvestment of distributions feature of the PIP Plan does not apply to awards granted on or after 1 January 2010. Rather, the number of awards has been adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period.

(3) To take into account the impact of the WRT transaction, the number of awards was adjusted by a factor of 1.28 in accordance with a formula reviewed by Ernst & Young and approved by the ASX. The number of adjustment awards is an adjustment on the total of the awards at grant date and the reinvestment awards. Other than the adjustment to the number of awards, there has been no alteration to the terms of the grant to the Specified Executives under the PIP Plan since the grant date.

(4) The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and security price movements. The fair value of awards granted under the PIP plan on or after 1 January 2010 is calculated using the Black Scholes pricing methodology. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIP Plan.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) This second tranche of awards has vested and was paid in January 2011. The pay-out amount was $335,954.

(7) This second tranche of awards has vested and was paid in January 2011. The pay-out amount was $375,437.

(8) 2011 is the first year that Mr Miles has been classified as a Specified Executive.

(9) This second tranche of awards vested and was paid in December 2011. The pay-out amount was $140,341.

(10) This first tranche of awards vested and was paid in December 2011. The pay-out amount was $160,628.

7.8.4 Specified Executives: participation in the EPR Plan [1]

Executive	Date of grant	Number of rights at grant date	Vesting date [2]	Adjustment rights [3]	Total rights held	Fair value at grant [4] $	Market value at 29 Feb 2012 [5] $	Perfor-mance hurdles
Michael Gutman	1 Jan 2009	64,235	15 Dec 2011	17,986	82,221	491,398	N/A	N/A
	1 Jan 2011	771,923	15 Dec 2015	N/A	771,923	5,889,772	6,785,203	N/A
Robert Jordan	1 Jan 2009	64,235	15 Dec 2011	17,986	82,221	491,398	N/A	N/A
	1 Jan 2011	771,923	15 Dec 2015	N/A	771,923	5,889,772	6,785,203	N/A
Greg Miles [6]	1 Jan 2009	38,540	15 Dec 2011	10,791	49,331	294,831	N/A	N/A
	1 Jan 2010	159,088	15 Dec 2014	44,545	203,633	1,465,200	1,789,934	N/A
John Widdup	1 Jan 2008	219,950	15 Dec 2011	61,586	281,536	2,773,570	N/A	N/A

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

(2) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $663,523 for Michael Gutman and Robert Jordan respectively. The market value of the rights on vesting was $398,101 for Greg Miles and $2,271,995 for John Widdup.

(3) To take into account the impact of the WRT transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to the Specified Executives under the EPR Plan since the grant date.

(4) The fair value of the rights issued under the EPR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the EPR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the EPR Plan.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) 2011 is the first year that Mr Miles has been classified as a Specified Executive.

7.8.5 Specified Executives: participation in the PIR Plan [1]

Executive	**Date of grant**	**Number of rights/ Vesting date** [2]	**Adjustment rights** [3]	**Total rights held**	**Fair value at grant** [4] **$**	**Market value at 29 Feb 2012** [5] **$**	**Performance hurdles**
Michael Gutman	1 Jan 2008	27,712: 15/12/11	7,759	35,471	478,032	N/A	Satisfied
	1 Jan 2009	34,868: 15/12/11	9,763	44,631	439,685	N/A	Satisfied
		36,704: 14/12/12	10,277	46,981	433,841	412,963	
	1 Jan 2010	54,600: 14/12/12	15,288	69,888	380,562	614,316	85% satisfied
		58,689: 16/12/13	16,433	75,122	372,675	660,322	
Robert Jordan	1 Jan 2008	28,375: 15/12/11	7,945	36,320	489,469	N/A	Satisfied
	1 Jan 2009	34,868: 15/12/11	9,763	44,631	439,685	N/A	Satisfied
		36,704: 14/12/12	10,277	46,981	433,841	412,963	
	1 Jan 2010	54,600: 14/12/12	15,288	69,888	380,562	614,316	85% Satisfied
		58,689: 16/12/13	16,433	75,122	372,675	660,322	
Peter Leslie	1 Jan 2008	6,305: 15/12/11	1,765	8,070	108,761	N/A	Satisfied
	1 Jan 2009	6,973: 15/12/11	1,952	8,925	87,930	N/A	Satisfied
		7,340: 14/12/12	2,055	9,395	86,759	82,582	
Greg Miles [6]	1 Jan 2008	4,729: 15/12/11	1,324	6,053	81,575	N/A	Satisfied
	1 Jan 2009	6,973: 15/12/11	1,952	8,925	87,930	N/A	Satisfied
		7,340: 14/12/12	2,055	9,395	86,759	82,582	
	1 Jan 2010	10,920: 14/12/12	3,058	13,978	76,112	122,867	85% satisfied
		11,738: 16/12/13	3,287	15,025	74,536	132,070	

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

(2) The market value of rights that vested in December 2011 was calculated using a 5 day VWAP of Westfield Group securities ($8.07). The market value of the rights on vesting was $646,423 for Michael Gutman, $653,274 for Robert Jordan, $137,149 for Peter Leslie and $120,872 for Greg Miles.

(3) To take into account the impact of the Westfield Retail Trust transaction, the number of rights was adjusted by a factor of 1.28 as per a formula reviewed by Ernst & Young and approved by the ASX. Other than to permit an adjustment to the number of rights, there has been no alteration to the terms of the grant to the Specified Executives under the PIR Plan since the grant date.

(4) The fair value of the rights issued under the PIR Plan is calculated using the Black Scholes option pricing methodology. The fair value of the awards issued under the PIR Plan is calculated on the assumption that the employee remains employed with the Group for the full term of the PIR Plan.

(5) The market value at 29 February 2012 is based on the closing price of Westfield Group securities of $8.79.

(6) 2011 is the first year that Mr Miles has been classified as a Specified Executive.

7.9 Executive service agreements and termination arrangements

In 2009, the Group entered into Service Agreements with the Co-Chief Executive Officers, the Group Chief Financial Officer and each of the Specified Executives. Previously, none of these executives had written contracts. Rather, their employment was managed in accordance with well established policies and procedures developed by the Group over time. The Service Agreements entered into between the Group and each of these executives are in a common form and are consistent with those policies and procedures.

The Service Agreements outline the elements of remuneration which may be conferred on the executive during their period of employment by the Group (including base salary, performance bonus and participation in the Group's equity linked incentive plans). The agreement is silent on the details of that remuneration. Those details are determined annually by the Board and advised to the executive by letter.

The Service Agreements do not have a fixed term. They may be terminated by the Group employer at any time by giving the relevant executive one month's notice. The executive may terminate the contract at any time by giving the Group three months' notice.

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payment by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements, are as follows:

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

An executive who resigns from the Group to pursue other opportunities or who is dismissed by the Group for cause (broadly defined to include serious misconduct, fraud or dishonest conduct or a refusal to comply with lawful directions) is entitled to minimal benefits on termination.

The executive is entitled only to accrued base salary and statutory entitlements to the date of departure. Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances. All unvested entitlements under the Group's equity linked incentive plans are forfeited, without payment, on termination.

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

An executive made redundant by the Group or who is terminated without cause is entitled to receive:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of termination;
– a redundancy payment of between 12 and 24 months base salary depending on the length of service of the executive plus one month's base salary in lieu of notice; and
– pro-rata vesting of outstanding awards under the Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle).

(c) Death or permanent disability

If an executive dies or suffers a permanent disability during the term of employment the entitlements payable to that executive (or the estate of that executive) are as follows:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of termination; and
– full vesting of outstanding awards under the Group's equity linked incentive plans (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) other than "retention awards" which vest pro-rata to the date of termination.

(d) Retirement

The Group recognises that if an executive satisfies the retirement conditions (see below), the termination of the employment should be treated in a different manner to a resignation in the ordinary course.

Provided an executive has reached the age of 55 years with at least 5 years continuous service or the aggregate of the age of the participant and the number of years of service with the Group is equal to or greater than 70, the executive will be entitled to the following benefits:

– accrued statutory entitlements;
– a pro-rata performance bonus to the date of retirement; and
– the right to continue in the Group's equity linked incentive plans until the date of vesting of outstanding awards granted prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the Plans is not permitted under the terms of the Plans, the executive is entitled to a cash payment from the Group equal to the amount that would have been received had the executive been permitted to continue in the Plans.

Where permitted by law, the Group imposes a further requirement that, following retirement, the executive complies with certain continuing non compete obligations which, if not satisfied, will result in forfeiture of all awards then outstanding.

The Remuneration Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balances the interests of the Group and its members with the policy objective of providing commercially reasonable payments to executives which reflect the circumstances of their departure. As has been noted above, the retention of senior executives is a key objective of the Group. It is also an objective of the Board to keep long serving executives participating in the equity linked incentive plans right up to the point of their retirement. The Board believes that the policies described in this report assist in achieving those objectives.

8. ASIC DISCLOSURES

8.1 Rounding

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

8.2 Synchronisation of Financial Year

Carindale Property Trust is a consolidated entity of the Company. By an order dated 27 June 2005 made by the Australian Securities & Investments Commission, the Directors of the Company have been relieved from compliance with the requirement to ensure that the Financial Year of the Company coincides with the Financial Year of Carindale Property Trust.

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

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

14 March 2012

Independent auditor's report to the members of Westfield Holdings Limited

Report on the financial report

We have audited the accompanying financial report of Westfield Holdings Limited, which comprises the consolidated balance sheet as at 31 December 2011, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company 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 company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Westfield Holdings Limited is in accordance with the *Corporations Act 2001*, including:
   - i giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the year ended on that date; and
   - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 30 to 60 of the directors' report for the year ended 31 December 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Holdings Limited for the year ended 31 December 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

S J Ferguson
Partner

Sydney, 14 March 2012

Liability limited by a scheme approved under Professional Standards Legislation

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Revenue			
Property revenue	4	**1,922.7**	3,316.3
Property development and project management revenue		**1,928.0**	216.2
Property and funds management income		**155.3**	93.1
		4,006.0	3,625.6
Share of after tax profits of equity accounted entities			
Property revenue		**851.3**	438.7
Property revaluations	8	**248.7**	285.9
Property expenses, outgoings and other costs		**(220.1)**	(133.8)
Overheads		**(23.7)**	(5.4)
Net interest expense		**(51.8)**	(53.2)
Tax expense		**(18.0)**	–
	16(a)	**786.4**	532.2
Expenses			
Property expenses, outgoings and other costs		**(596.2)**	(936.3)
Property development and project management costs		**(1,779.7)**	(139.3)
Property and funds management costs		**(41.4)**	(36.3)
Overheads		**(208.2)**	(229.6)
		(2,625.5)	(1,341.5)
Interest income		**52.6**	12.5
Currency derivatives	5	**(50.9)**	(216.9)
Financing costs	6	**(856.5)**	(770.2)
Gain/(loss) from capital transactions	7	**46.5**	(1,192.1)
Property revaluations	8	**227.4**	849.3
Profit before tax and non controlling interests		**1,586.0**	1,498.9
Tax expense	9	**(40.0)**	(374.1)
Profit after tax for the period		**1,546.0**	1,124.8
Profit after tax for the period attributable to:			
– Members of the Westfield Group		**1,532.7**	1,114.0
– External non controlling interests		**13.3**	10.8
Profit after tax for the period		**1,546.0**	1,124.8
Net profit attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**123.4**	219.6
Westfield Trust and Westfield America Trust members		**1,409.3**	894.4
Net profit attributable to members of the Westfield Group		**1,532.7**	1,114.0
		cents	cents
Basic earnings per Westfield Holdings Limited share		**5.36**	9.54
Diluted earnings per Westfield Holdings Limited share		**5.34**	9.52
Basic earnings per stapled security	10(a)	**66.55**	48.39
Diluted earnings per stapled security	10(a)	**66.35**	48.14

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2011

	31 Dec 11 $million	31 Dec 10 $million
Profit after tax for the period	**1,546.0**	1,124.8
Other comprehensive income		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**(34.1)**	(997.4)
– Realised and unrealised gains on currency loans and asset hedging derivatives which qualify for hedge accounting	**16.0**	461.6
– Deferred tax effect on unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**5.0**	(12.8)
Movement in employee share plan swaps reserve		
– Gain/(loss) on employee share plan swaps	**(21.8)**	6.8
– Amount credited/(charged) to income statement	**11.0**	(6.4)
– Deferred tax effect on employee share plan swaps	**3.2**	(0.1)
Movement in non controlling interest		
– Net exchange difference on translation of foreign operations	**(0.3)**	–
Total comprehensive income for the period	**1,525.0**	576.5
Total comprehensive income attributable to:		
– Members of the Westfield Group	**1,512.0**	565.7
– External non controlling interests	**13.0**	10.8
Total comprehensive income for the period	**1,525.0**	576.5

Total comprehensive income attributable to members of the Westfield Group analysed by amounts attributable to:		
Westfield Holdings Limited members	**53.1**	(300.9)
Westfield Trust and Westfield America Trust members (i)	**1,458.9**	866.6
Total comprehensive income attributable to members of the Westfield Group	**1,512.0**	565.7

(i) Total comprehensive income attributable to members of Westfield Trust and Westfield America Trust consists of profit after tax for the period of $1,409.3 million (31 December 2010: $894.4 million), the net exchange gain on translation of foreign operations of $49.6 million (31 December 2010: loss of $301.9 million) and a credit to Westfield America Trust of nil (31 December 2010: $274.1 million) representing the reallocation of Westfield Group's net assets.

Dividend/Distribution Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Profit after tax for the period		**1,546.0**	1,124.8
Adjusted for:			
Property revaluations		**(476.1)**	(1,135.2)
Amortisation of tenant allowances		**71.8**	77.9
Net fair value loss on interest rate hedges that do not qualify for hedge accounting		**128.9**	28.5
Net fair value (gain)/loss on other financial liabilities		**182.4**	(18.9)
Net fair value loss of currency derivatives that do not qualify for hedge accounting		**55.5**	251.3
Deferred tax		**(52.1)**	287.2
(Gain)/loss from capital transactions		**(46.5)**	1,192.1
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)		**99.1**	35.1
Funds from operations attributable to external non controlling interests		**(16.6)**	(10.3)
Funds from operations attributable to members of the Westfield Group [(i)]	10(c)	**1,492.4**	1,832.5
Less: amount retained		**(377.6)**	(369.0)
Dividend/distributions for the period		**1,114.8**	1,463.5
Dividend/distribution per ordinary stapled security (cents)		**48.40**	63.56
Weighted average number of stapled securities entitled to distributions		**2,303.1**	2,302.5
Weighted average number of stapled securities on issue for the period		**2,303.1**	2,301.9

(i) Equivalent to 64.80 cents per stapled security (31 December 2010: 79.61 cents).

Balance Sheet

AS AT 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Current assets			
Cash and cash equivalents	27(a)	**196.2**	210.1
Trade debtors		**47.7**	38.8
Derivative assets	11	**188.0**	258.7
Receivables	12	**1,466.1**	625.4
Inventories		**50.0**	805.8
Tax receivable		**15.0**	6.3
Prepayments and deferred costs	13	**117.2**	102.0
Total current assets		**2,080.2**	2,047.1
Non current assets			
Investment properties	14	**23,108.3**	22,922.2
Equity accounted investments	16	**9,989.9**	8,660.3
Other investments	17	**510.9**	521.5
Derivative assets	11	**778.2**	939.1
Receivables	12	**4.7**	500.0
Plant and equipment	18	**161.0**	193.6
Deferred tax assets	9	**138.7**	74.4
Prepayments and deferred costs	13	**86.5**	91.8
Total non current assets		**34,778.2**	33,902.9
Total assets		**36,858.4**	35,950.0
Current liabilities			
Trade creditors		**141.1**	130.8
Payables and other creditors	19	**1,796.5**	1,176.2
Interest bearing liabilities	20	**1,881.9**	923.3
Other financial liabilities	21	**108.6**	98.7
Tax payable		**68.0**	48.0
Derivative liabilities	22	**105.6**	409.1
Total current liabilities		**4,101.7**	2,786.1
Non current liabilities			
Payables and other creditors	19	**153.9**	104.1
Interest bearing liabilities	20	**12,003.6**	12,807.9
Other financial liabilities	21	**1,715.0**	1,544.7
Deferred tax liabilities	9	**1,473.9**	1,421.5
Derivative liabilities	22	**389.3**	482.6
Total non current liabilities		**15,735.7**	16,360.8
Total liabilities		**19,837.4**	19,146.9
Net assets		**17,021.0**	16,803.1
Equity attributable to members of Westfield Holdings Limited			
Contributed equity	23	**1,479.8**	1,479.8
Reserves [i]	25	**(779.2)**	(709.4)
Retained profits	26	**(98.5)**	(106.7)
Total equity attributable to members of Westfield Holdings Limited		**602.1**	663.7
Equity attributable to Westfield Trust and Westfield America Trust members			
Contributed equity	23	**15,701.4**	15,701.4
Reserves [i]	25	**(583.3)**	(690.7)
Retained profits	26	**1,027.7**	851.7
Total equity attributable to Westfield Trust and Westfield America Trust members		**16,145.8**	15,862.4
Equity attributable to non controlling interests – external			
Contributed equity		**205.3**	212.5
Reserves		**(0.3)**	–
Retained profits		**68.1**	64.5
Total equity attributable to non controlling interests – external		**273.1**	277.0
Total equity		**17,021.0**	16,803.1
Equity attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**602.1**	663.7
Westfield Trust and Westfield America Trust members		**16,145.8**	15,862.4
Total equity attributable to members of the Westfield Group		**16,747.9**	16,526.1

[i] For 31 December 2010, amount includes a $274.1 million charge to Westfield Holdings Limited and a credit to Westfield America Trust of $274.1 million representing the reallocation of Westfield Group's net assets between Westfield Holdings Limited and Westfield America Trust following the redemption of units in Westfield America Trust held by subsidiaries of Westfield Holdings Limited (Cross Holdings) for nil consideration. These units were not stapled or quoted on the ASX. There was no change to the number of stapled securities on issue in the Westfield Group as a result of the redemption. There were no redemptions in the current financial year.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2011

	Comprehensive Income 31 Dec 11 $million	Movement in Equity 31 Dec 11 $million	**Total 31 Dec 11 $million**	Total 31 Dec 10 $million
Changes in equity attributable to members of the Westfield Group				
Opening balance of contributed equity	–	17,181.2	**17,181.2**	20,171.8
– Capital distribution to Westfield Retail Trust (i)				
Book value of net assets distributed	–	–	**–**	(7,280.7)
Less: market value adjustment included in current year income statement	–	–	**–**	934.3
Less: accumulated property revaluation gains distributed (ii)	–	–	**–**	3,355.8
Closing balance of contributed equity	–	17,181.2	**17,181.2**	17,181.2
Opening balance of reserves	–	(1,400.1)	**(1,400.1)**	(855.8)
– Movement in foreign currency translation reserve (iii) (iv) (v)	(13.1)	64.2	**51.1**	(557.1)
– Movement in employee share plan benefits reserve (iii)	–	(5.9)	**(5.9)**	12.5
– Movement in employee share plan swaps reserve (iii) (iv)	(7.6)	–	**(7.6)**	0.3
Closing balance of reserves	(20.7)	(1,341.8)	**(1,362.5)**	(1,400.1)
Opening balance of retained profits	–	745.0	**745.0**	4,796.8
Profit after tax excluding operating profit retained	910.9	–	**910.9**	515.0
Operating profit retained	621.8	–	**621.8**	599.0
– Profit after tax for the period (iv)	1,532.7	–	**1,532.7**	1,114.0
– Accumulated property revaluation gains distributed to Westfield Retail Trust (vi)	–	–	**–**	(3,347.3)
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	–	(64.2)	**(64.2)**	–
– Dividend/distribution paid	–	(1,284.3)	**(1,284.3)**	(1,818.5)
Closing balance of retained profits	1,532.7	(603.5)	**929.2**	745.0
Closing balance of equity attributable to members of the Westfield Group	1,512.0	15,235.9	**16,747.9**	16,526.1
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	277.0	**277.0**	194.1
Non controlling interest in associated entity consolidated during the period	–	–	**–**	81.9
Movement in contributed equity	–	(7.2)	**(7.2)**	–
Movement in foreign currency translation reserve (iv)	(0.3)	–	**(0.3)**	–
Total comprehensive income attributable to external non controlling interests (iv)	13.3	–	**13.3**	10.8
Dividend/distribution paid or provided for	–	(9.7)	**(9.7)**	(9.8)
Closing balance of equity attributable to external non controlling interests	13.0	260.1	**273.1**	277.0
Total equity	1,525.0	15,496.0	**17,021.0**	16,803.1

Closing balance of equity attributable to:				
– Westfield Holdings Limited members	53.1	549.0	**602.1**	663.7
– Westfield Trust and Westfield America Trust members	1,458.9	14,686.9	**16,145.8**	15,862.4
Closing balance of equity attributable to members of the Westfield Group	1,512.0	15,235.9	**16,747.9**	16,526.1

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

(ii) In the comparative period 31 December 2010, property revaluations derecognised from Westfield Group's non controlling interest was a credit of $3,355.8 million.

(iii) Movement in reserves attributable to members of Westfield Trust and Westfield America Trust consists of the net exchange gain on translation of foreign operations of $49.6 million (31 December 2010: loss of $310.4 million) and net debit to the employee share plan benefit reserve of $6.4 million (31 December 2010: credit $12.5 million) and a credit to Westfield America Trust of nil (31 December 2010: charge of $274.1 million) representing the reallocation of Westfield Group's net assets. These units were not stapled or quoted on the ASX and there was no change to the number of stapled securities on issue in the Westfield Group as a result of the redemption.

(iv) Total comprehensive income for the period amounts to a gain of $1,525.0 million (31 December 2010: $576.5 million). The comparative period consists of a gain attributable to external non controlling interests of $10.8 million, a loss attributable to Westfield Holdings Limited members of $300.9 million and a gain attributable to Westfield Trust and Westfield America Trust members of $866.6 million.

(v) During the year $64.2 million of accumulated exchange differences were transferred to retained earnings on realisation of net investment in foreign operations. In the comparative period 31 December 2010, the accumulated exchange differences relating to the New Zealand interest distributed to Westfield Retail Trust have been derecognised from the foreign currency translation reserve and transferred to retained profits in accordance with AASB 121 The Effects of Changes in Foreign Exchange Rates.

(vi) In the comparative period 31 December 2010, property revaluations and accumulated exchange differences derecognised from non controlling interest was a charge of $3,347.3 million.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	31 Dec 11 $million	31 Dec 10 $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**3,406.2**	3,957.1
Payments in the course of operations (including sales tax)		**(1,419.5)**	(1,605.1)
Settlement of income hedging currency derivatives		**9.2**	34.4
Dividends/distributions received from equity accounted associates		**462.2**	240.8
Income and withholding taxes paid		**(42.9)**	(45.6)
Sales tax paid		**(79.9)**	(125.0)
Net cash flows from operating activities	27(b)	**2,335.3**	2,456.6
Cash flows used in investing activities			
Payments of capital expenditure for property investments		**(803.6)**	(1,324.9)
Payments for the acquisition of property investments		**–**	(108.3)
Proceeds from the sale of property investments		**382.4**	3.1
Payments for the acquisition of other investments		**–**	(6.1)
Net outflows for investments in equity accounted investments		**(508.8)**	(165.8)
Payments for the purchases of plant and equipment		**(28.2)**	(41.5)
Financing costs capitalised to qualifying development projects and construction in progress		**(125.7)**	(215.7)
Settlement of asset hedging currency derivatives		**11.2**	(46.3)
Cash in shopping centre interests transferred to Westfield Retail Trust	27(c)	**–**	(35.9)
Cash in shopping centre interests transferred to equity accounted entities		**–**	(21.8)
Cash acquired from non controlling interest in associated entity consolidated during the period		**–**	32.3
Net cash flows used in investing activities		**(1,072.7)**	(1,930.9)
Cash flows used in financing activities			
Proceeds from the establishment of Westfield Retail Trust	46	**–**	3,500.0
Payments for costs associated with the establishment of Westfield Retail Trust		**–**	(14.4)
Termination of surplus interest rate swaps in respect of the repayment of interest bearing liabilities with the proceeds from the Westfield Retail Trust capital restructure		**(261.6)**	(336.0)
Termination of surplus interest rate swaps upon the restructure of Westfield Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)		**(279.4)**	(63.4)
Net proceeds/(repayment) from/of interest bearing liabilities		**1,090.5**	(908.9)
Financing costs excluding interest capitalised		**(479.4)**	(788.1)
Financing costs capitalised to qualifying inventories		**(48.9)**	(78.9)
Interest received		**25.5**	13.4
Dividends/distributions paid		**(1,284.3)**	(1,818.5)
Dividends/distributions paid by controlled entities to non controlling interests		**(16.9)**	(9.8)
Net cash flows used in financing activities		**(1,254.5)**	(504.6)
Net increase in cash and cash equivalents held		**8.1**	21.1
Add opening cash and cash equivalents brought forward		**185.6**	173.0
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**(3.2)**	(8.5)
Cash and cash equivalents at the end of the period	27(a)	**190.5**	185.6

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2011

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Group (Group), comprising Westfield Holdings Limited (Parent Company) and its controlled entities, for the year ended 31 December 2011 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 14 March 2012.

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

(b) Statement of Compliance

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

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

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

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

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

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

  The Group has estimated that based on current capital gains tax rates an additional amount of approximately $1.3 billion would be required to be charged against retained earnings on the implementation of the amended standard.
- AASB 9 *Financial Instruments* (effective from 1 January 2013)

  This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The Group is currently assessing the impact of this standard;
- AASB 10 *Consolidated Financial Statements* (effective from 1 January 2013).

  This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard may lead to some entities that are currently being equity accounted to be consolidated into the Group's financial results when they are restated on application of this accounting standard;
- AASB 11 *Joint Arrangements* (effective from 1 January 2013)

  This standard uses the principle of control in AASB 10 to define joint control and removes the option to account for jointly controlled entities using the proportionate consolidation method. Joint operations that give the joint venture parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. This standard is not expected to have a significant impact on the Group's financial results;
- AASB 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

  The standard introduces new disclosures about judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. The Group is currently assessing the impact of this standard;
- AASB 13 *Fair value measurement* (effective from 1 January 2013)

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

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

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

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

(c) Basis of Accounting

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

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 15: Details of shopping centre investments and Note 40: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Group's financial results or the financial position in future periods.

(e) Comparative information

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the Group

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

As a result of the Merger the Parent Company, for accounting purposes, gained control of WT and WAT and has consolidated WT and WAT from 2 July 2004, being the date an order made by the Supreme Court of New South Wales approving the scheme of arrangement of the Parent Company was lodged with Australian Securities and Investments Commission (ASIC). Accordingly, this transaction is accounted for as a business combination by consolidating the fair value of the net assets of WT and WAT.

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

(b) Consolidation and classification

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

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

i) Synchronisation of Financial Year

By an order dated 27 June 2005, made by ASIC pursuant to subsection 340(1) of the Act, the Directors of the Parent Company have been relieved from compliance with subsection 323D(3) of the Act insofar as that subsection requires them to ensure the financial year of the controlled entity Carindale Property Trust (CPT), coincides with the financial year of the Parent Company.

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

ii) Joint Ventures

Joint venture operations

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

Joint venture entities

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

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

iii) Associates

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

iv) Controlled entities

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

In December 2010, the Group established the Westfield Retail Trust. As a result, the Group distributed a 50% interest in a number of its Australia and New Zealand controlled entities to Westfield Retail Trust (refer to Note 46). Where the remaining interests are directly held by the Group, the relevant interests are consolidated. Where the remaining interests are held through interposed entities, these entities are equity accounted.

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

(c) Investment properties

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

i) Shopping centre investments

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

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

Initially, shopping centre investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of shopping centre investment properties are stated at fair value. Gains and losses arising from changes in the fair values of shopping centre investment properties are included in the income statement in the year in which they arise. Any gains or losses on the sale of an investment property are recognised in the income statement in the year of sale. The carrying amount of investment properties includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. Refer to Note 15 for estimated yield for each property.

ii) Development projects and construction in progress

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

Development projects and construction in progress are carried at fair value based on Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

Any increment or decrement in the fair value of development projects and construction in progress resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

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

(d) Other investments

Listed and unlisted investments

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

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

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currencies of the Parent Company and its Australian subsidiaries is Australian dollars. The functional currency of the United States entities is United States dollars, of United Kingdom entities is British pounds and of New Zealand entities is New Zealand dollars. The presentation currency of the overseas entities is Australian dollars to enable the consolidated financial statements of the Group to be reported in a common currency.

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

ii) Translation of accounts of foreign operations

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

(f) Revenue recognition

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

Revenue from property and funds management is recognised on an accruals basis, in accordance with the terms of the relevant management contracts.

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

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

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

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

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

i) WT

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

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

ii) WAT

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

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

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

iii) Deferred tax

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

iv) Parent Company – tax consolidation

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

(i) Goodwill

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

(j) Sales Tax

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

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

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

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

(k) 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(q) for other items included in financing costs.

(l) Inventories

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

(m) Depreciation and amortisation

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

(n) Leases

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

(i) Operating leases

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

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

(ii) Finance leases

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

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

(o) Employee benefits

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

(p) Contributed equity

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

(q) Derivative financial instruments and financial instruments

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

The Group has set defined policies and implemented a comprehensive hedging program to manage interest and exchange rate risks. Derivative instruments are transacted to achieve the economic outcomes in line with the Group's treasury policy and hedging program. Derivative instruments are not transacted for speculative purposes. Accounting standards however require compliance with onerous documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result, derivative instruments, other than cross currency swaps that hedge net investments in foreign operations, 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 forward exchange contracts, currency and interest rate options and cross currency swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to market rates for similar instruments.

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

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

i) Financial assets

Cash and cash equivalents

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Derivative financial instruments and financial instruments (continued)

i) Financial assets (continued)

Receivables

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

Other financial liabilities

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

The fair value of property linked notes are determined by reference to the fair value of the underlying linked property investments. The fair value of convertible notes, preference and convertible preference securities are determined in accordance with generally accepted pricing models using current market prices in accordance with the terms of each instrument as set out in Note 21.

(r) Recoverable amount of assets

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

(s) Earnings per security

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

(t) Distributions of non-cash assets

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

(u) 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.

NOTE 3 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. A geographic analysis of net property investment income is also provided.

(ii) Property and project management

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

b) Development

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

c) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

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

NOTE 3 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2011	Operational: Property investments $million	Operational: Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	2,677.7	–	93.8	2.5	2,774.0
Property development and project management revenue	–	1,928.0	–	–	1,928.0
Property and funds management income	–	155.3	–	–	155.3
	2,677.7	**2,083.3**	**93.8**	**2.5**	**4,857.3**
Expenses					
Property expenses, outgoings and other costs	(783.4)	–	(32.9)	–	(816.3)
Property development and project management costs	–	(1,779.7)	–	–	(1,779.7)
Property and funds management costs	–	(41.4)	–	–	(41.4)
Overheads	(82.9)	(26.0)	(85.6)	(37.4)	(231.9)
	(866.3)	**(1,847.1)**	**(118.5)**	**(37.4)**	**(2,869.3)**
Segment result	**1,811.4**	**236.2**	**(24.7)**	**(34.9)**	**1,988.0**
Segment revaluations					
Revaluation of properties and development projects	208.3	–	19.1	–	227.4
Equity accounted – revaluation of properties and development projects	138.2	–	110.5	–	248.7
	346.5	**–**	**129.6**	**–**	**476.1**
Inter-segmental transactions					
Transfer of completed developments			1,470.4		1,470.4
Carrying value of developments transferred			(1,470.4)		(1,470.4)
	–	**–**	**–**	**–**	**–**
Currency derivatives	4.6			(55.5)	(50.9)
Gain from capital transactions					46.5
Interest income					58.2
Financing costs					(913.9)
Tax expense					(58.0)
Non controlling interests					(13.3)
Net profit attributable to members of the Westfield Group [(i)]					**1,532.7**

(i) Net profit attributable to members of the Westfield Group was $1,532.7 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $13.3 million was $1,546.0 million.

(b) Assets and liabilities

	Property investments $million	Property and project management $million	Development $million	Corporate $million	Total $million
Cash	390.8	–	–	–	390.8
Shopping centre investments	31,823.9	–	942.0	–	32,765.9
Development projects and construction in progress	–	–	1,886.7	–	1,886.7
Inventories	–	50.0	–	–	50.0
Other assets	1,201.5	46.7	942.0	–	2,190.2
Group assets – unallocated					1,399.8
Total segment assets	**33,416.2**	**96.7**	**3,770.7**	**–**	**38,683.4**
Segment liabilities	1,799.0	281.4	71.9	–	2,152.3
Group liabilities – unallocated					19,510.1
Total segment liabilities	**1,799.0**	**281.4**	**71.9**	**–**	**21,662.4**
Total segment net assets	**31,617.2**	**(184.7)**	**3,698.8**	**–**	**17,021.0**
Equity accounted associates included in segment assets	11,458.1	–	356.9	–	11,815.0
Equity accounted associates included in – segment liabilities	254.7	–	–	–	254.7
– unallocated (excluding deferred tax liabilities)					1,353.2
Additions to segment non current assets during the year	**28.2**	**–**	**1,317.0**	**–**	**1,345.2**

NOTE 3 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

31 December 2011	Australia & New Zealand $million	United Kingdom $million	United States & Brazil $million	Total $million
Property revenue – operating	1,025.6	243.2	1,408.9	2,677.7
Property revenue – development	59.0	7.5	27.3	93.8
Property development and project management revenue	500.4	1,412.0	15.6	1,928.0
Property and funds management revenue	114.1	11.4	29.8	155.3
Other	–	2.5	–	2.5
Total revenue	**1,699.1**	**1,676.6**	**1,481.6**	**4,857.3**

(d) Geographic information – Net property income

Shopping centre base rent and other property income	1,100.1	258.7	1,487.0	2,845.8
Amortisation of tenant allowances	(15.5)	(5.5)	(50.8)	(71.8)
Property revenue	1,084.6	253.2	1,436.2	2,774.0
Property expenses, outgoings and other costs	(250.1)	(77.3)	(488.9)	(816.3)
Net property income	**834.5**	**175.9**	**947.3**	**1,957.7**

(e) Geographic information – Property investments assets and non current assets

Property investments assets	**12,785.0**	**4,543.8**	**16,087.4**	**33,416.2**
Non current assets	13,636.9	4,306.0	15,845.8	33,788.7
Group non current assets				989.5
Total non current assets	**13,636.9**	**4,306.0**	**15,845.8**	**34,778.2**

(f) Reconciliation of segmental results

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

31 December 2011	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,922.7	851.3	2,774.0
Property development and project management revenue	1,928.0	–	1,928.0
Property and funds management income	155.3	–	155.3
	4,006.0	**851.3**	**4,857.3**
Expenses			
Property expenses, outgoings and other costs	(596.2)	(220.1)	(816.3)
Property development and project management costs	(1,779.7)	–	(1,779.7)
Property and funds management costs	(41.4)	–	(41.4)
Overheads	(208.2)	(23.7)	(231.9)
	(2,625.5)	**(243.8)**	**(2,869.3)**
Segment result	**1,380.5**	**607.5**	**1,988.0**
Segment revaluations			
Revaluation of properties and development projects	227.4	–	227.4
Equity accounted-revaluation of properties and development projects	–	248.7	248.7
	227.4	**248.7**	**476.1**
Currency derivatives	(50.9)	–	(50.9)
Gain from capital transactions	46.5	–	46.5
Interest income	52.6	5.6	58.2
Financing costs	(856.5)	(57.4)	(913.9)
Tax expense	(40.0)	(18.0)	(58.0)
Non controlling interests	(13.3)	–	(13.3)
Net profit attributable to members of the Westfield Group	**746.3**	**786.4**	**1,532.7**
Cash	196.2	194.6	390.8
Shopping centre invesments	21,578.5	11,187.4	32,765.9
Development projects and construction in progress	1,529.8	356.9	1,886.7
Inventories	50.0	–	50.0
Other assets	2,114.1	76.1	2,190.2
Group assets – unallocated	1,399.8	–	1,399.8
Total segment assets	**26,868.4**	**11,815.0**	**38,683.4**
Segment liabilities	1,897.6	254.7	2,152.3
Group liabilities – unallocated	17,939.7	1,570.4	19,510.1
Total segment liabilities	**19,837.3**	**1,825.1**	**21,662.4**
Total segment net assets	**7,031.1**	**9,989.9**	**17,021.0**

NOTE 3 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2010	Operational: Property investments $million	Operational: Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	3,690.2	–	62.2	2.6	3,755.0
Property development and project management revenue	–	216.2	–	–	216.2
Property and funds management income	–	93.1	–	–	93.1
	3,690.2	**309.3**	**62.2**	**2.6**	**4,064.3**
Expenses					
Property expenses, outgoings and other costs	(1,039.0)	–	(31.1)	–	(1,070.1)
Property development and project management costs	–	(139.3)	–	–	(139.3)
Property and funds management costs	–	(36.3)	–	–	(36.3)
Overheads	(83.0)	–	(110.2)	(41.8)	(235.0)
	(1,122.0)	**(175.6)**	**(141.3)**	**(41.8)**	**(1,480.7)**
Segment result	**2,568.2**	**133.7**	**(79.1)**	**(39.2)**	**2,583.6**
Segment revaluations					
Revaluation of properties and development projects	443.4	–	405.9	–	849.3
Equity accounted – revaluation of properties and development projects	292.8	–	(6.9)	–	285.9
	736.2	**–**	**399.0**	**–**	**1,135.2**
Inter-segmental transactions					
Transfer of completed developments			122.6		122.6
Carrying value of developments transferred			(122.6)		(122.6)
	–	**–**	**–**	**–**	**–**
Currency derivatives	34.4			(251.3)	(216.9)
Loss from capital transactions					(1,192.1)
Interest income					13.0
Financing costs					(823.9)
Tax expense					(374.1)
Non controlling interests					(10.8)
Net profit attributable to members of the Westfield Group [(i)]					**1,114.0**

[(i)] Net profit attributable to members of the Westfield Group was $1,114.0 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $10.8 million was $1,124.8 million.

(b) Assets and liabilities

	Property investments	Property and project management	Development	Corporate	Total
Cash	267.2	–	–	–	267.2
Shopping centre investments	29,549.2	–	992.0	–	30,541.2
Development projects and construction in progress	–	–	2,232.7	–	2,232.7
Inventories	–	805.8	–	–	805.8
Other assets	896.2	24.1	942.0	–	1,862.3
Group assets – unallocated					1,527.6
Total segment assets	**30,712.6**	**829.9**	**4,166.7**	**–**	**37,236.8**
Segment liabilities	1,324.9	54.6	56.3	–	1,435.8
Group liabilities – unallocated					18,997.9
Total segment liabilities	**1,324.9**	**54.6**	**56.3**	**–**	**20,433.7**
Total Segment Net Assets	**29,387.7**	**775.3**	**4,110.4**	**–**	**16,803.1**
Equity accounted associates included in segment assets	9,669.0	–	278.1	–	9,947.1
Equity accounted associates included in – segment liabilities	238.5	–	–	–	238.5
– unallocated (excluding deferred tax liabilities)					812.5
Additions to segment non current assets during the year	**241.1**	**–**	**1,368.5**	**–**	**1,609.6**

NOTE 3 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

31 December 2010	Australia & New Zealand $million	United Kingdom $million	United States & Brazil $million	Total $million
Property revenue – operating	1,931.5	191.5	1,567.2	3,690.2
Property revenue – development	21.5	11.6	29.1	62.2
Property development and project management revenue	50.1	156.1	10.0	216.2
Property and funds management revenue	45.0	13.6	34.5	93.1
Other	–	2.6	–	2.6
Total revenue	**2,048.1**	**375.4**	**1,640.8**	**4,064.3**

(d) Geographic information – Net property income

Shopping centre base rent and other property income	1,977.9	210.1	1,644.9	3,832.9
Amortisation of tenant allowances	(24.9)	(4.4)	(48.6)	(77.9)
Property revenue	1,953.0	205.7	1,596.3	3,755.0
Property expenses, outgoings and other costs	(459.9)	(65.9)	(544.3)	(1,070.1)
Net property income	**1,493.1**	**139.8**	**1,052.0**	**2,684.9**

(e) Geographic information – Property investments assets and non current assets

Property investments assets	**12,303.9**	**3,071.6**	**15,337.1**	**30,712.6**
Non current assets	13,606.8	4,190.9	15,022.9	32,820.6
Group non current assets				1,082.3
Total non current assets	**13,606.8**	**4,190.9**	**15,022.9**	**33,902.9**

(f) Reconciliation of segmental results

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

31 December 2010	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	3,316.3	438.7	3,755.0
Property development and project management revenue	216.2	–	216.2
Property and funds management income	93.1	–	93.1
	3,625.6	**438.7**	**4,064.3**
Expenses			
Property expenses, outgoings and other costs	(936.3)	(133.8)	(1,070.1)
Property development and project management costs	(139.3)	–	(139.3)
Property and funds management costs	(36.3)	–	(36.3)
Overheads	(229.6)	(5.4)	(235.0)
	(1,341.5)	**(139.2)**	**(1,480.7)**
Segment result	**2,284.1**	**299.5**	**2,583.6**
Segment revaluations			
Revaluation of properties and development projects	849.3	–	849.3
Equity accounted-revaluation of properties and development projects	–	285.9	285.9
	849.3	**285.9**	**1,135.2**
Currency derivatives	(216.9)	–	(216.9)
Loss from capital transactions	(1,192.1)	–	(1,192.1)
Interest income	12.5	0.5	13.0
Financing costs	(770.2)	(53.7)	(823.9)
Tax expense	(374.1)	–	(374.1)
Non controlling interests	(10.8)	–	(10.8)
Net profit attributable to members of the Westfield Group	**581.8**	**532.2**	**1,114.0**
Cash	210.1	57.1	267.2
Shopping centre invesments	20,917.6	9,623.6	30,541.2
Development projects and construction in progress	2,004.6	228.1	2,232.7
Inventories	805.8	–	805.8
Other assets	1,824.0	38.3	1,862.3
Group assets – unallocated	1,527.6	–	1,527.6
Total segment assets	**27,289.7**	**9,947.1**	**37,236.8**
Segment liabilities	1,197.3	238.5	1,435.8
Group liabilities – unallocated	17,949.6	1,048.3	18,997.9
Total segment liabilities	**19,146.9**	**1,286.8**	**20,433.7**
Total segment net assets	**8,142.8**	**8,660.3**	**16,803.1**

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 4 PROPERTY REVENUE			
Shopping centre base rent and other property income		**1,977.9**	3,387.0
Amortisation of tenant allowances		**(55.2)**	(70.7)
		1,922.7	3,316.3
NOTE 5 CURRENCY DERIVATIVES			
Realised gains on income hedging currency derivatives		**4.6**	34.4
Net fair value loss on currency derivatives that do not qualify for hedge accounting	8	**(55.5)**	(251.3)
		(50.9)	(216.9)
NOTE 6 FINANCING COSTS			
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		**(496.5)**	(891.4)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**174.6**	294.6
Financing costs		**(321.9)**	(596.8)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	8	**(128.2)**	(32.2)
Finance leases interest expense		**(7.6)**	(11.6)
Interest expense on other financial liabilities		**(117.3)**	(113.4)
Net fair value gain/(loss) on other financial liabilities	8	**(182.4)**	18.9
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	8	**(99.1)**	(35.1)
		(856.5)	(770.2)
NOTE 7 GAIN/(LOSS) FROM CAPITAL TRANSACTIONS			
Asset sales and other capital costs			
– proceeds from asset sales		**382.4**	3.1
– less: carrying value of assets sold and other capital costs		**(335.9)**	(2.7)
Charges in respect of the establishment of the Westfield Retail Trust			
– market value adjustment on Westfield Retail Trust distribution [i]		**–**	(934.3)
– net fair value financing costs on the termination of surplus interest rate swaps in respect of the repayment of interest bearing liabilities with the proceeds from Westfield Retail Trust		**–**	(196.0)
– deferred borrowing costs in respect of the termination of surplus facilities and transaction costs		**–**	(62.2)
	8	**46.5**	(1,192.1)

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

	Note	31 Dec 11 $million	31 Dec 10 $million
NOTE 8 SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations		**227.4**	849.3
Equity accounted property revaluations	16(a)	**248.7**	285.9
Gain/(loss) from capital transactions	7	**46.5**	(1,192.1)
Tax on capital transactions	9	**(1.1)**	–
Deferred tax	9	**55.4**	(287.2)
Equity accounted deferred tax	16(a)	**(2.2)**	–
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**(128.2)**	(32.2)
Equity accounted net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	16(a)	**(0.7)**	3.7
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	6	**(99.1)**	(35.1)
Net fair value gain/(loss) on other financial liabilities	6	**(182.4)**	18.9
Net fair value loss on currency derivatives that do not qualify for hedge accounting	5	**(55.5)**	(251.3)

	Note	31 Dec 11 $million	31 Dec 10 $million

NOTE 9 TAXATION

(a) Tax expense

	Note	31 Dec 11 $million	31 Dec 10 $million
Current – underlying operations		**(94.3)**	(86.9)
Current – tax on capital transactions	8	**(1.1)**	–
Deferred tax	8	**55.4**	(287.2)
		(40.0)	(374.1)

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

	31 Dec 11 $million	31 Dec 10 $million
Profit before income tax	**1,586.0**	1,498.9
Prima facie tax expense at 30%	**(475.8)**	(449.7)
WT income not assessable	**209.4**	390.8
WAT income not assessable	**77.1**	32.9
Differential of tax rates on US foreign income	**33.2**	59.4
Differential of tax rates on UK foreign income	**26.0**	5.3
Deferred tax provision relating to overseas investment	**68.0**	–
Benefit from reduction in tax rate	**12.9**	20.8
Capital items not assessable	**12.8**	–
Change in NZ tax legislation removing depreciation deduction	**–**	(203.2)
Deferred tax release on the redemption of the WAT units	**–**	49.8
Market value adjustment on Westfield Retail Trust distribution (refer to Note 7)	**–**	(280.3)
Prior year over/(under) provision	**0.9**	(2.0)
Other items	**(4.5)**	2.1
Tax expense	**(40.0)**	(374.1)

(b) Deferred tax assets

	31 Dec 11 $million	31 Dec 10 $million
Provisions and accruals	**138.7**	74.4
	138.7	74.4

(c) Deferred tax liabilities

	31 Dec 11 $million	31 Dec 10 $million
Tax effect of book value in excess of the tax cost base of investment properties	**1,226.6**	1,222.9
Unrealised fair value gain on financial derivatives	**106.2**	73.1
Other timing differences	**141.1**	125.5
	1,473.9	1,421.5

(d) Deferred tax assets and deferred tax liabilities not charged to tax expense

The closing balance of deferred tax assets and deferred tax liabilities includes amounts credited to the foreign currency translation reserve of $5.0 million (31 December 2010: charge of $12.8 million).

	31 Dec 11 cents	31 Dec 10 cents

NOTE 10 EARNINGS PER SECURITY

(a) Summary of earnings and funds from operations per security

	31 Dec 11 cents	31 Dec 10 cents
Basic earnings per stapled security attributable to members of the Westfield Group	**66.55**	48.39
Diluted earnings per stapled security attributable to members of the Westfield Group	**66.35**	48.14
Basic funds from operations per stapled security attributable to members of the Westfield Group	**64.80**	79.61
Diluted funds from operations per stapled security attributable to members of the Westfield Group	**64.60**	79.45

(b) Earnings

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

	31 Dec 11 $million	31 Dec 10 $million
Earnings used in calculating basic earnings per stapled security [(i)]	**1,532.7**	1,114.0
Adjustment to earnings on options which are considered dilutive	**–**	(3.7)
Earnings used in calculating diluted earnings per stapled security	**1,532.7**	1,110.3

(i) Refer to the income statement for details of the profit after tax attributable to members of the Westfield Group.

(c) Funds from operations

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

	Note	31 Dec 11 $million	31 Dec 10 $million
Funds from operations used in calculating basic funds from operations per stapled security		**1,492.4**	1,832.5
Adjustment to funds from operations on options which are considered dilutive		**–**	–
Funds from operations used in calculating diluted funds from operations per stapled security		**1,492.4**	1,832.5
Reconciliation of profit after tax to funds from operations			
Profit after tax for the period		**1,546.0**	1,124.8
Property revaluations		**(227.4)**	(849.3)
Equity accounted property revaluations	16(a)	**(248.7)**	(285.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	6	**128.2**	32.2
Net fair value (gain)/loss on other financial liabilities	6	**182.4**	(18.9)
Equity accounted – net fair value (gain)/loss on interest rate hedges that do not qualify for hedge accounting	16(a)	**0.7**	(3.7)
Net fair value loss of currency derivatives that do not qualify for hedge accounting	5	**55.5**	251.3
Deferred tax	9	**(54.3)**	287.2
Equity accounted deferred tax	16(a)	**2.2**	–
(Gain)/loss on capital transactions	7	**(46.5)**	1,192.1
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	6	**99.1**	35.1
Amortisation of tenant allowances	4	**55.2**	70.7
Equity accounted amortisation of tenant allowances	16(a)	**16.6**	7.2
Funds from operations		**1,509.0**	1,842.8
Less: Funds from operations attributable to external non controlling interests [(i)]		**(16.6)**	(10.3)
Funds from operations attributable to members of Westfield Group		**1,492.4**	1,832.5

(i) Funds from operations attributable to members of Westfield Group of $16.6 million consists of non controlling interests of $13.3 million and FFO adjustments of $3.3 million (31 December 2010: $10.3 million consists of non controlling interests of $10.8 million and FFO adjustments of $0.5 million).

Funds from operations (FFO) is a widely recognised measure of the performance of real estate investment groups by the property industry and is a useful supplemental measure of operating performance. This additional information has been provided to assist in the comparison of the Group's performance with that of other real estate investment groups in Australia and overseas.

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

The Group's measure of FFO is based upon this definition adjusted to reflect that the Group's profit after tax and non controlling interests is reported in accordance with the Australian Accounting Standards and International Financial Reporting Standards. In calculating the Group's measure of FFO, property revaluations of consolidated and equity accounted property investments, gains/losses on property sales, net fair value gains or losses on ineffective interest rate hedges and other financial liabilities, deferred tax, gains/losses from capital transactions and amortisation of tenant allowances are excluded from the reported profit after tax and non controlling interests.

NOTE 10 EARNINGS PER SECURITY (CONTINUED)

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

	31 Dec 11 No. of securities	31 Dec 10 No. of securities
Weighted average number of ordinary securities used in calculating basic earnings/FFO per stapled security [(i)]	**2,303,119,114**	2,301,936,999
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**6,953,274**	4,621,811
Adjusted weighted average number of ordinary securities used in calculating diluted earnings/FFO per stapled security [(iii)]	**2,310,072,388**	2,306,558,810

(i) 2,303.1 million (31 December 2010: 2,301.9 million) weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement and basic and diluted FFO per stapled security as disclosed in this note.

(ii) At 31 December 2011 4,573,405 actual employee award scheme security options were on hand (31 December 2010: 4,401,901).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 2,379,869 (31 December 2010: 1,468,720).

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

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

	Note	**31 Dec 11 $million**	31 Dec 10 $million
NOTE 11 DERIVATIVE ASSETS			
Current			
Receivables on currency derivatives		**133.1**	185.9
Receivables on interest rate derivatives		**54.9**	67.8
Receivables on equity share plan swaps		**–**	5.0
		188.0	258.7
Non Current			
Receivables on interest rate derivatives		**669.3**	709.5
Receivables on currency derivatives		**108.9**	226.4
Receivables on equity share plan swaps		**–**	3.2
		778.2	939.1
NOTE 12 RECEIVABLES			
Current			
Amount receivable from Westfield Retail Trust	46	**1,314.7**	442.0
Sundry debtors		**151.4**	183.4
		1,466.1	625.4
Non Current			
Amount receivable from Westfield Retail Trust	46	**–**	500.0
Sundry debtors		**4.7**	–
		4.7	500.0

	Note	**31 Dec 11 $million**	31 Dec 10 $million
NOTE 13 PREPAYMENTS AND DEFERRED COSTS			
Current			
Prepayments and deposits		**93.3**	68.2
Deferred costs – other		**23.9**	33.8
		117.2	102.0
Non Current			
Deferred costs – other		**86.5**	91.8
		86.5	91.8

NOTE 14 INVESTMENT PROPERTIES

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Shopping centre investments		**21,578.5**	20,917.6
Development projects and construction in progress		**1,529.8**	2,004.6
		23,108.3	22,922.2
Movement in total investment properties			
Balance at the beginning of the year		**22,922.2**	40,454.0
Acquisition of properties		**–**	244.7
Disposal of properties		**(9.3)**	(3.4)
Distribution of properties to Westfield Retail Trust	46	**–**	(11,419.3)
Transfer to equity accounted investment properties		**(1,244.0)**	(5,756.8)
Transfer to current inventories		**–**	(765.1)
Non controlling interest in associated entity consolidated during the period		**–**	207.1
Redevelopment costs		**1,151.4**	1,368.6
Net revaluation increment		**291.0**	860.9
Retranslation of foreign operations		**(3.0)**	(2,268.5)
Balance at the end of the year [(i)]		**23,108.3**	22,922.2

(i) The fair value of investment properties at the end of the year of $23,108.3 million (31 December 2010: $22,922.2 million) comprises investment properties at market value of $23,054.9 million (31 December 2010: $22,869.9 million) and ground leases included as finance leases of $53.4 million(31 December 2010: $52.3 million).

NOTE 15 DETAILS OF SHOPPING CENTRE INVESTMENTS

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Consolidated Australian shopping centres	15(a)	**6,329.8**	6,012.7
Consolidated United Kingdom shopping centres	15(c)	**2,340.2**	2,279.9
Consolidated United States shopping centres	15(d)	**12,908.5**	12,625.0
Total consolidated shopping centres	14	**21,578.5**	20,917.6
Equity accounted Australian shopping centres	15(a)	**5,711.9**	5,793.3
Equity accounted New Zealand shopping centres	15(b)	**1,103.1**	1,119.3
Equity accounted Brazil shopping centres		**206.8**	–
Equity accounted United Kingdom shopping centres	15(c),16(b)	**1,965.1**	692.5
Equity accounted United States shopping centres	15(d)	**2,200.5**	2,018.5
Total equity accounted shopping centres	16(b)	**11,187.4**	9,623.6
		32,765.9	30,541.2

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

Independent valuations are conducted in accordance with International Valuation Standards Committee for Australian and New Zealand properties, RICS Appraisal and Valuation Standards which is mandatory for Chartered Surveyors for the United Kingdom properties and Uniform Standards of Professional Appraisal Practice for the United States properties. The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method.

NOTE 15(a) DETAILS OF SHOPPING CENTRE INVESTMENTS – AUSTRALIA

Australian shopping centres	**Ownership Interest 31 Dec 11 %**	Ownership Interest 31 Dec 10 %	**Fair value 31 Dec 11 $million**	**Estimated Yield 31 Dec 11 %**	Fair Value 31 Dec 10 $million	Estimated Yield 31 Dec 10 %	Latest independent valuation Date	Valuer
Airport West	**25.0 C**	25.0 C	**84.0**	**7.00%**	80.0	7.00%	06-11	Urbis Pty Ltd
Belconnen	**50.0 C**	50.0 C	**392.5**	**6.13%**	302.5	6.25%	12-11	Colliers International C&V Pty Limited
Bondi Junction	**50.0 E**	50.0 E	**1,046.9**	**5.25%**	983.8	5.25%	12-11	CB Richard Ellis Pty Limited
Booragoon	**12.5 E**	12.5 E	**109.3**	**6.00%**	108.8	6.00%	12-10	Knight Frank Valuations
Burwood	**50.0 C**	50.0 C	**397.6**	**6.00%**	373.6	6.25%	12-11	Colliers International C&V Pty Limited
Cairns (iii)	**– –**	50.0 E	**–**	**–**	225.0	6.00%	06-10	CB Richard Ellis Pty Limited
Carindale (i) (ii)	**50.0 C**	50.0 C	**445.0**	**5.75%**	443.2	5.75%	06-10	CB Richard Ellis Pty Limited
Carousel	**50.0 C**	50.0 C	**428.5**	**6.00%**	400.0	6.00%	12-11	CB Richard Ellis Pty Limited
Chatswood	**50.0 E**	50.0 E	**447.9**	**6.00%**	440.4	6.00%	06-11	CB Richard Ellis Pty Limited
Chermside	**50.0 C**	50.0 C	**743.7**	**5.50%**	697.0	5.50%	12-11	Knight Frank Valuations
Doncaster	**25.0 E**	25.0 E	**367.5**	**5.75%**	350.0	5.75%	12-11	Knight Frank Valuations
Figtree	**50.0 C**	50.0 C	**72.5**	**7.50%**	70.0	7.50%	06-11	Urbis Pty Ltd
Fountain Gate (i)	**50.0 E**	50.0 E	**440.3**	**6.00%**	439.6	6.00%	06-10	Colliers International C&V Pty Limited
Geelong	**25.0 C**	25.0 C	**122.5**	**6.25%**	115.0	6.50%	06-11	CB Richard Ellis Pty Limited
Helensvale	**25.0 C**	25.0 C	**92.3**	**6.50%**	88.7	6.50%	06-11	Savills (NSW) Pty Limited
Hornsby	**50.0 E**	50.0 E	**438.0**	**6.00%**	431.2	6.00%	12-11	Knight Frank Valuations
Hurstville	**25.0 C**	25.0 C	**147.5**	**7.00%**	142.5	7.00%	06-11	Jones Lang La Salle
Innaloo	**50.0 C**	50.0 C	**133.0**	**7.00%**	130.0	7.00%	06-11	Jones Lang La Salle
Karrinyup	**16.7 E**	16.7 E	**93.8**	**6.50%**	90.9	6.50%	12-11	CB Richard Ellis Pty Limited
Knox	**15.0 E**	15.0 E	**150.9**	**6.35%**	150.0	6.35%	12-10	Knight Frank Valuations
Kotara	**50.0 E**	50.0 E	**355.0**	**6.25%**	355.0	6.25%	12-11	CB Richard Ellis Pty Limited
Liverpool	**25.0 C**	25.0 C	**218.8**	**6.25%**	208.8	6.25%	12-11	Savills (NSW) Pty Limited
Macquarie	**27.5 E**	27.5 E	**249.1**	**6.00%**	247.3	6.00%	12-10	CB Richard Ellis Pty Limited
Marion	**25.0 C**	25.0 C	**280.0**	**5.90%**	265.0	6.00%	12-11	CB Richard Ellis Pty Limited
Miranda	**25.0 C**	25.0 C	**345.2**	**5.75%**	327.7	5.75%	06-11	CB Richard Ellis Pty Limited
Mt Druit	**25.0 E**	25.0 E	**112.4**	**7.00%**	108.8	7.00%	12-11	CB Richard Ellis Pty Limited
Mt Gravatt	**37.5 E**	37.5 E	**326.5**	**6.00%**	324.4	6.00%	06-11	Jones Lang La Salle
North Lakes	**25.0 C**	25.0 C	**103.0**	**6.25%**	98.8	6.25%	12-11	CB Richard Ellis Pty Limited
North Rocks	**50.0 E**	50.0 E	**58.2**	**7.50%**	57.0	7.50%	12-11	Colliers International C&V Pty Limited
Pacific Fair	**22.0 E**	22.0 E	**221.2**	**6.25%**	220.0	6.25%	12-10	Knight Frank Valuations
Parramatta	**25.0 C**	25.0 C	**388.1**	**5.75%**	377.6	5.75%	12-11	Knight Frank Valuations
Penrith	**25.0 C**	25.0 C	**270.0**	**6.00%**	260.0	6.00%	12-11	CB Richard Ellis Pty Limited
Plenty Valley	**25.0 C**	25.0 C	**72.5**	**6.50%**	67.5	6.50%	06-11	CB Richard Ellis Pty Limited
Southland	**25.0 E**	25.0 E	**325.0**	**5.90%**	307.5	6.00%	12-11	Knight Frank Valuations
Strathpine	**50.0 C**	50.0 C	**140.0**	**7.25%**	129.0	7.50%	12-11	Urbis Pty Ltd
Sydney Central Plaza	**50.0 E**	50.0 E	**299.0**	**6.00%**	287.5	6.00%	06-11	CB Richard Ellis Pty Limited
Westfield Sydney (i)	**50.0 C**	50.0 C	**944.0**	**5.13%**	942.0	5.13%	12-10	CB Richard Ellis Pty Limited
Tea Tree Plaza	**31.3 E**	31.3 E	**211.0**	**6.13%**	213.7	6.00%	12-11	Knight Frank Valuations
Tuggerah	**50.0 E**	50.0 E	**322.5**	**6.25%**	315.5	6.25%	06-11	Colliers International C&V Pty Limited
Warrawong	**50.0 C**	50.0 C	**92.8**	**8.00%**	94.0	8.00%	12-11	Herron Todd White (Australia) Pty Ltd
Warringah Mall	**12.5 E**	12.5 E	**137.4**	**6.00%**	137.0	6.00%	12-10	CB Richard Ellis Pty Limited
West Lakes	**25.0 C**	25.0 C	**102.5**	**6.38%**	97.5	6.38%	06-11	Savills (NSW) Pty Limited
Whitford City	**25.0 C**	25.0 C	**148.8**	**6.75%**	140.0	6.75%	12-11	Jones Lang La Salle
Woden	**25.0 C**	25.0 C	**165.0**	**6.25%**	162.5	6.25%	12-11	CB Richard Ellis Pty Limited
Total Australian portfolio			**12,041.7**		11,806.0			
Consolidated			**6,329.8**		6,012.7			
Equity accounted			**5,711.9**		5,793.3			
Total Australian portfolio			**12,041.7**		11,806.0			

C Consolidated

E Equity Accounted

(i) Properties currently under redevelopment.

(ii) 50% interest in this shopping centre is consolidated and 25% is shown as non controlling interest.

(iii) In October 2011, Westfield Group sold its 50% interest in Cairns Central, Queensland to Australian Prime Property Fund (APPF).

NOTE 15(b) DETAILS OF SHOPPING CENTRE INVESTMENTS – NEW ZEALAND

New Zealand shopping centres	**Ownership Interest 31 Dec 11 %**	Ownership Interest 31 Dec 10 %	**Fair value 31 Dec 11 $NZmillion**	**Estimated Yield 31 Dec 11 %**	Fair Value 31 Dec 10 $NZmillion	Estimated Yield 31 Dec 10 %	Latest independent valuation Date	Valuer
Albany	**50.0 E**	50.0 E	**199.5**	**6.75%**	192.5	6.75%	12-11	Colliers International New Zealand Limited
Chartwell	**50.0 E**	50.0 E	**87.0**	**8.50%**	90.8	8.00%	12-11	Colliers International New Zealand Limited
Downtown	**50.0 E**	50.0 E	**40.3**	**8.00%**	39.4	8.13%	06-11	Jones Lang LaSalle Limited
Glenfield	**50.0 E**	50.0 E	**52.5**	**8.50%**	54.3	8.63%	12-11	Colliers International New Zealand Limited
Manukau	**50.0 E**	50.0 E	**169.8**	**7.63%**	170.1	7.50%	12-11	CB Richard Ellis Limited
Newmarket	**50.0 E**	50.0 E	**122.8**	**7.25%**	118.4	7.23%	06-11	Colliers International New Zealand Limited
Pakuranga	**50.0 E**	50.0 E	**41.8**	**8.75%**	41.7	8.50%	12-11	Colliers International New Zealand Limited
Queensgate	**50.0 E**	50.0 E	**162.5**	**7.25%**	169.0	7.13%	06-11	CB Richard Ellis Limited
Riccarton	**50.0 E**	50.0 E	**207.0**	**8.00%**	232.0	7.00%	06-11	CB Richard Ellis Limited
Shore City	**50.0 E**	50.0 E	**41.7**	**8.38%**	41.8	8.50%	06-11	Jones Lang LaSalle Limited
St Lukes	**50.0 E**	50.0 E	**232.0**	**6.88%**	225.4	6.88%	12-11	CB Richard Ellis Limited
WestCity	**50.0 E**	50.0 E	**93.8**	**8.38%**	92.5	8.38%	06-11	Colliers International New Zealand Limited
Total New Zealand portfolio			**1,450.7**		1,467.6			
Exchange rate			**1.3151**		1.3112			
Total New Zealand portfolio in A$			**1,103.1**		1,119.3			
Consolidated			**–**		–			
Equity accounted			**1,103.1**		1,119.3			
Total New Zealand portfolio			**1,103.1**		1,119.3			

C Consolidated
E Equity Accounted

NOTE 15(c) DETAILS OF SHOPPING CENTRE INVESTMENTS – UNITED KINGDOM

United Kingdom shopping centres	**Ownership Interest 31 Dec 11 %**	Ownership Interest 31 Dec 10 %	**Fair value 31 Dec 11 £million**	**Estimated Yield 31 Dec 11 %**	Fair Value 31 Dec 10 £million	Estimated Yield 31 Dec 10 %	Latest independent valuation Date	Valuer
Belfast [(i) (v)]	**33.3 E**	33.3 E	**47.8**	**7.50%**	62.8	7.15%	12-11	Knight Frank LLP
Derby [(ii)]	**100.0 C**	100.0 C	**405.5**	**6.50%**	408.3	6.40%	12-11	Knight Frank LLP
Guildford [(v)]	**50.0 E**	50.0 E	**70.7**	**6.75%**	48.1	7.00%	12-11	Knight Frank LLP
Merry Hill [(i)]	**33.3 E**	33.3 E	**259.0**	**5.70%**	269.9	5.70%	12-11	Knight Frank LLP
Nottingham [(iii)]	**– –**	75.0 E	**–**	**–**	32.8	8.00%	12-10	CBRE Limited
Sprucefield	**100.0 C**	100.0 C	**62.5**	**6.00%**	65.0	6.00%	12-11	Knight Frank LLP
Stratford City [(iv)]	**50.0 E**	– –	**875.0**	**5.50%**	–	–	12-11	GVA Grimley Limited
Tunbridge Wells [(i) (v)]	**33.3 E**	33.3 E	**41.9**	**6.75%**	41.5	6.75%	12-11	Knight Frank LLP
Westfield London	**50.0 C**	50.0 C	**1,073.5**	**5.50%**	1,025.0	5.50%	12-11	GVA Grimley Limited
Total United Kingdom portfolio			**2,835.9**		1,953.4			
Exchange rate			**0.6587**		0.6572			
Total United Kingdom portfolio in A$			**4,305.3**		2,972.4			
Consolidated			**2,340.2**		2,279.9			
Equity accounted			**1,965.1**		692.5			
Total United Kingdom portfolio			**4,305.3**		2,972.4			

C Consolidated
E Equity Accounted

(i) The Group's 33.3% investment in Belfast, Merry Hill and Tunbridge Wells includes an 8.3% investment held via the Group's one third interest in Westfield UK Shopping Centre Fund.

(ii) 100% interest in this shopping centre is consolidated and 33.3% is shown as non controlling interest. The Group's 66.7% economic interest in Derby includes an 16.7% investment held via the Group's one third interest in Westfield UK Shopping Centre Fund.

(iii) In November 2011, the Group sold its 75% interest in the Broadmarsh shopping centre in Nottingham to Capital Shopping Centres PLC.

(iv) Stratford City opened in September 2011.

(v) Since the end of the financial year the Group has agreed to sell its interest in these shopping centres (refer to Note 47).

NOTE 15(d) DETAILS OF INVESTMENT PROPERTIES – UNITED STATES

United States shopping centres	**Ownership Interest 31 Dec 11 %**	Ownership Interest 31 Dec 10 %	**Fair value 31 Dec 11 US$million**	**Estimated Yield 31 Dec 11 %**	Fair Value 31 Dec 10 US$million	Estimated Yield 31 Dec 10 %	Latest independent valuation Date	Valuer
Annapolis [(ii)]	**100.0 C**	100.0 C	**669.5**	**5.79%**	643.4	6.02%	12-10	Weiser Realty Advisors, LLC
Belden Village	**100.0 C**	100.0 C	**181.0**	**6.82%**	176.5	6.82%	12-11	Weiser Realty Advisors, LLC
Brandon	**100.0 C**	100.0 C	**388.0**	**6.27%**	386.0	6.40%	06-11	Altus Group U.S. Inc.
Broward	**100.0 C**	100.0 C	**159.4**	**6.40%**	168.0	6.60%	12-11	Weiser Realty Advisors, LLC
Capital	**100.0 C**	100.0 C	**160.0**	**6.90%**	160.0	6.90%	06-10	Weiser Realty Advisors, LLC
Century City	**100.0 C**	100.0 C	**785.0**	**5.38%**	735.0	5.75%	12-11	Cushman & Wakefield Western, Inc.
Chicago Ridge	**100.0 C**	100.0 C	**133.0**	**7.31%**	133.0	7.31%	06-10	PricewaterhouseCoopers LLP
Citrus Park	**100.0 C**	100.0 C	**221.0**	**6.73%**	217.0	6.87%	06-11	Altus Group U.S. Inc.
Connecticut Post	**100.0 C**	100.0 C	**232.3**	**7.30%**	233.0	7.34%	12-11	Weiser Realty Advisors, LLC
Countryside	**100.0 C**	100.0 C	**191.0**	**7.00%**	191.0	7.00%	06-10	PricewaterhouseCoopers LLP
Culver City [(ii)]	**100.0 C**	100.0 C	**330.0**	**5.83%**	320.9	6.00%	12-10	Weiser Realty Advisors, LLC
Downtown Plaza	**100.0 C**	100.0 C	**55.0**	**8.00%**	55.0	8.00%	06-07	Weiser Realty Advisors, LLC
Eastland	**100.0 C**	100.0 C	**114.0**	**6.50%**	114.0	6.50%	06-10	Weiser Realty Advisors, LLC
Eastridge	**100.0 C**	100.0 C	**44.7**	**9.80%**	44.7	9.80%	06-10	Weiser Realty Advisors, LLC
Fashion Square	**50.0 E**	50.0 E	**145.9**	**6.31%**	138.5	6.27%	12-11	Weiser Realty Advisors, LLC
Fox Valley	**100.0 C**	100.0 C	**193.9**	**8.10%**	190.0	8.50%	06-11	Weiser Realty Advisors, LLC
Franklin Park	**100.0 C**	100.0 C	**307.4**	**7.00%**	289.0	7.00%	12-11	Weiser Realty Advisors, LLC
Galleria at Roseville	**100.0 C**	100.0 C	**582.7**	**5.85%**	551.2	6.00%	12-11	Weiser Realty Advisors, LLC
Garden State Plaza	**50.0 E**	50.0 E	**699.1**	**5.85%**	641.7	6.19%	06-11	Weiser Realty Advisors, LLC
Gateway	**100.0 C**	100.0 C	**103.5**	**7.13%**	103.5	7.13%	06-10	PricewaterhouseCoopers LLP
Great Northern	**100.0 C**	100.0 C	**144.5**	**6.80%**	144.5	6.80%	06-10	Weiser Realty Advisors, LLC
Hawthorn	**100.0 C**	100.0 C	**195.0**	**7.20%**	195.0	7.20%	06-11	Altus Group U.S. Inc.
Horton Plaza [(ii)]	**100.0 C**	100.0 C	**324.0**	**6.26%**	316.0	6.42%	12-10	Weiser Realty Advisors, LLC
Louis Joliet	**100.0 C**	100.0 C	**115.0**	**6.42%**	115.0	6.42%	06-10	Weiser Realty Advisors, LLC
Mainplace	**100.0 C**	100.0 C	**257.0**	**7.30%**	263.0	7.24%	06-11	Cushman & Wakefield Western, Inc.
Meriden	**100.0 C**	100.0 C	**136.3**	**7.58%**	136.3	7.58%	06-10	Weiser Realty Advisors, LLC
Mission Valley [(ii)]	**100.0 C**	100.0 C	**303.7**	**6.62%**	296.6	6.78%	12-10	Weiser Realty Advisors, LLC
Montgomery	**50.0 E**	50.0 E	**245.0**	**5.56%**	231.6	5.50%	12-11	Weiser Realty Advisors, LLC
North County [(ii)]	**100.0 C**	100.0 C	**226.0**	**6.93%**	226.1	6.93%	12-10	Altus Group U.S. Inc.
Oakridge [(ii)]	**100.0 C**	100.0 C	**366.3**	**6.44%**	352.7	6.69%	12-10	Weiser Realty Advisors, LLC
Old Orchard	**100.0 C**	100.0 C	**508.7**	**6.25%**	506.1	5.91%	12-11	Altus Group U.S. Inc.
Palm Desert	**100.0 C**	100.0 C	**147.0**	**8.00%**	170.0	7.35%	12-11	Cushman & Wakefield Western, Inc.
Parkway	**100.0 C**	100.0 C	**301.8**	**6.29%**	293.8	6.30%	12-11	Altus Group U.S. Inc.
Plaza Bonita [(ii)]	**100.0 C**	100.0 C	**352.5**	**6.50%**	342.0	6.70%	12-10	Cushman & Wakefield Western, Inc.
Plaza Camino Real	**100.0 C**	100.0 C	**161.0**	**7.00%**	160.0	7.02%	06-11	Altus Group U.S. Inc.
Promenade [(ii)]	**100.0 C**	100.0 C	**52.5**	**7.10%**	52.5	7.10%	12-10	Weiser Realty Advisors, LLC
San Francisco Centre	**100.0 C**	100.0 C	**321.9**	**5.82%**	311.4	5.90%	12-11	Weiser Realty Advisors, LLC
San Francisco Emporium	**50.0 E**	50.0 E	**233.3**	**5.82%**	227.3	5.90%	12-11	Weiser Realty Advisors, LLC
Santa Anita [(ii)]	**100.0 C**	100.0 C	**457.5**	**6.17%**	457.0	6.18%	06-10	PricewaterhouseCoopers LLP
Sarasota	**100.0 C**	100.0 C	**125.0**	**6.40%**	125.0	6.40%	12-10	Altus Group U.S. Inc.
Solano	**100.0 C**	100.0 C	**192.2**	**7.40%**	192.2	7.40%	12-09	Weiser Realty Advisors, LLC
South Shore	**100.0 C**	100.0 C	**165.4**	**7.66%**	165.4	7.66%	12-10	Weiser Realty Advisors, LLC
Southcenter [(ii)]	**100.0 C**	100.0 C	**741.4**	**5.58%**	701.1	5.90%	12-10	Weiser Realty Advisors, LLC
Southgate	**100.0 C**	100.0 C	**109.0**	**7.10%**	103.0	7.10%	12-11	Altus Group U.S. Inc.
Southlake	**100.0 C**	100.0 C	**267.0**	**6.28%**	261.0	6.28%	12-11	Altus Group U.S. Inc.
Southpark	**100.0 C**	100.0 C	**262.3**	**7.00%**	262.3	7.00%	06-10	Weiser Realty Advisors, LLC
Sunrise	**100.0 C**	100.0 C	**111.0**	**6.60%**	109.0	6.70%	12-11	Altus Group U.S. Inc.
Topanga [(ii)]	**100.0 C**	100.0 C	**747.8**	**6.04%**	713.0	6.34%	12-10	Cushman & Wakefield Western, Inc.
Trumbull	**100.0 C**	100.0 C	**316.8**	**6.00%**	328.0	6.40%	12-11	Weiser Realty Advisors, LLC
UTC [(i)]	**50.0 E**	50.0 E	**193.0**	**6.00%**	192.9	6.00%	06-07	Weiser Realty Advisors, LLC
Valencia Town Center	**50.0 E**	50.0 E	**186.6**	**6.50%**	117.4	7.20%	06-11	Weiser Realty Advisors, LLC
Valley Fair	**50.0 E**	50.0 E	**535.0**	**5.36%**	505.0	5.80%	12-11	Altus Group U.S. Inc.
Vancouver	**100.0 C**	100.0 C	**141.0**	**6.05%**	141.0	6.05%	12-10	Altus Group U.S. Inc.
West Covina	**100.0 C**	100.0 C	**321.5**	**5.62%**	293.7	6.10%	12-11	Weiser Realty Advisors, LLC
Westland	**100.0 C**	100.0 C	**134.0**	**6.63%**	134.4	6.63%	12-10	Altus Group U.S. Inc.
Wheaton	**100.0 C**	100.0 C	**271.5**	**7.26%**	271.5	7.26%	12-10	Weiser Realty Advisors, LLC
Total United States portfolio			**15,365.9**		14,904.2			
Exchange Rate			**1.0170**		1.0178			
Total United States portfolio in A$			**15,109.0**		14,643.5			
Consolidated			**12,908.5**		12,625.0			
Equity accounted			**2,200.5**		2,018.5			
Total United States portfolio			**15,109.0**		14,643.5			

C Consolidated

E Equity Accounted

(i) Properties currently under redevelopment.

(ii) Since the end of the financial year the Group has agreed with the Canada Pension Plan Investment Board (CPPIB) to become a 45% joint venture partner in these shopping centres (refer to Note 47).

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	Australia and New Zealand [i]		United Kingdom		United States and Brazil		Consolidated	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
(a) Details of the Westfield Group's aggregate share of equity accounted entities net profit								
Shopping centre base rent and other property income	**593.2**	150.5	**85.2**	86.8	**189.5**	208.6	**867.9**	445.9
Amortisation of tenant allowances	**(9.5)**	(1.3)	**(1.9)**	(1.3)	**(5.2)**	(4.6)	**(16.6)**	(7.2)
Property revenue	**583.7**	149.2	**83.3**	85.5	**184.3**	204.0	**851.3**	438.7
Interest income	**1.2**	0.5	**–**	–	**4.4**	–	**5.6**	0.5
Revenue	**584.9**	149.7	**83.3**	85.5	**188.7**	204.0	**856.9**	439.2
Property expenses, outgoings and other costs	**(134.5)**	(36.5)	**(28.9)**	(28.7)	**(56.7)**	(68.6)	**(220.1)**	(133.8)
Overheads	**(19.3)**	(1.5)	**(0.8)**	(0.9)	**(3.6)**	(3.0)	**(23.7)**	(5.4)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**–**	–	**(0.7)**	3.7	**–**	–	**(0.7)**	3.7
Borrowing costs	**(1.8)**	(1.7)	**(10.0)**	(10.0)	**(44.9)**	(45.7)	**(56.7)**	(57.4)
Expenses	**(155.6)**	(39.7)	**(40.4)**	(35.9)	**(105.2)**	(117.3)	**(301.2)**	(192.9)
Share of profit from equity accounted entities before property revaluations and tax expense	**429.3**	110.0	**42.9**	49.6	**83.5**	86.7	**555.7**	246.3
Property revaluations	**103.9**	167.0	**40.6**	50.4	**104.2**	68.5	**248.7**	285.9
Share of profit before tax of equity accounted entities	**533.2**	277.0	**83.5**	100.0	**187.7**	155.2	**804.4**	532.2
Underlying current tax	**(14.2)**	–	**–**	–	**(1.6)**	–	**(15.8)**	–
Deferred tax	**(2.2)**	–	**–**	–	**–**	–	**(2.2)**	–
Share of after tax profit of equity accounted entities	**516.8**	277.0	**83.5**	100.0	**186.1**	155.2	**786.4**	532.2
(b) Details of the Westfield Group's aggregate share of equity accounted entities assets and liabilities								
Cash	**28.8**	29.8	**49.5**	17.4	**116.3**	9.9	**194.6**	57.1
Receivables	**13.9**	17.1	**29.8**	1.8	**12.3**	5.3	**56.0**	24.2
Shopping centre investments	**6,815.0**	6,912.6	**1,965.1**	692.5	**2,407.3**	2,018.5	**11,187.4**	9,623.6
Development projects and construction in progress	**146.4**	77.2	**23.3**	46.1	**187.2**	104.8	**356.9**	228.1
Other assets	**3.7**	3.2	**7.5**	5.8	**8.9**	5.1	**20.1**	14.1
Total assets	**7,007.8**	7,039.9	**2,075.2**	763.6	**2,732.0**	2,143.6	**11,815.0**	9,947.1
Payables	**(104.2)**	(123.8)	**(83.5)**	(41.7)	**(67.0)**	(73.0)	**(254.7)**	(238.5)
Interest bearing liabilities – current	**(11.0)**	(10.0)	**(67.1)**	(6.9)	**(157.4)**	(12.2)	**(235.5)**	(29.1)
Interest bearing liabilities – non current	**(19.0)**	–	**(416.7)**	(66.7)	**(682.0)**	(716.7)	**(1,117.7)**	(783.4)
Total liabilities (excluding potential deferred tax liability in respect of investment properties)	**(134.2)**	(133.8)	**(567.3)**	(115.3)	**(906.4)**	(801.9)	**(1,607.9)**	(1,051.0)
Net assets of equity accounted entities (excluding potential deferred tax liability in respect of investment properties) [ii]	**6,873.6**	6,906.1	**1,507.9**	648.3	**1,825.6**	1,341.7	**10,207.1**	8,896.1
Carrying value of equity accounted investments	**6,636.3**	6,670.3	**1,507.9**	648.3	**1,845.7**	1,341.7	**9,989.9**	8,660.3

(i) The Group's investment in its New Zealand equity accounted entities is represented by contributed equity of $335.7 million (31 December 2010: $339.3 million) and long term loans of $528.8 million (31 December 2010: $537.7 million).

(ii) The aggregate amount of potential deferred tax liability on the fair value of the investment properties in excess of the tax cost base for the Group's equity accounted entities was $339.3 million, of which $237.3 million relate to the New Zealand investment properties and $102.0 million relate to the Brazilian investment properties (31 December 2010: $235.8 million, related to New Zealand investment properties only).

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	Australia and New Zealand		United Kingdom		United States and Brazil		Consolidated	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
(c) Details of the Westfield Group's aggregate share of equity accounted entities lease commitments								
Operating lease receivables								
Future minimum rental revenues under non-cancellable operating retail property leases								
Due within one year	**434.7**	456.7	**74.1**	40.6	**125.7**	110.2	**634.5**	607.5
Due between one and five years	**1,073.4**	1,130.4	**348.5**	136.5	**396.0**	334.2	**1,817.9**	1,601.1
Due after five years	**680.3**	711.3	**683.8**	214.2	**219.9**	200.7	**1,584.0**	1,126.2
	2,188.4	2,298.4	**1,106.4**	391.3	**741.6**	645.1	**4,036.4**	3,334.8
(d) Details of the Westfield Group's aggregate share of equity accounted entities capital expenditure commitments								
Estimated capital expenditure commitments in relation to development projects								
Due within one year	**79.6**	–	**–**	–	**79.8**	–	**159.4**	–
Due between one and five years	**–**	–	**–**	–	**–**	–	**–**	–
	79.6	–	**–**	–	**79.8**	–	**159.4**	–
(e) Details of the Westfield Group's aggregate share of equity accounted entities contingent liabilities								
Performance guarantees	**7.0**	7.0	**18.0**	33.0	**1.7**	1.7	**26.7**	41.7
	7.0	7.0	**18.0**	33.0	**1.7**	1.7	**26.7**	41.7

Name of investments	Type of equity	Balance Date	Economic interest **31 Dec 11**	Economic interest 31 Dec 10
(f) Equity accounted entities economic interest				
Australian investments (i)				
Bondi Junction	Trust units	31 Dec	**50.0%**	50.0%
Booragoon	Trust units	31 Dec	**12.5%**	12.5%
Cairns (ii) (iii)	Trust units	30 Jun	**–**	50.0%
Chatswood	Trust units	31 Dec	**50.0%**	50.0%
Doncaster	Trust units	31 Dec	**25.0%**	25.0%
Fountain Gate	Trust units	31 Dec	**50.0%**	50.0%
Hornsby	Trust units	31 Dec	**50.0%**	50.0%
Karrinyup (ii)	Trust units	30 Jun	**16.7%**	16.7%
Knox	Trust units	31 Dec	**15.0%**	15.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Macquarie	Trust units	31 Dec	**27.5%**	27.5%
Mount Druitt (ii)	Trust units	30 Jun	**25.0%**	25.0%
Mt Gravatt	Trust units	31 Dec	**37.5%**	37.5%
North Rocks	Trust units	31 Dec	**50.0%**	50.0%
Pacific Fair	Trust units	31 Dec	**22.0%**	22.0%
Southland (ii)	Trust units	30 Jun	**25.0%**	25.0%
Sydney Central Plaza	Trust units	31 Dec	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**31.3%**	31.3%
Tuggerah	Trust units	31 Dec	**50.0%**	50.0%
Warringah Mall	Trust units	31 Dec	**12.5%**	12.5%

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 11	Economic interest 31 Dec 10
New Zealand investments [i]				
Albany	Shares	31 Dec	**50.0%**	50.0%
Chartwell	Shares	31 Dec	**50.0%**	50.0%
Downtown	Shares	31 Dec	**50.0%**	50.0%
Glenfield	Shares	31 Dec	**50.0%**	50.0%
Manukau	Shares	31 Dec	**50.0%**	50.0%
Newmarket	Shares	31 Dec	**50.0%**	50.0%
Pakuranga	Shares	31 Dec	**50.0%**	50.0%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton	Shares	31 Dec	**50.0%**	50.0%
Shore City	Shares	31 Dec	**50.0%**	50.0%
St Lukes	Shares	31 Dec	**50.0%**	50.0%
WestCity	Shares	31 Dec	**50.0%**	50.0%
United Kingdom investments [i]				
Nottingham [v]	Partnership interest	31 Dec	**–**	75.0%
Belfast [iv] [viii]	Partnership interest	31 Dec	**33.3%**	33.3%
Guildford [viii]	Partnership interest	31 Dec	**50.0%**	50.0%
Merry Hill [iv]	Partnership interest	31 Dec	**33.3%**	33.3%
Tunbridge Wells [iv] [viii]	Partnership interest	31 Dec	**33.3%**	33.3%
Stratford City [vi]	Partnership interest	31 Dec	**50.0%**	–
Sprucefield [vii]	Shares	31 Dec	**50.0%**	50.0%
United States investments [i]				
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Brazil investments [i]				
Westfield Almeida Junior Shopping Centres S.A. [ix]	Shares	31 Dec	**50.0%**	–

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

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

(iii) In October 2011, Westfield Group sold its 50% interest in Cairns Central, Queensland to Australian Prime Property Fund (APPF).

(iv) The Group's 33.3% investment in Belfast, Merry Hill and Tunbridge Wells includes an 8.3% investment held via the Group's one third interest in Westfield UK Shopping Centre Fund.

(v) In November 2011, Westfield Group sold its 75% interest in the Broadmarsh shopping centre in Nottingham to Capital Shopping Centres PLC.

(vi) During the year, Westfield Group sold 50% of Stratford City to APG Algemene Pensioen Groep Nv and Canada Pension Plan Investment Board. As a result, it is equity accounted in the current year.

(vii) Interest in property held for redevelopment.

(viii) Since the end of the financial year the Group has agreed to sell its interest in these shopping centres (refer to Note 47).

(ix) In August 2011, the Group acquired a 50% interest in Westfield Almeida Junior Shopping Centres S.A. in Brazil.

	31 Dec 11 $million	31 Dec 10 $million

NOTE 17 OTHER INVESTMENTS

Listed investments	**100.5**	112.0
Unlisted investments	**410.4**	409.5
	510.9	521.5
Movement in other investments		
Balance at the beginning of the year	**521.5**	559.0
Additions	**2.2**	22.0
Net revaluation decrement to income statement	**(13.7)**	(6.7)
Retranslation of foreign operations	**0.9**	(52.8)
Balance at the end of the year	**510.9**	521.5

NOTE 18 PLANT AND EQUIPMENT

At cost	**411.4**	412.9
Accumulated depreciation	**(250.4)**	(219.3)
Total plant and equipment	**161.0**	193.6
Movement in plant and equipment		
Balance at the beginning of the year	**193.6**	226.0
Additions	**28.2**	41.5
Disposals/transfers	**(9.3)**	(16.8)
Depreciation expense	**(47.5)**	(41.5)
Retranslation of foreign operations and other differences	**(4.0)**	(15.6)
Balance at the end of the year	**161.0**	193.6

Plant and equipment of $161.0 million (31 December 2010: $193.6 million) comprises the following: aircraft $71.8 million (31 December 2010: $89.0 million); and other plant and equipment $89.2 million (31 December 2010: $104.6 million).

NOTE 19 PAYABLES AND OTHER CREDITORS

Current		
Payables and other creditors	**1,698.2**	1,077.6
Employee benefits	**98.3**	98.6
	1,796.5	1,176.2
Non Current		
Sundry creditors and accruals	**104.1**	28.8
Employee benefits	**49.8**	75.3
	153.9	104.1

	Note	**31 Dec 11 $million**	31 Dec 10 $million
NOTE 20 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Bank overdraft [i]	27(a)	**5.7**	24.5
Bank loans [i]			
– NZ$ denominated		**–**	138.8
– £ denominated		**–**	38.0
Notes payable			
– € denominated [iv]		**712.4**	–
– US$ denominated [ii]		**590.0**	–
Finance leases		**0.9**	0.8
Secured			
Bank loans [v]			
– US$ denominated		**199.4**	721.2
– £ denominated		**373.5**	–
		1,881.9	923.3
Non Current			
Unsecured			
Bank loans [i]			
– US$ denominated		**757.0**	1,306.7
– £ denominated		**545.0**	208.5
– NZ$ denominated		**520.5**	398.9
– A$ denominated		**40.0**	–
Notes payable			
– US$ denominated [ii]		**6,981.1**	6,582.8
– £ denominated [iii]		**910.9**	913.0
– € denominated [iv]		**–**	735.2
Finance leases		**52.5**	51.5
Secured			
Bank loans [v]			
– US$ denominated		**2,070.2**	2,180.1
– £ denominated		**–**	374.2
– A$ denominated		**126.4**	57.0
		12,003.6	12,807.9

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

	31 Dec 11 $million	31 Dec 10 $million
Due within one year	**1,881.9**	923.3
Due between one and five years	**6,821.1**	7,579.7
Due after five years	**5,182.5**	5,228.2
	13,885.5	13,731.2

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.

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

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

(iii) Notes payable – £
Guaranteed Notes of £600.0 million were issued in the European bond market. The issue comprised £600.0 million of fixed rate notes maturing 2017. These notes are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

(iv) Notes payable – €
Guaranteed Notes of €560.0 million were issued in the European bond market. The issue comprised €560.0 million of fixed rate notes maturing 2012. These notes are subject to negative pledge arrangements which require the Group to comply with certain minimum financial requirements.

(v) Secured liabilities
Current and non current secured liabilities are $2,769.5 million (31 December 2010: $3,332.5 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of $7.4 billion (31 December 2010: $8.5 billion). These properties and development projects are as follows: Belden Village, Brandon, Broward, Carindale, Century City, Derby, Fox Valley, Galleria at Roseville, Gateway, Mainplace, Mission Valley, Mission Valley West, Old Orchard, Plaza Bonita, San Francisco Centre, Santa Anita, Southcenter, Southlake, Southpark, Vancouver and Westland.

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

NOTE 20 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 11 $million	31 Dec 10 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**18,960.9**	19,910.2
Amounts utilised [(i)]	**(13,925.1)**	(13,778.9)
Available financing facilities	**5,035.8**	6,131.3
Cash	**196.2**	210.1
Financing resources available at the end of the year [(ii)]	**5,232.0**	6,341.4
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,957.0**	1,437.4
Due between one year and five years	**11,821.4**	13,199.1
Due after five years	**5,182.5**	5,273.7
	18,960.9	19,910.2

(i) Amounts utilised include $13,885.5 million (31 December 2010: $13,731.2 million) borrowings and $39.6 million (31 December 2010: $47.7 million) bank guarantees.

(ii) Total available financing facilities at the end of the financial year of $5,232.0 million (31 December 2010: $6,341.4 million) is in excess of the Group's net current liabilities of $2,021.5 million (31 December 2010: $739.0 million). Net current liabilities comprises current assets less current liabilities.

These facilities comprise fixed and floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude convertible notes, property linked notes and redeemable preference shares set out in Note 21. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

NOTE 21 OTHER FINANCIAL LIABILITIES

	Note	31 Dec 11 $million	31 Dec 10 $million
Current			
Convertible redeemable preference shares	(b)	**17.4**	8.2
Other redeemable preference units	(c)	**91.2**	90.5
		108.6	98.7
Non Current			
Property linked notes	(a)	**1,328.0**	1,288.0
Convertible redeemable preference shares/units	(b)	**243.1**	108.9
Other redeemable preference units	(c)	**143.9**	147.8
		1,715.0	1,544.7

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

	31 Dec 11 $million	31 Dec 10 $million
Current – within one year	**108.6**	98.7
Non current – after one year	**1,715.0**	1,544.7
	1,823.6	1,643.4

NOTE 21 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Property linked notes

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of the following Westfield Australian super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT (collectively the Westfield centres). The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note (Reference Property Interest). The coupon is payable semi annually on 15 March and 15 September each year for as long as the Note remains outstanding. The review date for each Note is 31 December 2016 and each fifth anniversary of that date. Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed by agreement at a Review Date.

The redemption value of a Note is effectively calculated as the market value of the Note holder's Reference Property Interest at the date of redemption and the final coupon (if applicable). On redemption, the obligation to pay the amount due on the Notes, can, in certain circumstances, be satisfied by the transfer of the underlying Reference Property Interest to the Note holder. The Notes are subordinated to all other secured and unsecured debt of the Group. The Notes are guaranteed (on a subordinated basis) by the Parent Company and Westfield America Management Limited as responsible entity of WAT. The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period with gains or losses recorded through the income statement. The gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre.

(b) Convertible redeemable preference shares/units

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

(i) As at 31 December 2011, the Jacobs Group holds 10,442,688 (31 December 2010: 10,448,066) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

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

(iii) As at 31 December 2011, 1,538,481 (31 December 2010: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at WAT's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

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

(c) Other redeemable preference units

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

(i) In connection with the acquisition of RNA, WEA, Rouse and Simon acquired a 94.44% general partnership interest of Urban Shopping Centres, L.P.. WEA's share of the general partnership interest is 54.2%. The 5.56% limited partnership interest in the Urban OP is held by certain third party investors (the Limited Partners). The Limited Partners have 1,946,080 units and the right to sell their units in the Urban OP to the Urban OP at any time during the first calendar month of each calendar quarter beginning 8 November 2005 or on or prior to the first anniversary of the date of the death of such Limited Partner for cash.

The Limited Partners have the right to receive quarterly distributions from available cash of the Urban OP in accordance with a tiered distribution schedule. If the partners do not receive a certain level of distributions, interest accrues at a rate of 8% per annum on the unpaid distributions.

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

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

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

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

	31 Dec 11 $million	31 Dec 10 $million

NOTE 22 DERIVATIVE LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Current		
Payables on currency derivatives	**92.4**	92.8
Payables on interest rate derivatives	**7.2**	316.3
Payables on equity share plan swaps	**6.0**	–
	105.6	409.1
Non Current		
Payables on currency derivatives	**245.5**	312.2
Payables on interest rate derivatives	**135.2**	170.4
Payables on equity share plan swaps	**8.6**	–
	389.3	482.6

NOTE 23 CONTRIBUTED EQUITY

	Securities	Securities
(a) Number of securities on issue		
Balance at the beginning of the year	**2,303,119,114**	2,301,904,238
Conversion of rights	**–**	1,214,876
Balance at the end of the year [(i)]	**2,303,119,114**	2,303,119,114

[(i)] The Westfield Executive Share Option Plan Trust holds 5,869,425 (31 December 2010: 5,869,425) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

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

Holders of stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either the Parent Company, WT and WAT (as the case maybe). The stapled securities have no par value.

	Note	**31 Dec 11 $million**	31 Dec 10 $million
(b) Amount of contributed equity			
of WHL		**1,479.8**	1,479.8
of WT and WAT		**15,701.4**	15,701.4
of the Group		**17,181.2**	17,181.2
Movement in contributed equity attributable to members of the Group			
Balance at the beginning of the year		**17,181.2**	20,171.8
Capital distribution to Westfield Retail Trust			
– Book value of net assets distributed	46	**–**	(7,280.7)
		17,181.2	12,891.1
– Adjusted for: market value adjustment included in current year income statement	46	**–**	934.3
– Adjusted for: accumulated property revaluation gains distributed		**–**	3,355.8
Balance at the end of the year [(i)]		**17,181.2**	17,181.2

[(i)] In December 2010, the Group restructured through the establishment of the Westfield Retail Trust by a capital distribution to the Group security holders of $7,280.7 million of net assets (book value). The contributed equity of the Group prior to the restructure was $20,171.8 million.

NOTE 24 SHARE BASED PAYMENTS

	Note	No. of rights 31 Dec 11	Weighted average exercise price $ 31 Dec 11	No. of rights 31 Dec 10	Weighted average exercise price $ 31 Dec 10
(a) Rights over Westfield Group stapled securities					
– Executive performance rights	24(b)(i)	**3,486,156**	**–**	2,867,402	–
– Partnership incentive rights	24(b)(ii)	**1,087,249**	**–**	1,534,578	–
		4,573,405	**–**	4,401,980	–
Movement in rights on issue					
Balance at the beginning of the year		**4,401,980**	**–**	4,526,207	–
Movement in Executive performance rights					
Rights issued during the year		**2,699,163**	**–**	159,088	–
Adjustment to rights upon the establishment of Westfield Retail Trust [ii]		**–**	**–**	877,030	–
Rights exercised during the year		**(2,005,118)**	**–**	(1,084,304)	–
Rights forfeited during the year		**(75,291)**	**–**	(156,902)	–
Movement in Partnership incentive rights					
Adjustment to rights upon the establishment of Westfield Retail Trust [ii]		**–**	**–**	407,039	–
Rights exercised during the year		**(447,329)**	**–**	(201,540)	–
Rights forfeited during the year		**–**	**–**	(124,638)	–
Balance at the end of the year [i]		**4,573,405**	**–**	4,401,980	–

[i] At 31 December 2011, the 4,573,405 rights (31 December 2010: 4,401,980 rights) on issue are convertible to 4,573,405 (31 December 2010: 4,401,980) Westfield Group stapled securities.

[ii] As a result of the Westfield Retail Trust transaction, the rights over Westfield Group stapled securities have been increased by applying an adjustment factor of 1.28 to the rights on issue with a vesting date post 15 December 2010. The adjustment factor is calculated using the formula as follows:

(Value of Westfield stapled security post transaction = $9.7927 + Offer price of stapled units under the offer = $2.75) / Value of Westfield stapled security post transaction = $9.7927

In addition, the Group paid Westfield Retail Trust an amount of $1,064,386 relating to accrued entitlements that were transferred to Westfield Retail Trust on establishment.

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

	Number of rights 31 Dec 11	Number of rights 31 Dec 10
Movement in Executive Performance Rights		
Balance at the beginning of the year	**2,867,402**	3,072,490
Rights issued during the year	**2,699,163**	159,088
Adjustment to rights upon the establishment of Westfield Retail Trust	**–**	877,030
Rights exercised during the year	**(2,005,118)**	(1,084,304)
Rights forfeited during the year	**(75,291)**	(156,902)
Balance at the end of the year	**3,486,156**	2,867,402

Vesting profile	Fair value granted $million 31 Dec 11	Number of rights at [ii] 31 Dec 11	Fair value of rights granted $ 31 Dec 11	Fair value granted $million [i] 31 Dec 10	Adjusted number of rights at [ii] [iii] 31 Dec 10	Adjusted fair value of the rights at grant date $ [iii] 31 Dec 10
2011	**–**	**–**	**–**	14.0	2,080,409	6.72
2012	**4.7**	**583,360**	**8.09**	4.7	583,360	8.08
2013	**–**	**–**	**–**	–	–	–
2014	**2.0**	**265,393**	**7.38**	1.5	203,633	7.20
2015	**20.1**	**2,637,403**	**7.63**	–	–	–
	26.8	**3,486,156**	**7.69**	20.2	2,867,402	7.03

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

[ii] The exercise price for the EPR Plan is nil.

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

NOTE 24 SHARE BASED PAYMENTS (CONTINUED)

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

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

The EPR Plan is a plan in which senior executives and high performing employees participate. The Co-Chief Executive Officers do not participate in the EPR Plan. However, the Co-Chief Executive Officers participate in the EDA Plan. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 7.4.3 of the Directors' Report.

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

	Number of rights 31 Dec 11	Number of rights 31 Dec 10
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**1,534,578**	1,453,717
Adjustment to rights upon the establishment of Westfield Retail Trust	**–**	407,039
Rights exercised during the year	**(447,329)**	(201,540)
Rights forfeited during the year	**–**	(124,638)
Balance at the end of the year	**1,087,249**	1,534,578

Vesting profile	**Fair value granted $million 31 Dec 11**	**Number of rights at (ii) 31 Dec 11**	**Fair value of rights granted $ 31 Dec 11**	Fair value granted $million (i) 31 Dec 10	Adjusted number of rights at (ii) (iii) 31 Dec 10	Adjusted fair value of the rights at grant date $ (iii) 31 Dec 10
2011	**–**	**–**	**–**	5.1	447,329	11.42
2012	**4.6**	**662,750**	**6.98**	4.6	662,750	6.98
2013	**2.1**	**424,499**	**4.96**	2.1	424,499	4.96
	6.7	**1,087,249**	**6.19**	11.8	1,534,578	7.71

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

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

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

The senior leadership team of the Westfield Group participate in the PIR Plan. The Co-Chief Executive Officers do not participate in the PIR Plan. However, the Co-Chief Executive Officers participate in the PIP Plan (refer to Note 24c(ii)). The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include growth in Operational segment earnings and development projects starts during the qualifying year. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 7.4.3 of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $11.9 million (31 December 2010: charge of $12.5 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments and the corresponding entry is recorded against employee share plan benefits reserve.

NOTE 24 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 11	**Weighted average grant price $ 31 Dec 11**	Number of award securities 31 Dec 10	Weighted average grant price $ 31 Dec 10
Movement in Executive Deferred Awards				
Balance at the beginning of the year	**8,579,478**	**10.41**	6,442,257	15.47
Awards issued during the year	**4,754,461**	**9.68**	2,609,388	12.05
Adjustment to awards upon the establishment of Westfield Retail Trust	**–**	**–**	1,890,386	–
Distribution reinvested as awards during the year	**213,349**	**8.84**	323,283	12.40
Awards exercised during the year	**(5,099,434)**	**10.93**	(2,180,600)	17.83
Awards lapsed during the year	**(369,709)**	**8.94**	(505,236)	11.95
Balance at the end of the year	**8,078,145**	**9.67**	8,579,478	10.41

Vesting profile	**Cumulative value granted $million 31 Dec 11**	**Number of award securities 31 Dec 11**	**Weighted average grant price $ 31 Dec 11**	Cumulative value granted $million [(i)] 31 Dec 10	Adjusted number of award securities [(ii)] 31 Dec 10	Adjusted weighted average grant price $ [(ii)] 31 Dec 10
2011	**–**	**–**	**–**	26.7	1,991,953	13.42
2012	**31.5**	**3,228,426**	**9.75**	61.2	6,410,373	9.54
2013	**32.4**	**3,369,339**	**9.62**	0.1	9,878	9.75
2014	**3.1**	**319,746**	**9.66**	1.3	167,274	8.02
2015	**11.1**	**1,160,634**	**9.59**	–	–	–
	78.1	**8,078,145**	**9.67**	89.3	8,579,478	10.41

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

(ii) The weighted average grant price has been adjusted as a result of the Westfield Retail Trust transaction. The number of awards has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the weighted average grant price. In addition, the Group paid Westfield Retail Trust an amount of $1,148,591 relating to accrued entitlements that were transferred to Westfield Retail Trust on establishment.

The EDA Plan is a plan in which senior executives and high performing employees participate. The fair value of the EDA Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The terms of the EDA Plan are described in section 7.4.3 of the Directors' Report.

NOTE 24 SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of award securities 31 Dec 11	Weighted average grant price $ 31 Dec 11	Number of award securities 31 Dec 10	Weighted average grant price $ 31 Dec 10
Movement in Partnership Incentive Plan				
Balance at the beginning of the year	**3,695,017**	**9.98**	2,338,979	15.15
Awards issued during the year [i]	**1,922,350**	**9.65**	1,485,186	11.24
Adjustment to awards upon the establishment of Westfield Retail Trust	**–**	**–**	855,610	–
Distribution reinvested as awards during the year	**48,729**	**8.84**	67,703	12.41
Awards exercised during the year	**(795,473)**	**13.15**	(995,775)	16.63
Awards lapsed during the year	**–**	**–**	(56,686)	12.05
Balance at the end of the year	**4,870,623**	**9.32**	3,695,017	9.98

[i] As outlined in section 7.3.3 of the Directors' Report, certain performance hurdles must be met in order for participants to be entitled to awards under the PIP Plan. The application of graduated scaling for entitlement to awards during the Financial Year resulted in participants receiving 100% (31 December 2010: 125%) of the targeted number of awards.

Vesting profile	Cumulative value granted $million 31 Dec 11	Number of award securities 31 Dec 11	Weighted average grant price $ 31 Dec 11	Cumulative value granted $million [i] 31 Dec 10	Adjusted number of award securities [ii] 31 Dec 10	Adjusted weighted average grant price $ [ii] 31 Dec 10
2011	**–**	**–**	**–**	3.4	259,998	13.04
2012	**7.6**	**805,759**	**9.42**	10.9	1,034,359	10.58
2013	**13.5**	**1,530,784**	**8.83**	15.0	1,596,753	9.38
2014	**16.7**	**1,753,264**	**9.54**	7.6	803,907	9.41
2015	**7.6**	**780,816**	**9.71**	–	–	–
	45.4	**4,870,623**	**9.32**	36.9	3,695,017	9.98

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

[ii] The weighted average grant price has been adjusted as a result of the Westfield Retail Trust transaction. The number of awards has been increased by applying the adjustment factor of 1.28 with consequential adjustment to the weighted average grant price. In addition, the Group paid Westfield Retail Trust an amount of $153,407 relating to accrued entitlements that were transferred to Westfield Retail Trust on establishment.

The senior leadership team of the Westfield Group, including the Co-Chief Executive Officers, participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The terms of the PIP Plan are described in section 7.4.3 of the Directors' Report.

Accounting for cash settled Share Based Payments

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

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period the awards are marked to market, any gains and losses are amortised over the remaining life of the awards.

During the year, $38.1 million (31 December 2010: $31.1 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 11 $million	31 Dec 10 $million
NOTE 25 RESERVES		
of the Parent Company	**(779.2)**	(709.4)
of WT and WAT	**(583.3)**	(690.7)
of the Westfield Group	**(1,362.5)**	(1,400.1)
Total reserves of the Group		
Foreign currency translation reserve	**(1,386.2)**	(1,437.3)
Employee share plan benefits reserve	**28.9**	34.8
Equity share plan swaps reserve	**(5.2)**	2.4
Balance at the end of the year	**(1,362.5)**	(1,400.1)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.		
Balance at the beginning of the year	**(1,437.3)**	(880.2)
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	**(18.1)**	(535.8)
– deferred tax effect	**5.0**	(12.8)
– accumulated exchange differences transferred to retained earnings on realisation of net investment in foreign operations	**64.2**	–
– derecognition of accumulated exchange differences on distribution of net assets to the Westfield Retail Trust [(i)]	**–**	(8.5)
Balance at the end of the year	**(1,386.2)**	(1,437.3)

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

	31 Dec 11 $million	31 Dec 10 $million
Movement in employee share plan benefits reserve		
The employee share plan benefits reserve is used to record the value of share based payments provided to employees as part of their remuneration.		
Balance at the beginning of the year	**34.8**	22.3
– movement in equity settled share based payment	**(5.9)**	12.5
Balance at the end of the year	**28.9**	34.8
Movement in equity share plan swaps reserve		
The equity share plan swaps reserve reflects cumulative gains or losses on the equity share plan swaps that relates to future service provided.		
Balance at the beginning of the year	**2.4**	2.1
– gain/(loss) on employee share plan swaps	**(21.8)**	6.8
– amount credited/(charged) to income statement	**11.0**	(6.4)
– deferred tax effect on employee share plan swaps	**3.2**	(0.1)
Balance at the end of the year	**(5.2)**	2.4
NOTE 26 RETAINED PROFITS		
of the Parent Company	**(98.5)**	(106.7)
of WT and WAT	**1,027.7**	851.7
of the Group	**929.2**	745.0
Movement in retained profits		
Balance at the beginning of the year	**745.0**	4,796.8
Profit after tax for the period	**1,532.7**	1,114.0
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**(64.2)**	–
Accumulated property revaluation gains distributed to Westfield Retail Trust [(i)]	**–**	(3,347.3)
Dividend/distribution paid	**(1,284.3)**	(1,818.5)
Balance at the end of the year	**929.2**	745.0

[(i)] In December 2010, this amount comprises property revaluations and accumulated exchange differences derecognised from non controlling interest.

	Note	31 Dec 11 $million	31 Dec 10 $million

NOTE 27 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

	Note	31 Dec 11 $million	31 Dec 10 $million
Cash		**196.2**	210.1
Bank overdrafts	20	**(5.7)**	(24.5)
Total cash and cash equivalents		**190.5**	185.6

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

	31 Dec 11 $million	31 Dec 10 $million
Profit after tax	**1,546.0**	1,124.8
Property revaluations	**(227.4)**	(849.3)
Share of associates profit in excess of dividend/distribution	**(324.2)**	(291.4)
Deferred tax	**(55.4)**	287.2
Tax on capital transactions	**1.1**	–
Net fair value loss of forward exchange contracts	**55.5**	251.3
Borrowing costs	**856.5**	770.2
Interest income	**(52.6)**	(12.5)
(Gain)/loss from capital transactions	**(46.5)**	1,192.1
Decrease/(Increase) in working capital attributable to operating activities	**582.3**	(15.8)
Net cash flows from operating activities	**2,335.3**	2,456.6

(c) Transfer of shopping centres interests to Westfield Retail Trust in 2010 (refer to Note 46)

	31 Dec 11 $million	31 Dec 10 $million
Assets		
Cash and cash equivalents	**–**	35.9
Trade debtors	**–**	6.7
Investment properties	**–**	11,419.3
Equity accounted investments	**–**	656.2
Other assets	**–**	512.7
Total assets	**–**	12,630.8
Liabilities		
Trade creditors and other payables	**–**	134.7
Interest bearing liabilities	**–**	537.7
Deferred tax liabilities	**–**	235.7
Total liabilities	**–**	908.1
Net assets	**–**	11,722.7
Consideration received and receivable		
Loan repaid	**–**	3,500.0
Loan receivable	**–**	942.0
	–	4,442.0
Net assets transferred	**–**	7,280.7
Net cash effect		
Cash consideration received	**–**	3,500.0
Less: Cash and cash equivalents included in net assets of interests transferred	**–**	(35.9)
Net cash flows from the interests transferred	**–**	3,464.1

	31 Dec 11 $million	31 Dec 10 $million
NOTE 28 DIVIDENDS/DISTRIBUTIONS		
(a) Final dividend/distribution paid		
Dividend/distribution in respect of the 6 months to 31 December 2011		
– paid on 29 February 2012		
WT: 17.45 cents per unit, 60% estimated tax deferred	**401.9**	–
WAT: 6.75 cents per unit, 50% estimated tax deferred	**155.5**	–
Dividend/distribution in respect of the 6 months to 31 December 2010		
– paid on 28 February 2011		
WHL: 5.00 cents per share 100% franked	**–**	115.2
WT: 18.00 cents per unit, 83% tax deferred	**–**	414.6
WAT: 8.56 cents per unit, 27% tax deferred	**–**	197.1
Westfield Group 24.20 cents per stapled security (31 Dec 10: 31.56 cents)	**557.4**	726.9

Interim dividend/distributions of 24.20 cents were paid on 31 August 2011. Final dividend/distributions were paid on 29 February 2012. The record date for the final dividends/distributions was 5pm, 15 February 2012. The Westfield Group Distribution Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP was not in operation for the distribution paid on 29 February 2012.

	31 Dec 11 $million	31 Dec 10 $million
(b) Dividends/distributions paid during the year		
Dividend/distribution in respect of the 6 months to 30 June 2011		
WT: 15.20 cents per unit, 60% estimated tax deferred	**350.1**	–
WAT: 9.00 cents per unit, 50% estimated tax deferred	**207.3**	–
Dividend/distribution in respect of the 6 months to 31 December 2010		
WHL: 5.00 cents per share 100% franked	**115.2**	–
WT: 18.00 cents per unit, 83% tax deferred	**414.6**	–
WAT: 8.56 cents per unit, 27% tax deferred	**197.1**	–
Dividend/distribution in respect of the 6 months to 30 June 2010		
WT: 21.00 cents per unit, 83% tax deferred	**–**	483.4
WAT: 11.00 cents per unit, 27% tax deferred	**–**	253.2
Dividend/distribution in respect of the 6 months to 31 December 2009		
WT: 28.00 cents per unit, 65% tax deferred	**–**	644.5
WAT: 19.00 cents per unit, 100% tax deferred	**–**	437.4
	1,284.3	1,818.5

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

	31 Dec 11 $million	31 Dec 10 $million
(c) Franking credit balance of the Parent Company		
The amount of franking credits available on a tax paid basis for future distributions are:		
– franking credits balance as at the end of the year at the corporate tax rate of 30%	**0.2**	50.2
– franking credits arising from the payment of income tax provided in this financial report	**26.5**	3.0
Franking credits available for distribution	**26.7**	53.2
– reduction in franking credits that arise from the payment of the final dividend	**–**	(49.5)
Franking credits available for future distributions	**26.7**	3.7

	31 Dec 11 $	31 Dec 10 $
NOTE 29 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**7.27**	7.18

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,303,119,114 (31 December 2010: 2,303,119,114).

	31 Dec 11 $million	31 Dec 10 $million

NOTE 30 LEASE COMMITMENTS

Operating lease receivables

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

	31 Dec 11 $million	31 Dec 10 $million
Future minimum rental revenues under non-cancellable operating retail property leases		
Due within one year	**1,262.2**	1,211.4
Due between one and five years	**3,790.3**	3,569.2
Due after five years	**2,646.9**	2,691.8
	7,699.4	7,472.4

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

Operating lease payables

	31 Dec 11 $million	31 Dec 10 $million
Expenditure contracted but not provided for		
Due within one year	**17.7**	14.9
Due between one and five years	**35.9**	15.1
Due after five years	**3.6**	3.7
	57.2	33.7

NOTE 31 CAPITAL EXPENDITURE COMMITMENTS

	31 Dec 11 $million	31 Dec 10 $million
Estimated capital expenditure committed at balance date but not provided for in relation to development projects.		
Due within one year	**233.2**	858.5
Due between one and five years	**–**	133.4
Due after five years	**–**	–
	233.2	991.9

NOTE 32 CONTINGENT LIABILITIES

	31 Dec 11 $million	31 Dec 10 $million
Performance guarantees	**884.8**	465.0
Special tax assessment municipal bonds	**33.7**	35.3
	918.5	500.3

The Group's obligation in respect of performance guarantees may be called on at anytime dependant upon the performance or non performance of certain third parties.

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

NOTE 33 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 34 FINANCIAL RISK MANAGEMENT

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

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

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

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

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

NOTE 35 INTEREST RATE RISK MANAGEMENT

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

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	20	**1,881.9**	923.3
Non current interest bearing liabilities	20	**12,003.6**	12,807.9
Share of equity accounted entities interest bearing liabilities	16(b)	**1,353.2**	812.5
Cross currency swaps			
– A$	36(ii)	**1,727.1**	1,727.1
– £121.1 million (31 December 2010: £121.1 million)	36(i)	**183.9**	184.3
– £590.0 million (31 December 2010: £740.0 million)	36(iv)	**895.7**	1,126.0
– US$452.8 million (31 December 2010: US$452.8 million)	36(i)	**445.2**	444.9
– US$2,297.0 million (31 December 2010: US$2,927.5 million)	36(iv)	**2,258.6**	2,876.3
Foreign currency swaps			
– A$	36(ii)	**–**	289.8
– £nil (31 December 2010: £912.0 million)	36(ii)	**–**	1,387.7
– US$640.7 million (31 December 2010: nil)	36(ii)	**630.0**	–
Principal amounts subject to interest rate payable exposure		**21,379.2**	22,579.8
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	36(iv)	**4,574.4**	5,950.9
– €560.0 million (31 December 2010: €560.0 million)	36(i)	**712.4**	735.2
– US$1,500.0 million (31 December 2010: US$1,500.0 million)	36(ii)	**1,474.9**	1,473.8
Foreign currency swaps			
– A$	36(ii)	**420.3**	1,463.9
– £137.0 million (31 December 2010: £180.0 million)	36(ii)	**208.0**	273.9
Cash	27(a)	**196.2**	210.1
Share of equity accounted entities cash	16(b)	**194.6**	57.1
Amount receivable from Westfield Retail Trust	12,46	**780.0**	500.0
Principal amounts subject to interest rate receivable exposure		**8,560.8**	10,664.9
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**12,818.4**	11,914.9

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	**31 Dec 11 $million**	31 Dec 10 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– €560.0 million (31 December 2010: €560.0 million)	35(ii)	**712.4**	735.2
– £600.0 million (31 December 2010: £600.0 million)	35(ii)	**910.9**	913.0
– US$10,488.8 million (31 December 2010: US$10,086.3 million)	35(ii)	**10,313.5**	9,909.9
Fixed rate derivatives			
– A$	35(ii)	**1,300.5**	800.0
– £524.3 million (31 December 2010: £1,721.8 million)	35(ii)	**795.9**	2,619.9
– US$2,750.0 million (31 December 2010: US$894.0 million)	35(ii)	**2,704.0**	878.4
– NZ$260.0 million (31 December 2010: nil)	35(ii)	**197.7**	–
Interest rate caps			
– A$	35(iii)	**1,000.0**	1,700.0
– US$nil (31 December 2010: US$500.0 million)	35(iii)	**–**	491.3
– NZ$240.0 million (31 December 2010: nil)	35(iii)	**182.5**	–
Foreign currency swaps			
– A$	36(ii)	**–**	289.8
– £nil (31 December 2010: £912.0 million)	36(ii)	**–**	1,387.7
– US$640.7 million (31 December 2010: nil)	36(ii)	**630.0**	–
Principal amounts on which interest rate payable exposure has been hedged		**18,747.4**	19,725.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	35(ii)	**4,250.0**	5,450.0
– €560.0 million (31 December 2010: €560.0 million)	35(ii)	**712.4**	735.2
– US$3,250.0 million (31 December 2010: US$2,950.0 million)	35(ii)	**3,195.7**	2,898.4
Foreign currency swaps			
– A$	36(ii)	**420.3**	1,463.9
– £137.0 million (31 December 2010: £180.0 million)	36(ii)	**208.0**	273.9
Amount receivable from Westfield Retail Trust	12,46	**780.0**	500.0
Principal amounts on which interest rate receivable exposure has been hedged		**9,566.4**	11,321.4
Principal amounts on which net interest rate payable exposure has been hedged		**9,181.0**	8,403.8

At 31 December 2011, the Group has hedged 72% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. (On a gross basis, 79% of payable exposure and 90% of receivable exposure was hedged after an allocation of fixed interest rate receivable derivatives with a notional principal amount of $1,900 million to interest bearing liabilities). The remaining 28% is exposed to floating rates on a principal payable of $3,637.4 million, at an average interest rate of 1.8%, including margin (31 December 2010: 71% hedged with floating exposure of $3,511.1 million at an average rate of 1.2%). Changes to derivatives due to interest rate movements are set out in Note 35(ii).

Interest rate sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	Interest rate movement	(Increase)/ decrease in interest expense	
	–2.0%	**72.7**	70.2
	–1.0%	**36.4**	35.1
	–0.5%	**18.2**	17.6
	0.5%	**(18.2)**	(17.6)
	1.0%	**(36.4)**	(35.1)
	2.0%	**(72.7)**	(70.2)

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average rate**	**31 Dec 11 Principal amount million**	**31 Dec 11 Average rate including margin**	31 Dec 10 Notional principal amount million	31 Dec 10 Average rate	31 Dec 10 Principal amount million	31 Dec 10 Average rate including margin
A$ payable								
31 December 2010	–	–	–	–	A$(800.0)	5.86%	–	–
31 December 2011	**A$(1,300.5)**	**4.31%**	–	–	A$(300.5)	5.47%	–	–
31 December 2012	**A$(328.0)**	**4.72%**	–	–	A$(323.0)	5.47%	–	–
31 December 2013	**A$(578.0)**	**4.97%**	–	–	A$(263.0)	7.18%	–	–
31 December 2014	**A$(574.0)**	**4.96%**	–	–	A$(38.0)	5.80%	–	–
31 December 2015	**A$(544.5)**	**4.93%**	–	–	A$(8.5)	6.65%	–	–
31 December 2016	**A$(289.5)**	**4.57%**	–	–	A$(3.5)	7.28%	–	–
31 December 2017	**A$(3.5)**	**7.28%**	–	–	A$(3.5)	7.28%	–	–
£ payable								
31 December 2010	–	–	–	–	£(1,721.8)	4.44%	£(600.0)	5.39%
31 December 2011	**£(524.3)**	**3.76%**	**£(600.0)**	**5.39%**	£(1,171.8)	4.90%	£(600.0)	5.39%
31 December 2012	**£(225.0)**	**1.82%**	**£(600.0)**	**5.39%**	£(932.5)	4.78%	£(600.0)	5.39%
31 December 2013	**£(225.0)**	**1.82%**	**£(600.0)**	**5.39%**	£(932.5)	4.78%	£(600.0)	5.39%
31 December 2014	**£(225.0)**	**1.82%**	**£(600.0)**	**5.39%**	£(790.0)	4.75%	£(600.0)	5.39%
31 December 2015	**£(225.0)**	**1.82%**	**£(600.0)**	**5.39%**	£(400.0)	4.97%	£(600.0)	5.39%
31 December 2016	**£(225.0)**	**1.82%**	**£(600.0)**	**5.39%**	£(50.0)	5.13%	£(600.0)	5.39%
31 December 2017	–	–	–	–	£(150.0)	5.11%	–	–
US$ payable								
31 December 2010	–	–	–	–	US$(894.0)	5.72%	US$(10,086.3)	6.11%
31 December 2011	**US$(2,750.0)**	**1.82%**	**US$(10,488.8)**	**5.87%**	US$(934.0)	5.47%	US$(9,389.2)	6.02%
31 December 2012	**US$(2,750.0)**	**1.82%**	**US$(9,547.4)**	**5.89%**	US$(3,304.0)	5.44%	US$(8,447.7)	6.06%
31 December 2013	**US$(2,750.0)**	**1.82%**	**US$(9,009.1)**	**5.92%**	US$(2,940.0)	5.43%	US$(7,909.1)	6.10%
31 December 2014	**US$(2,750.0)**	**1.82%**	**US$(6,553.2)**	**6.03%**	US$(2,690.0)	5.41%	US$(5,453.2)	6.31%
31 December 2015	–	–	**US$(5,679.0)**	**6.09%**	US$(1,965.0)	5.44%	US$(4,579.0)	6.45%
31 December 2016	–	–	**US$(4,543.7)**	**6.20%**	US$(1,000.0)	5.43%	US$(3,444.4)	6.70%
31 December 2017	**US$(1,000.0)**	**3.94%**	**US$(4,164.2)**	**6.23%**	US$(1,000.0)	3.94%	US$(3,066.3)	6.81%
31 December 2018	**US$(1,000.0)**	**3.94%**	**US$(2,911.3)**	**5.92%**	US$(1,000.0)	3.94%	US$(1,815.0)	6.71%
31 December 2019	–	–	**US$(1,647.6)**	**5.33%**	–	–	US$(552.9)	6.73%
31 December 2020	–	–	**US$(1,139.9)**	**4.65%**	–	–	US$(46.8)	4.97%
NZ$ payable								
31 December 2011	**NZ$(260.0)**	**4.07%**	–	–	–	–	–	–
31 December 2012	**NZ$(260.0)**	**4.07%**	–	–	–	–	–	–
31 December 2013	**NZ$(260.0)**	**4.07%**	–	–	–	–	–	–
31 December 2014	**NZ$(180.0)**	**4.23%**	–	–	–	–	–	–
31 December 2015	**NZ$(105.0)**	**4.38%**	–	–	–	–	–	–
31 December 2016	**NZ$(35.0)**	**4.53%**	–	–	–	–	–	–
€ payable								
31 December 2010	–	–	–	–	–	–	€(560.0)	3.58%
31 December 2011	–	–	**€(560.0)**	**3.58%**	–	–	€(560.0)	3.58%
€ receivable								
31 December 2010	–	–	–	–	€560.0	3.58%	–	–
31 December 2011	**€560.0**	**3.58%**	–	–	€560.0	3.58%	–	–

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

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

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**Interest rate swaps** **31 Dec 11 Notional principal amount million**	**31 Dec 11 Average rate**	**Fixed rate borrowings** **31 Dec 11 Principal amount million**	**31 Dec 11 Average rate including margin**	Interest rate swaps 31 Dec 10 Notional principal amount million	31 Dec 10 Average rate	Fixed rate borrowings 31 Dec 10 Principal amount million	31 Dec 10 Average rate including margin
A$ receivable								
31 December 2010	**–**	**–**	**–**	**–**	A$5,450.0	6.43%	–	–
31 December 2011	**A$4,250.0**	**6.35%**	**–**	**–**	A$4,250.0	6.35%	–	–
31 December 2012	**A$3,086.0**	**6.28%**	**–**	**–**	A$3,086.0	6.28%	–	–
31 December 2013	**A$1,150.0**	**6.37%**	**–**	**–**	A$1,150.0	6.37%	–	–
31 December 2014	**A$200.0**	**6.77%**	**–**	**–**	A$400.0	6.76%	–	–
US$ receivable								
31 December 2010	**–**	**–**	**–**	**–**	US$2,950.0	3.00%	–	–
31 December 2011	**US$3,250.0**	**3.29%**	**–**	**–**	US$3,250.0	3.29%	–	–
31 December 2012	**US$2,300.0**	**3.56%**	**–**	**–**	US$2,300.0	3.56%	–	–
31 December 2013	**US$4,850.0**	**3.78%**	**–**	**–**	US$2,100.0	3.58%	–	–
31 December 2014	**US$4,000.0**	**3.66%**	**–**	**–**	US$1,250.0	3.04%	–	–
31 December 2015	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2016	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2017	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2018	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–
31 December 2019	**US$500.0**	**3.77%**	**–**	**–**	US$500.0	3.77%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is a receivable of $372.4 million (31 December 2010: payable of $198.8 million). The change in fair value for the year ended 31 December 2011 was $571.2 million (31 December 2010: $250.4 million).

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	Interest rate movement	(Increase)/ decrease in interest expense	
	–2.0%	**153.6**	(36.2)
	–1.0%	**76.1**	(14.8)
	–0.5%	**37.7**	(6.9)
	0.5%	**(37.8)**	5.9
	1.0%	**(75.4)**	11.5
	2.0%	**(150.3)**	17.6

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.

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate caps

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

	Interest rate caps		Interest rate caps	
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 11 Notional principal amount million**	**31 Dec 11 Average strike rate**	31 Dec 10 Notional principal amount million	31 Dec 10 Average strike rate
A$ payable				
31 December 2010	**–**	**–**	A$(1,700.0)	6.52%
31 December 2011	**A$(1,000.0)**	**6.53%**	A$(1,700.0)	6.52%
31 December 2012	**A$(300.0)**	**6.60%**	A$(1,700.0)	6.52%
NZ$ payable				
31 December 2011	**NZ$(240.0)**	**3.37%**	–	–
31 December 2012	**NZ$(140.0)**	**3.68%**	–	–
US$ payable				
31 December 2010	**–**	**–**	US$(500.0)	1.32%
31 December 2011	**–**	**–**	US$(500.0)	1.32%

The Group's interest rate caps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2011, the aggregate fair value is a payable of $2.7 million (31 December 2010: $10.7 million). The change in fair value for the year ended 31 December 2011 was $8.0 million (31 December 2010: $6.0 million).

Fair value sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of fair value of interest rate caps to changes in interest rates is as follows:	Interest rate movement	(Increase)/ decrease in interest expense	
	–2.0%	**(0.5)**	(5.0)
	–1.0%	**(0.4)**	(4.1)
	–0.5%	**(0.3)**	(2.7)
	0.5%	**0.6**	4.9
	1.0%	**1.6**	12.7
	2.0%	**4.9**	38.9

NOTE 36 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	Note	**31 Dec 11 million**	31 Dec 10 million
Foreign currency net investments			
The Group had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:			
US Dollar			
US$ net assets		**US$6,530.5**	US$6,320.3
US$ borrowings		**US$(2,560.0)**	US$(2,670.0)
US$ cross currency swaps	36(i)	**US$(452.8)**	US$(452.8)
US$ currency swaps	36(ii)	**US$859.3**	US$1,500.0
US$ denominated net assets		**US$4,377.0**	US$4,697.5
New Zealand Dollar			
NZ$ net assets		**NZ$461.2**	NZ$488.5
NZ$ denominated net assets		**NZ$461.2**	NZ$488.5
British Pound			
£ net assets		**£1,729.3**	£2,347.5
£ borrowings		**£(440.0)**	£(440.0)
£ cross currency swaps	36(i)	**£(121.1)**	£(121.1)
£ currency swaps	36(ii)	**£137.0**	£(732.0)
£ denominated net assets		**£1,305.2**	£1,054.4
Brazilian Real			
R$ net assets		**R$699.1**	–
R$ denominated net assets		**R$699.1**	–

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

Summary of foreign exchange balance sheet positions at balance date (continued)

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

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

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of US$ denominated net assets to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 cents	**1,027.3**	948.5	**64.1**	162.1
	–10 cents	**457.6**	422.6	**28.8**	71.4
	–5 cents	**217.0**	200.4	**13.7**	33.8
	+5 cents	**(196.6)**	(181.6)	**(12.3)**	(30.6)
	+10 cents	**(375.7)**	(347.0)	**(23.7)**	(58.5)
	+20 cents	**(689.6)**	(637.0)	**(43.5)**	(107.4)
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.3151 rate is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 cents	**62.9**	67.1	**–**	–
	–10 cents	**28.9**	30.8	**–**	–
	–5 cents	**13.9**	14.8	**–**	–
	+5 cents	**(12.8)**	(13.7)	**–**	–
	+10 cents	**(24.8)**	(26.4)	**–**	–
	+20 cents	**(46.3)**	(49.3)	**–**	–
The sensitivity of £ denominated net assets to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 pence	**773.3**	1,189.1	**38.1**	(487.4)
	–10 pence	**317.4**	487.8	**13.8**	(199.9)
	–5 pence	**145.7**	223.8	**6.0**	(91.7)
	+5 pence	**(125.1)**	(192.2)	**(4.6)**	78.9
	+10 pence	**(233.8)**	(359.0)	**(8.2)**	147.3
	+20 pence	**(413.1)**	(634.2)	**(13.2)**	260.1
The sensitivity of R$ denominated net assets to changes in the year end A$/R$1.8974 rate is as follows:	A$/R$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 centavos	**43.4**	–	**–**	–
	–10 centavos	**20.5**	–	**–**	–
	–5 centavos	**10.0**	–	**–**	–
	+5 centavos	**(9.5)**	–	**–**	–
	+10 centavos	**(18.4)**	–	**–**	–
	+20 centavos	**(35.1)**	–	**–**	–

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

The following table details the cross currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 11	Weighted average exchange rate 31 Dec 10	31 Dec 11 million	Amount receivable/(payable) 31 Dec 11 million	31 Dec 10 million	31 Dec 10 million
£						
Contracts to receive € [i] and pay £						
31 December 2010	–	0.6488	–	–	€186.7	£(121.1)
31 December 2011	**0.6488**	0.6488	**€186.7**	**£(121.1)**	€186.7	£(121.1)
US$						
Contracts to receive € [i] and pay US$						
31 December 2010	–	1.2128	–	–	€373.3	US$(452.8)
31 December 2011	**1.2128**	1.2128	**€373.3**	**US$(452.8)**	€373.3	US$(452.8)

[i] The receive € exposure is matched with a pay € exposure in the income statement.

These cross currency swaps are effective net investment hedges and recorded directly in the foreign currency translation reserve. At 31 December 2011, the aggregate fair value is a receivable of $133.8 million (31 December 2010: $176.1 million). The change in fair value for the year ended 31 December 2011 was $42.3 million (31 December 2010: $12.3 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of cross currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve	
	–20 cents	**(109.0)**	(108.8)
	–10 cents	**(48.6)**	(48.5)
	–5 cents	**(23.0)**	(23.0)
	+5 cents	**20.9**	20.8
	+10 cents	**39.9**	39.8
	+20 cents	**73.2**	73.1
The sensitivity of cross currency swaps to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to foreign currency translation reserve	
	–20 pence	**(80.2)**	(80.6)
	–10 pence	**(32.9)**	(33.1)
	–5 pence	**(15.1)**	(15.2)
	+5 pence	**13.0**	13.0
	+10 pence	**24.2**	24.3
	+20 pence	**42.8**	43.0

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

Foreign currency swaps contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate 31 Dec 11	31 Dec 10	31 Dec 11 million	Amount receivable/(payable) 31 Dec 11 million	31 Dec 10 million	31 Dec 10 million
US$						
Contracts to buy A$ and sell US$						
31 December 2012	**1.0064**	–	**A$420.3**	**US$(423.0)**	–	–
£						
Contracts to buy A$ and sell £						
31 December 2011	**–**	0.6230	**–**	**–**	A$1,463.9	£(912.0)
	–	0.6211	**–**	**–**	A$(289.8)	£180.0
Contracts to buy £ and sell US$						
31 December 2012	**1.5891**	–	**£137.0**	**US$(217.7)**	–	–
Cross currency swaps contracted as at the reporting date and outstanding at						
US$						
Contracts to receive US$ and pay A$						
31 December 2010	**–**	0.8685	**–**	**–**	A$(1,727.1)	US$1,500.0
31 December 2011	**0.8685**	0.8685	**A$(1,727.1)**	**US$1,500.0**	A$(1,727.1)	US$1,500.0
31 December 2012	**0.8505**	0.8505	**A$(1,175.8)**	**US$1,000.0**	A$(1,175.8)	US$1,000.0
31 December 2013	**0.8505**	0.8505	**A$(1,175.8)**	**US$1,000.0**	A$(1,175.8)	US$1,000.0
31 December 2014	**0.8273**	0.8273	**A$(906.6)**	**US$750.0**	A$(906.6)	US$750.0

At 31 December 2011, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a payable of $243.3 million (31 December 2010: $183.3 million). The change in fair value for the year ended 31 December 2011 was $60.0 million (31 December 2010: $37.0 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of currency swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	–20 cents	**244.6**	342.3
	–10 cents	**109.2**	151.7
	–5 cents	**51.8**	71.9
	+5 cents	**(46.9)**	(65.1)
	+10 cents	**(89.7)**	(124.4)
	+20 cents	**(164.7)**	(228.4)
The sensitivity of currency swaps to changes in the year end £/US$1.5440 rate is as follows:	£/US$ Currency movement	Gain/(loss) to income statement	
	–20 pence / –20 cents	**38.1**	–
	–10 pence / –10 cents	**13.8**	–
	–5 pence / –5 cents	**6.0**	–
	+5 pence / +5 cents	**(4.6)**	–
	+10 pence / +10 cents	**(8.2)**	–
	+20 pence / +20 cents	**(13.2)**	–
The sensitivity of currency swaps to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	–20 pence	**–**	(487.4)
	–10 pence	**–**	(199.9)
	–5 pence	**–**	(91.7)
	+5 pence	**–**	78.9
	+10 pence	**–**	147.3
	+20 pence	**–**	260.1

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

The following table details the forward exchange contracts outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's distribution and are ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	**Weighted average exchange rate** 31 Dec 11	31 Dec 10	**Amount receivable/(payable)** 31 Dec 11 million	31 Dec 11 million	31 Dec 10 million	31 Dec 10 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2011	**–**	1.2084	**–**	**–**	A$154.9	NZ$(187.2)
	–	1.2752	**–**	**–**	A$(146.8)	NZ$187.2
31 December 2012	**1.2172**	1.2172	**A$135.8**	**NZ$(165.3)**	A$135.8	NZ$(165.3)
	1.2697	1.2697	**A$(130.2)**	**NZ$165.3**	A$(130.2)	NZ$165.3
31 December 2013	**1.2245**	1.2245	**A$78.2**	**NZ$(95.7)**	A$78.2	NZ$(95.7)
	1.2563	1.2563	**A$(76.2)**	**NZ$95.7**	A$(76.2)	NZ$95.7
US$						
Contracts to buy A$ and sell US$						
31 December 2011	**–**	0.7765	**–**	**–**	A$186.1	US$(144.5)
	–	0.7771	**–**	**–**	A$(186.8)	US$145.2
31 December 2012	**0.8241**	0.8241	**A$123.9**	**US$(102.1)**	A$123.9	US$(102.1)
	0.9501	0.8114	**A$(107.5)**	**US$102.1**	A$(15.2)	US$12.3
31 December 2013	**0.8136**	0.8136	**A$197.3**	**US$(160.5)**	A$197.3	US$(160.5)
	0.9429	–	**A$(170.2)**	**US$160.5**	–	–
31 December 2014	**0.7869**	0.7869	**A$93.3**	**US$(73.4)**	A$93.3	US$(73.4)
	0.9139	–	**A$(80.3)**	**US$73.4**	–	–

At 31 December 2011, none of the above described forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $68.5 million (31 December 2010: $60.7 million). The change in fair value for the year ended 31 December 2011 was $7.8 million (31 December 2010: $25.7 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of forward exchange contracts to changes in the year end A$/NZ$1.3151 rate is as follows:	A$/NZ$ Currency movement		Gain/(loss) to income statement
	–20 cents	**–**	0.6
	–10 cents	**–**	0.2
	–5 cents	**–**	0.1
	+5 cents	**–**	0.2
	+10 cents	**–**	0.3
	+20 cents	**–**	0.6
The sensitivity of forward exchange contracts to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement		Gain/(loss) to income statement
	–20 cents	**–**	(75.8)
	–10 cents	**–**	(34.2)
	–5 cents	**–**	(16.3)
	+5 cents	**–**	14.5
	+10 cents	**–**	27.8
	+20 cents	**–**	50.8

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

The Group has entered into the following foreign currency derivative financial instruments to sell US$ and £ and purchase A$ at floating interest rates on notional principals at fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's earnings and are ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 11**	31 Dec 10	Amount receivable/(payable) **31 Dec 11 million**	**31 Dec 11 million**	31 Dec 10 million	31 Dec 10 million
US$						
Contracts to receive A$ and pay US$						
31 December 2010	**–**	0.6945	**–**	**–**	A$4,215.1	US$(2,927.5)
31 December 2011	**0.7199**	0.7199	**A$3,190.7**	**US$(2,297.0)**	A$3,190.7	US$(2,297.0)
31 December 2012	**0.7199**	0.7199	**A$2,225.2**	**US$(1,602.0)**	A$2,225.2	US$(1,602.0)
31 December 2013	**0.7181**	0.7181	**A$1,160.0**	**US$(833.0)**	A$1,160.0	US$(833.0)
£						
Contracts to receive A$ and pay £						
31 December 2010	**–**	0.4263	**–**	**–**	A$1,735.8	£(740.0)
31 December 2011	**0.4264**	0.4264	**A$1,383.7**	**£(590.0)**	A$1,383.7	£(590.0)
31 December 2012	**0.4264**	0.4264	**A$856.0**	**£(365.0)**	A$856.0	£(365.0)
31 December 2013	**0.4265**	0.4265	**A$504.1**	**£(215.0)**	A$504.1	£(215.0)
31 December 2014	**0.4270**	0.4270	**A$210.8**	**£(90.0)**	A$210.8	£(90.0)

At 31 December 2011, none of the above described foreign exchange derivatives qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2011, the aggregate fair value is a receivable of $212.2 million (31 December 2010: $500.4 million). The change in fair value for the year ended 31 December 2011 was $288.2 million (31 December 2010: $77.5 million).

Foreign currency sensitivity		**31 Dec 11 $million**	31 Dec 10 $million
The sensitivity of cross currency interest rate swaps to changes in the year end A$/US$1.0170 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	–20 cents	**(5.7)**	(15.4)
	–10 cents	**(2.6)**	(6.9)
	–5 cents	**(1.3)**	(3.3)
	+5 cents	**1.0**	2.8
	+10 cents	**2.0**	5.5
	+20 cents	**3.7**	10.2
The sensitivity of cross currency interest rate swaps to changes in the year end A$/£0.6587 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	–20 pence	**(9.1)**	(21.2)
	–10 pence	**(3.7)**	(8.7)
	–5 pence	**(1.7)**	(4.0)
	+5 pence	**1.4**	3.5
	+10 pence	**2.7**	6.4
	+20 pence	**4.9**	11.4

NOTE 37 CREDIT AND LIQUIDITY RISK MANAGEMENT

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

At 31 December 2011, the aggregate credit risk in respect of cash and cash equivalents is $196.2 million (31 December 2010: $210.1 million).

At 31 December 2011, the aggregate credit risk in respect of derivative financial instruments is $966.2 million (31 December 2010: $1,197.8 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 36% of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher.

At 31 December 2011, the Group had aggregate credit risk of $1,222.0 million (31 December 2010: $942.0 million) in respect of the receivable from Westfield Retail Trust (refer to Note 46).

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 20.

NOTE 38 FINANCIAL COVENANTS

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

a) Leverage ratio (net debt to net assets)
   – less than 65%
b) Secured debt ratio (secured debt to total assets)
   – less than 40% (and less than 45% on certain facilities)
c) Interest cover ratio (EBITDA to gross interest expense excluding gains or losses from mark to market)
   – greater than 1.5 times
d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)
   – greater than 150% (and greater than 125% on certain facilities)

At and during the years ended 31 December 2011 and 2010, the Group was in compliance with all the above financial covenants.

NOTE 39 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 11 $million	31 Dec 10 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 20) together with the aggregate future estimated interest thereon is set out below:		
Due within one year	**(2,529.2)**	(1,578.0)
Due between one and five years	**(8,659.4)**	(9,647.0)
Due after five years	**(5,936.5)**	(6,204.9)
	(17,125.1)	(17,429.9)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(13,885.5)**	(13,731.2)
– aggregate future estimated interest	**(3,239.6)**	(3,698.7)
	(17,125.1)	(17,429.9)
Derivatives		
Maturity profile of the estimated future cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**219.4**	228.3
Due between one and five years	**265.2**	527.4
Due after five years	**18.4**	236.3
	503.0	992.0

Contingent liabilities are set out in Note 32 and are not included in the amounts shown above.

NOTE 40 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		**Carrying amount**	
	31 Dec 11 $million	31 Dec 10 $million	**31 Dec 11 $million**	31 Dec 10 $million
Consolidated assets				
Cash	**196.2**	210.1	**196.2**	210.1
Trade receivables (i)	**47.7**	38.8	**47.7**	38.8
Receivables (i)	**1,466.1**	625.4	**1,466.1**	625.4
Other investments (ii)	**510.9**	521.5	**510.9**	521.5
Derivative assets (ii)	**966.2**	1,197.8	**966.2**	1,197.8
Consolidated liabilities				
Payables (i)	**2,091.5**	1,411.1	**2,091.5**	1,411.1
Interest bearing liabilities (ii)				
– Fixed rate debt	**12,079.0**	11,739.4	**11,300.3**	10,927.9
– Floating rate debt	**2,590.0**	2,797.1	**2,585.2**	2,803.3
Other financial liabilities (ii)	**1,823.6**	1,643.4	**1,823.6**	1,643.4
Derivative liabilities (ii)	**494.9**	891.7	**494.9**	891.7

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

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

NOTE 40 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Determination of fair value

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

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

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

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

	31 Dec 11 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	**100.5**	100.5	–	–
– Unlisted investments	**410.4**	–	–	410.4
Derivative assets				
– Interest rate derivatives	**724.2**	–	724.2	–
– Currency derivatives	**242.0**	–	242.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**12,079.0**	–	12,079.0	–
– Floating rate debt	**2,590.0**	–	2,590.0	–
Other financial liabilities				
– Property linked notes	**1,328.0**	–	–	1,328.0
– Redeemable preference shares/units	**495.6**	–	–	495.6
Derivative liabilities				
– Currency derivatives	**337.9**	–	337.9	–
– Interest rate derivatives	**142.4**	–	142.4	–
– Equity share plan swaps	**14.6**	–	14.6	–

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

	31 Dec 10 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	112.0	112.0	–	–
– Unlisted investments	409.5	–	–	409.5
Derivative assets				
– Interest rate derivatives	777.3	–	777.3	–
– Currency derivatives	412.3	–	412.3	–
– Equity share plan swaps	8.2	–	8.2	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	11,739.4	–	11,739.4	–
– Floating rate debt	2,797.1	–	2,797.1	–
Other financial liabilities				
– Property linked notes	1,288.0	–	–	1,288.0
– Redeemable preference shares/units	355.4	–	–	355.4
Derivative liabilities				
– Interest rate derivatives	486.7	–	486.7	–
– Currency derivatives	405.0	–	405.0	–

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

NOTE 40 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	Unlisted investments[i] 31 Dec 11 $million	Property linked notes[ii] 31 Dec 11 $million	Redeemable preference shares/units[iii] 31 Dec 11 $million	Unlisted investments[i] 31 Dec 10 $million	Property linked notes[ii] 31 Dec 10 $million	Redeemable preference shares/units[iii] 31 Dec 10 $million
Level 3 fair value movement						
Balance at the beginning of the year	**409.5**	**1,288.0**	**355.4**	462.3	1,253.6	455.4
Additions	**–**	**–**	**–**	–	–	7.2
Disposals	**–**	**–**	**–**	–	–	–
Net revaluation increment/(decrement) to income statement	**–**	**40.0**	**136.3**	–	34.4	(58.9)
Retranslation of foreign operations	**0.9**	**–**	**3.9**	(52.8)	–	(48.3)
Balance at the end of the year	**410.4**	**1,328.0**	**495.6**	409.5	1,288.0	355.4

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

(ii) The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (refer Note 21(a)).

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

NOTE 41 PARENT COMPANY

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

	31 Dec 11 $million	31 Dec 10 $million
(a) Assets		
Current assets	**1,288.1**	1,293.3
Non current assets	**2,447.1**	2,134.9
Total assets	**3,735.2**	3,428.2
(b) Liabilities		
Current liabilities	**2,508.0**	2,133.7
Non current liabilities	**–**	–
Total liabilities	**2,508.0**	2,133.7
(c) Total equity		
Contributed equity	**1,542.1**	1,542.1
Employee share plan benefits reserve	**1.5**	1.2
Retained profits	**(316.4)**	(248.8)
Total equity	**1,227.2**	1,294.5
(d) Comprehensive income		
Profit/(loss) after tax for the period	**47.9**	(279.1)
Other comprehensive income	**–**	–
Total comprehensive income for the period	**47.9**	(279.1)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**11,390.8**	10,806.1
Guaranteed borrowings of subsidiaries	**994.4**	766.3
	12,385.2	11,572.4

	31 Dec 11 $000	31 Dec 10 $000
NOTE 42 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:		
– Audit or review of the financial reports	**5,447**	5,281
– Assurance and compliance services	**352**	810
– Taxation advice and compliance	**363**	80
– Technical accounting advice and services	**253**	57
– Due diligence services	**1,720**	352
	8,135	6,580
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**3,579**	3,885
– Assurance and compliance services	**132**	100
– Taxation advice and compliance	**323**	135
– Technical accounting advice and services	**28**	20
– Due diligence services	**219**	–
	4,281	4,140
	12,416	10,720

NOTE 43 SUPERANNUATION COMMITMENTS

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

NOTE 44 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.

(a) Nature of relationship with related parties

Key Management Personnel of the entity

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

Other Related Parties

Westfield Retail Trust is considered to be a related party of the Group as subsidiaries of WHL are the responsible entities of the Trust and also manage the shopping centres held by Westfield Retail Trust. Details of transactions with Westfield Retail Trust are set out in Note 46.

LFG Holdings Pty Limited, its related entities and other entities controlled by members of the Lowy family (LFG) are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy. Mr David Lowy retired as an Executive Director of the Group on 25 May 2011.

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

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

Transactions with Key Management Personnel of the entity

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

Transactions with Other Related Parties

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

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

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

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

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

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year, the Group charged LFG $571,000 (31 December 2010: $430,851) in relation to the provision of aircrew, aircraft maintenance and use of the hangar facility, which amounts were payable on seven day terms. Also during the period, the Group was charged $58,449 (31 December 2010: $93,459) for use of aircraft crew employed by LFG, which amounts were payable on 30 day terms.

LFG subleased premises from the Group at Westfield Towers. During the period $364,620 (31 December 2010: $429,584) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and is payable on seven day terms.

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

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

NOTE 44 RELATED PARTY DISCLOSURES (CONTINUED)

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

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

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

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

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

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

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

NOTE 45 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The amounts below represent the total remuneration amounts for Key Management Personnel of the Westfield Group. The Group has applied AASB 124 Related Party Disclosures which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. Details concerning remuneration of Key Management Personnel are contained in the Remuneration Report.

The aggregate remuneration for the 12 months was:

	Short term benefits				Post Employment	Share Based	Total
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non-monetary benefits $	Other short term employee benefits [1] $	Other post employment benefits $	Amortisation of cash and equity settled share based payments [2] $	$
Key Management Personnel – Directors [3]							
31 December 2011	**11,979,537**	**11,436,636**	**525,470**	**24,481**	**10,848**	**7,667,490**	**31,644,462**
31 December 2010	16,438,373	16,352,968	889,414	(56,742)	101,588	8,006,783	41,732,384
Key Management Personnel – Non Directors [3]							
31 December 2011	**3,472,093**	**5,872,093**	**714,118**	**164,149**	**38,970**	**6,688,692**	**16,950,115**
31 December 2010	3,269,754	3,378,474	1,033,576	33,584	–	5,060,484	12,775,872
Total Key Management Personnel							
31 December 2011	**15,451,630**	**17,308,729**	**1,239,588**	**188,630**	**49,818**	**14,356,182**	**48,594,577**
31 December 2010	19,708,127	19,731,442	1,922,990	(23,158)	101,588	13,067,267	54,508,256

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

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

(3) Mr Peter Allen was appointed a Director on 25 May 2011 and has been included in Key Management Personnel – Directors for the whole 2011 financial year and the comparative period.

(b) Option holdings of Key Management Personnel

During the financial year and comparative financial year, no options or awards were issued to the Key Management Personnel under the Executive Option Plan or the Executive Performance Share Plan (together known as the Option Plans). None of the Key Management Personnel hold any options or awards under the Option Plans. Rights held by Key Management Personnel under EPR Plan and PIR Plan are disclosed in the Remuneration Report.

NOTE 45 REMUNERATION, OPTION AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(c) Shareholdings of Key Management Personnel (including holdings by close members of the family of that person)

Stapled securities held in the Group (number)	Balance at 1 January 2011	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2011
Frank Lowy, David Lowy [2], Peter Lowy, Steven Lowy [1]	179,598,386			–	179,598,386
Peter Allen	199,421	204,282		(1,000) [3]	402,703
Ilana Atlas	–			–	–
Roy Furman	50,000			–	50,000
Peter Goldsmith	5,000			–	5,000
David Gonski [4]	339,578			–	339,578
Fred Hilmer	238,512			–	238,512
Stephen Johns	1,551,846			630 [5]	1,552,476
Mark Johnson	4,415			57,585	62,000
John McFarlane	51,951			–	51,951
Brian Schwartz	11,110			10,000	21,110
Judith Sloan	3,000			–	3,000
Michael Gutman	89,875	76,188		29,966	196,029
Robert Jordan	777,432	163,172		–	940,604
John Widdup	5,000			–	5,000
Total	**182,925,526**	**443,642**	**–**	**97,181**	**183,466,349**

(1) The aggregate interest of the Lowy Directors includes family holdings and interests held by Westfield Officers Superannuation Fund (formerly known as Westfield Superannuation C Fund) and Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust. The Lowy Directors did not dispose of any stapled securities.

(2) Mr David Lowy retired from the Board on 25 May 2011. This represents the Lowy's family group's holding of stapled securities at the date of his retirement.

(3) Sale by a family member.

(4) Mr David Gonski retired from the Board on 25 May 2011. This represents Mr Gonski's (and close members of his family) holding of stapled securities at the date of his retirement.

(5) Held by a family member.

d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 44.

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

NOTE 46 WESTFIELD GROUP RESTRUCTURE – ESTABLISHMENT OF WESTFIELD RETAIL TRUST IN 2010

(a) Background Overview – Establishment of the Westfield Retail Trust

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

The restructure was approved by the Group's security holders on 9 December 2010 and implemented on 20 December 2010. Full details of the restructure proposal were provided in the Explanatory Memorandum (EM) and Product Disclosure Statement (PDS) issued to the Group's security holders in November 2010.

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

The $4.4 billion received and receivable by the Group from WRT was applied to retire the Group's interest bearing liabilities at 31 December 2010 and over the next 18 months. As a result of the reduction in the Group's interest bearing liabilities, the Group had terminated its interest rate hedges in respect of the borrowings retired. The fair value of excess swaps terminated and the deferred borrowing costs written off amounted to a financing cost of $258.2 million and was recognised as a charge to the income statement within gain/loss from capital transactions in the year ended 31 December 2010 .

(b) Accounting for Westfield Group – post restructure

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

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

The consolidated income statement of the Group for the year ended 31 December 2010 includes the results of the Australian and New Zealand shopping centre interests transferred to WRT up to 20 December 2010. The Group does not control WRT following implementation of the restructure from 20 December 2010 and does not consolidate WRT's results, assets and liabilities from that date.

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

(c) Westfield Group – after establishment of WRT

The Group and WRT are partners in the ownership of 54 Australian and New Zealand shopping centres and maintain a close ongoing relationship having regard to the Group's property management and development roles as well as the provision by the Group of corporate services to WRT. The Group continues to act as property, leasing and development manager for the properties on terms and fees materially consistent with those in place with its other third party joint venture partners in Australia. In addition, the Group and WRT have also agreed to, where possible, cooperate on future retail property acquisition and growth opportunities in Australia and New Zealand together. Furthermore, WRT will have access to the Westfield brand name and operating platform of the Group through WRT's Responsible Entities which are wholly owned by the Group.

(d) Arrangements with WRT

These primary arrangements between the Group and WRT are summarised as follows:

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

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

(i) Co-operation Deed

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

Further, WHL has agreed not to dispose of its shareholdings in the WRT responsible entities for as long as they are the WRT responsible entities.

(ii) Co-ownership arrangements

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

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

(iii) Property management agreement

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

(iv) Development framework agreements

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

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

NOTE 46 WESTFIELD GROUP RESTRUCTURE – ESTABLISHMENT OF WESTFIELD RETAIL TRUST IN 2010 (CONTINUED)

(d) Arrangements with WRT (continued)

(v) Corporate services agreement

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

(vi) Westfield Sydney arrangements

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

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

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

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

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

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

Property management fee

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

Tenancy co-ordination fee

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

Reimbursement of expenses

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

Corporate services agreement

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

Development framework agreements

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

Westfield Sydney redevelopment arrangements

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

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

Other

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

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

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

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

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

NOTE 47 SUBSEQUENT EVENTS

Since the end of the financial year the Group has:

a) Agreed with the Canada Pension Plan Investment Board (CPPIB) for them to become a 45% joint venture partner in a US$4.8 billion portfolio of 12 assets currently owned by the Group in the United States. The portfolio value of the assets is in line with the reported book value at December 2011. The Group will receive net cash of US$1.85 billion after the assumption of property related debt by CPPIB. The Group will act as the managing general partner for the joint venture and will be responsible for property management, leasing and development.

b) Sold its interest in the Belfast, Guildford and Tunbridge Wells shopping centres in the United Kingdom for gross proceeds of £159.0 million, in line with book value and net proceeds of £107.0 million.

c) Commenced an on-market buyback of securities for up to 10% of issued capital.

NOTE 48 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 11 – Interest** Beneficial[i] Parent Company %	**31 Dec 11 – Interest** Beneficial[i] Westfield Group %	**31 Dec 11 – Interest** Consolidated or Equity accounted %	31 Dec 10 – Interest Beneficial[i] Parent Company %	31 Dec 10 – Interest Beneficial[i] Westfield Group %	31 Dec 10 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Holdings Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Westfield Trust	**–**	**100.0**	**100.0**	–	100.0	100.0
Westfield America Trust	**–**	**100.0**	**100.0**	–	100.0	100.0
Westfield Capital Corporation Pty Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Finance (Aust) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Investments Pty Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
WT Finance (Aust) Pty Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN NEW ZEALAND						
Consolidated Controlled Entities						
Westfield Finance (NZ) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Trust (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
WT Finance (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
ENTITIES INCORPORATED IN UNITED KINGDOM						
Consolidated Controlled Entities						
Westfield Shoppingtowns Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
WCI Finance, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
WEA Finance, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
Westfield, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0

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

Directors' Declaration

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

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and the International Financial Reporting Standards issued by the International Accounting Standards Board; and

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

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

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

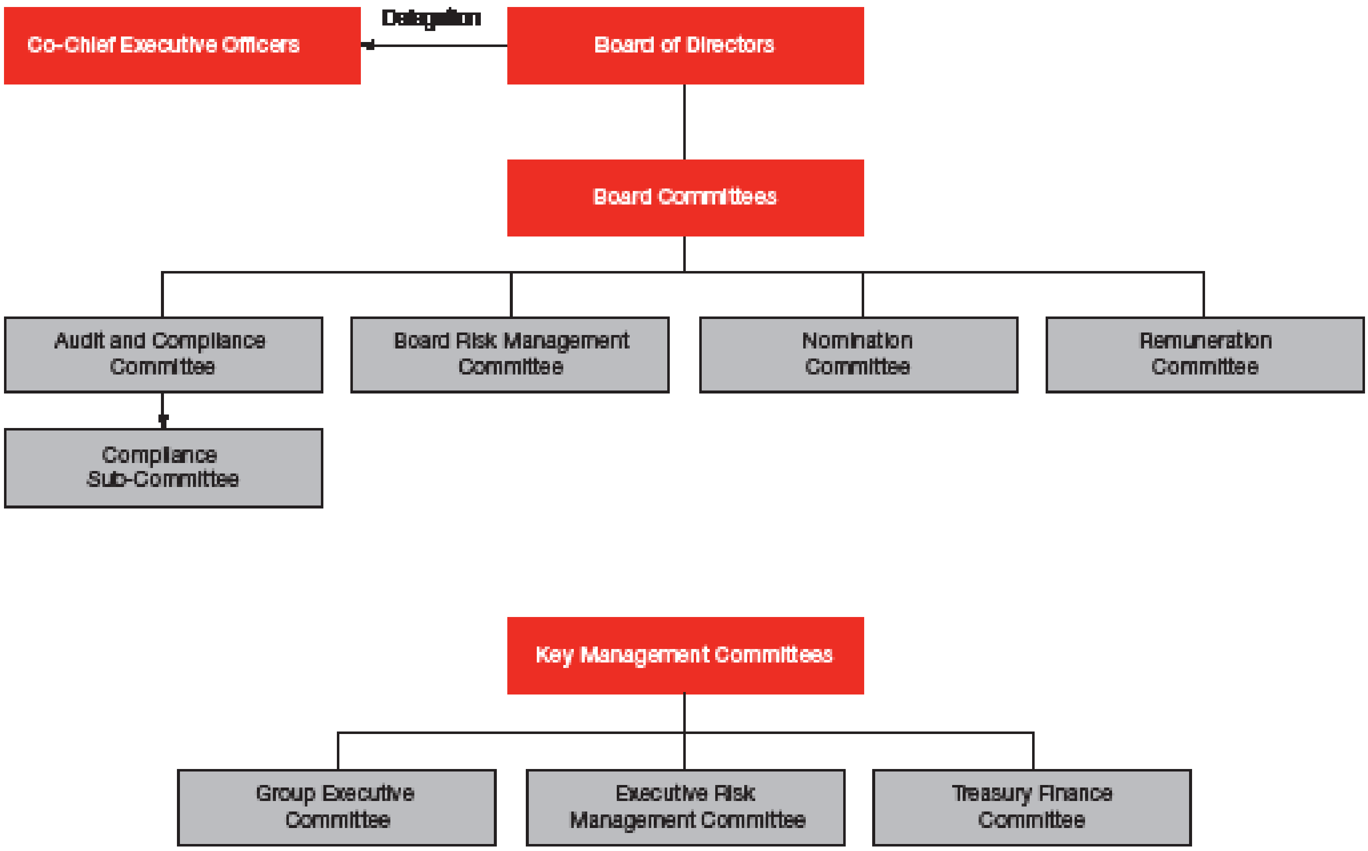
14 March 2012

Corporate Governance Statement

This statement outlines the Westfield Group's system of governance during the Financial Year and the extent of the Group's compliance, as at the end of the Financial Year, by reference to the second edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (as amended in 2010).

As at 31 December 2011, the Westfield Group complies with the recommendations in all respects other than the requirement for an independent Chairman and for the Nomination Committee to be chaired by an independent Director. Corporate governance documentation including board and committee charters and relevant corporate policies and codes referred to in this statement can be found on the westfield.com/corporate website, in the corporate governance section.

GOVERNANCE FRAMEWORK



PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Functions of Board and Management

The Westfield Group is a triple stapled group but operates as a single economic entity.

The Boards of the Westfield Holdings Limited (Company), Westfield Management Limited (Westfield Management) (as responsible entity of Westfield Trust) and Westfield America Management Limited (Westfield America Management) (as responsible entity of Westfield America Trust) each have common membership [1]. Each Board has adopted a common Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board.

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

The Board Charter sets out the primary objectives of the Board and includes the practice and processes the Board has adopted to discharge its responsibilities including matters that are reserved for the Board for consideration and decision making and the authority delegated to the Co-Chief Executive Officers, including the limits on the way in which the Co-Chief Executive Officers can execute that authority.

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

- **strategy and direction**
- setting policies regarding the Group's overall strategic direction and plans for each of the Group's major business units, key business and financial objectives;
- approving the distribution policy, amounts and timing of any distribution payments;
- approving any significant acquisitions or disposals of assets and significant expenditure.
- **financial controls, compliance and risk management**
- approving annual operating and capital expenditure budgets for the Group;
- approving treasury policies;
- approving financial statements and published reports, including the directors' report, remuneration report and the corporate governance statement;
- approving any significant changes in accounting policies or procedures;
- reviewing the effectiveness of the internal control systems and risk management processes and compliance with statutory and regulatory obligations;
- approving any matters impacting on compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on the Group's business.
- **capital and debt structure**
- approving any changes to the Group's capital structure including any reductions in share capital, buy backs or issue of new securities other than in accordance with the Group's equity linked incentive plans;
- approving changes to the Group's debt structure including entry into new facilities, the refinancing of existing debt and the issue of bonds and other instruments in local and international markets.
- **appointments**
- appointing Directors to the Board, following a review by the Nomination Committee;
- appointing and reviewing the performance of the Co-Chief Executive Officers and the Group Chief Financial Officer;
- appointing the external auditors, on the recommendation of the Audit and Compliance Committee and approving the fees payable to the external auditor;
- appointing the Company Secretary.
- **delegation of authority**
- approving any changes to the membership or charter of any committee of the Board;
- determining the scope of authority delegated to the Co-Chief Executive Officers, the Group Chief Financial Officer and any other significant matters.
- **policies**
- approving significant policies for the Westfield Group including the Code of Conduct, security trading policies for Directors and senior executives, health and safety policies, risk management policies and continuous disclosure and communications policies.
- **corporate governance matters**
- determining the independence of Non-Executive Directors;
- taking into account the recommendations of the Remuneration Committee in determining the remuneration of Non-Executive Directors;
- determining the resolutions and documentation to be put to members in general meeting;
- approving announcements and media releases concerning matters decided by the Board, including announcements relating to the operating performance of the Group.

The Board may amend the matters reserved for its consideration and decision subject to the limitations imposed by the constitutional documents and the law.

The Board has delegated a number of responsibilities to its Committees. The role and responsibilities of these Committees are explained later in this statement. Directors may attend any Committee meetings. The Board receives copies of the minutes of all the Committee meetings.

Day to day management of the business and operations of the Westfield Group is delegated by the Board to management through the Chairman and the Co-Chief Executive Officers subject to the agreed authority limits applicable to the senior executive management team.

The Board has delegated to management responsibility for:

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

[1] Unless otherwise specified, the Boards of the individual entities sit as the Westfield Group Board. For the balance of this statement, the Westfield Group Board is referred to as the Board.

1.2 Process for Evaluating the Performance of Senior Executives

The Group has an established process of objective setting and performance review of all staff, which is conducted on an annual basis. Senior executives, who have a discretionary element to their total remuneration package, have defined objectives which are agreed at the commencement of each financial year. Their performance against these objectives is assessed annually in a meeting with the manager to whom they report, in addition to regular feedback during the performance period. In that meeting, the potential future development of that executive is discussed along with any training or development required to enhance the prospects of the development objectives being achieved and career progression within the Group.

In the case of the senior executive team (including the Executive Directors) an assessment of their performance is undertaken by the Remuneration Committee and the Board. Details of the Group's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report.

In addition to the induction program provided to new employees generally, new members of the senior executive team undertake an induction program customised to their needs, which typically includes briefings with every member of the senior executive team to provide the new executive with deeper understanding of the main issues and direction of each key business unit within the Group. Senior executives also participate in continuous improvement programs to enhance their skills and knowledge on an ongoing basis. These include development sessions on specific topics of relevance such as changes in corporate governance standards and legislation and compliance, and presentations by external speakers who are considered to be leaders in their field.

1.3 Performance Evaluation

During the Financial Year, each member of the senior executive team, including the Executive Directors, was subject to a performance review as described in 1.2 above. Details of the performance criteria against which the Executive Directors were assessed are set out in section 7.7 of the Remuneration Report.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

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

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

The appointment of a new member to the Board is only made after consultation with the Nomination Committee and the Board. New Directors are initially appointed (or endorsed) by the full Board and must then submit themselves to election by members of Westfield Holdings Limited at the Annual General Meeting (AGM) following their appointment and, except in the case of the Chief Executive Officer (or one of them when there is more than one Chief Executive Officer), are subject to re-election by members of the Company every 3 years.

Significant Board and Committee planning and renewal has been undertaken in recent years including in May 2011:

– Mr Frank Lowy assumed the role of non-executive Chairman;
– Mr David Lowy and Mr David Gonski retired from the Board;
– Mr Brian Schwartz was appointed as Deputy Chairman;
– Mr Peter Allen, the Group Chief Financial Officer, was appointed as an Executive Director; and
– Ms Ilana Atlas was appointed as a Non-Executive Director.

In prior years, Board renewal was evidenced by the appointment of each of Mr John McFarlane, Professor Judith Sloan and Lord (Peter) Goldsmith in 2008, the appointment of Mr Brian Schwartz in 2009 on the retirement of Ms Carla Zampatti and the appointment of Mr Mark Johnson in 2010 on the retirement of Dr Gary Weiss.

Board renewal and succession planning is a key part of the Group's overall governance program and the Group remains committed to a Board which includes a mix of non-executive members who have outstanding track records and reputations at the highest levels of business and commerce generally.

During the year, the Nomination Committee charter was amended to formalise the requirement that diversity be considered as part of a Board candidate's general background and experience. Further information on how the Group is currently addressing the topic of diversity is set out in section 3.2 of this statement.

2.1 Independent Directors

The composition of the Board is set out in the table below:

Name	Position held	Independent (Y/N)	Date appointed to Company Board	Date appointed to WML Board	Date appointed to WAML Board	Length of tenure at 31/12/11 [2]
Frank Lowy	Chairman	N	1960	1979	1996	51 years [3]
Brian Schwartz	Deputy Chairman/ Lead Independent Director	Y	2009	2009	2009	2.5 years
Peter Allen [4]	Group Chief Financial Officer/ Executive Director	N	2011	2011	2011	7 months
Ilana Atlas [4]	Non-Executive Director	Y	2011	2011	2011	7 months
Roy Furman	Non-Executive Director	Y	2004	2004	2002	9 years
Peter Goldsmith	Non-Executive Director	Y	2008	2008	2008	3 years
Fred Hilmer	Non-Executive Director	Y	1991	2004 [1]	2004 [1]	20 years
Stephen Johns	Non-Executive Director	N	1985	1985	1996	26 years
Mark Johnson	Non-Executive Director	Y	2010	2010	2010	1.5 years
Peter Lowy	Co-Chief Executive Officer / Executive Director	N	1987	1986	1996	25 years
Steven Lowy	Co-Chief Executive Officer / Executive Director	N	1989	1989	1996	22 years
John McFarlane	Non-Executive Director	Y	2008	2008	2008	4 years
Judith Sloan	Non-Executive Director	Y	2008	2008	2008	4 years

(1) Professor Fred Hilmer, previously served as a Director of this Board, but resigned in May 2002. This date reflects the most recent date of appointment to this Board.

(2) Length of tenure is calculated from year of first appointment to the Company (or any of its predecessor vehicles), Westfield Management or Westfield America Management.

(3) This includes Mr Lowy's service on the Boards of predecessor vehicles.

4) Mr Allen and Ms Atlas were appointed to the Board on 25 May 2011.

Biographies of the Directors are included in the section on the Board of Directors in this Annual Report.

The Board currently has 13 members. Of these, 8 are independent Non-Executive Directors. These Directors are considered by the Board to be independent of management and free of any business or other relationship or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of members free from interests and influences which conflict with that duty and are also independent of management.

The Board continually assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

In making this determination the Board is seeking to assess whether Directors are:

(a) independent of management; and

(b) free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and

(c) capable of making decisions without bias and which are in the best interests of all members.

A Non-Executive Director will not be regarded as an independent director if that Director:

(a) is a substantial securityholder of the Westfield Group or an officer of, or otherwise associated directly with, a substantial securityholder of the Westfield Group;

(b) within the last three years has been employed in an executive capacity by any member of the Group, or has been a Director after ceasing to hold any such employment;

(c) within the last three years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Group;

(d) within the last three years has been a principal, employee or consultant of a material professional adviser to any member of the Group – for this purpose a material professional adviser is an adviser whose billings to the Group exceed 1% of the adviser's total revenues;

(e) is a principal, employee or associate of a material supplier to, or material customer of, any member of the Group – for this purpose a material supplier to the Group means a supplier whose revenues from the Group exceed 5% of the supplier's total revenues. A material customer is a customer whose payments to the Group exceed 1% of the customer's operating costs;

(f) has a material contractual relationship with any member of the Group other than as a Director of the Westfield Group Board; and

(g) has any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Group and independently of management.

As regards the Non-Executive Directors, applying the criteria set out in the Board Charter, the Board has made the following determinations:

– Mr Stephen Johns is not independent given his long standing executive role with the Westfield Group (Mr Johns resigned as an executive in October 2003); and

– Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Lord Peter Goldsmith, Professor Fred Hilmer, Mr Mark Johnson, Mr John McFarlane and Professor Judith Sloan are all considered to be independent Directors.

The Nomination Committee and the Board have considered the independence of Professor Hilmer in view of his lengthy service on the Board and concluded that the independence of Professor Hilmer has not been affected and that he should be classified as an independent director.

That conclusion was reached based on the Board's knowledge of the significant contribution made by Professor Hilmer to the business of the Board and its Committees, including the willingness of Professor Hilmer to debate issues openly and constructively and freely express his views and opinions on matters being considered by the Board, including on occasions where those views are contrary to those expressed by the Executive Directors and management.

The Board also notes the following observations by Cameron Ralph in its assessment of the Board undertaken in January 2010:

"Cameron Ralph was satisfied that the Board has both people and processes that enable it to apply independent judgement to its actions and decisions. The presence on the Board of the major shareholder, several Executive Directors and Non-Executive Directors with long tenures, has not detracted from the Board's effectiveness or its ability to act in the best interests of all shareholders."

In determining the independence of Lord Goldsmith, the Board noted that Lord Goldsmith is the European Chair of Litigation at Debevoise & Plimpton LLP (Debevoise), based in London. Debevoise is one of a number of law firms which provide legal services to the Westfield Group in the United States. The fees charged by Debevoise in the United States are on arm's length terms and are no more favourable than those paid to other advisers providing similar services. The Board noted that the fees derived by Debevoise represented considerably less than 1% of the total revenues of Debevoise's operations in the United States in the same period and an even smaller percentage of the revenues of the global Debevoise firm. The Board considered that the engagement of Debevoise was not a material contractual relationship to the Westfield Group or to Debevoise, such as might give rise to any actual or perceived loss of independence on the part of Lord Goldsmith.

Professor Sloan currently sits on the board of directors of the Lowy Institute for International Policy, an independent international policy think tank providing analysis on international issues affecting Australians. The Lowy Institute is a not for profit organisation and members of the board, a majority of whom are independent of the Lowy family, do not receive any remuneration for provision of their services. The Board has assessed the relationship between the Group and the Institute and is of the view that the fact that Professor Sloan is a director of the Lowy Institute does not interfere with the exercise by Professor Sloan of objective, unfettered or independent judgement or her ability to act in the best interests of the Group.

In relation to Mr Schwartz, it should be noted that, whilst working with Ernst & Young, the Group's external auditors, Mr Schwartz was not personally involved in the Westfield Group audit at any time. Mr Schwartz left Ernst & Young more than seven years ago. As a result, the Board does not regard Mr Schwartz's prior association with Ernst & Young as an impediment to treating Mr Schwartz as an independent Director. Furthermore, Mr Schwartz's other previous and current roles are not considered by the Board to give rise to any actual or perceived loss of independence on the part of Mr Schwartz.

Each Non-Executive Director has signed a letter of appointment which, amongst other things, places an onus on each independent Director to promptly and fully disclose to the Board any matter or circumstance which may impact on their status as an independent Director, or the likely perception of their status, as an independent member of the Board. Where the Board concludes that a Director has lost their status as an independent Director, that determination will be advised to the market.

The Nomination Committee's Charter discloses a process for selection and appointment of new Directors and re-election of incumbent Directors. The role and responsibilities of the Nomination Committee are set out later in this statement.

2.2 Chairperson and Independence

The Westfield Group notes the ASX Corporate Governance Council recommendation that listed companies should have an independent director as chairman and that the roles of chairman and Chief Executive Officer should not be held by the same person.

As noted above, Mr Frank Lowy assumed the role of non-executive Chairman in May 2011, with Mr Peter Lowy and Mr Steven Lowy being appointed as Co-Chief Executive Officers. For the reasons set out below, the Board considers that Mr Frank Lowy is the most appropriate person to act as Chairman of the Westfield Group Boards, notwithstanding that he is not an independent Director.

Mr Lowy is the co-founder of the Westfield Group and has overseen the success of the Group since 1960. With over 50 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's extensive knowledge, experience and reputation is unrivalled in the industry.

In Australia and internationally, Mr Lowy is regarded as an exceptional and unique individual who has overseen the growth of a global retail business which is a leader in its industry. Mr Lowy's knowledge of Westfield, its corporate history, its growth and of the broader industry in which the Group operates, both locally and globally, is widely acknowledged.

For these reasons, the Board takes the view that it is in the best interests of members that Mr Lowy, with his extensive background and experience, be the Chairman of the Westfield Group Board.

In arriving at this view, the Board made the following observations:

- the appointment of Mr Brian Schwartz as Deputy Chairman and lead independent Director. Where necessary, Mr Schwartz will act as an intermediary for independent Directors and confer with the Chairman and with independent Directors on Board matters;
- there is a majority of independent Directors serving on the Board (8 out of the 13 Directors on the Board); and
- the delegation of certain responsibilities to Board committees (of which the Chairman is not a member), the Chairman being a member of the Nomination Committee only.

2.3 Nomination Committee

The objective of the Nomination Committee is to support and advise the Board in relation to the selection and appointment of high calibre Directors who are able to meet the needs of the Group presently and in the future, and the ongoing evaluation and review of the performance of the Board and the Directors.

During the Financial Year, the Committee comprised the following members:

Name	Position held	Status
Frank Lowy	Chairman	Non-Executive Director*
David Gonski	Member	Independent Director (retired 25 May 2011)
Brian Schwartz	Member	Independent Director
Judith Sloan	Member	Independent Director

* The Board recognises the ASX's recommendation that the Nomination Committee should be chaired by an independent director. Mr Lowy assumed the role of Non-Executive Chairman on 25 May 2011.

The Committee met twice during the Financial Year. Mr Gonski retired from the Committee when he retired from the Board on 25 May 2011. The full Committee was in attendance at all meetings.

The functions undertaken by the Committee in discharging their responsibility include:

- assessing periodically the skills of current Board members against the collective skill set required by the Board to discharge competently the Board's duties, having regard to the strategic direction of the Group;
- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board as a whole and keeping under review the leadership needs of the Group, both executive and non-executive;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;
- reviewing annually the performance of the Board; and
- ensuring the existence of proper succession planning processes and plans for the Board.

No member of the Committee participates in a review of their own performance or remuneration for re-election.

The Nomination Committee Charter, as approved by the Board, appears in the corporate governance section of the westfield.com/corporate website.

Recommendations regarding future appointment of additional Directors will be made by the Nomination Committee and considered by the Board having regard to:

- the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;
- the current strategic direction of the Westfield Group and the consequent need to consider skills which may be required in the future; and
- the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the members of the Company at a general meeting.

Upon appointment, a new Director undertakes an induction program specifically designed to their needs to help familiarise them with issues relating to the current business before the Board.

New Board members are provided with the opportunity to experience first hand the operations of the Group and to meet and discuss all aspects of the Group's operations with key members of executive management. As part of the induction program, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required.

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. This letter provides that if a Director ceases to be a Director of the Company for any reason, they must also resign as a Director of Westfield Management and Westfield America Management. The letter of appointment conforms to the recommendations of the ASX Corporate Governance Council.

The letter of appointment also sets out a procedure by which Directors are able to take independent professional advice at the Group's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information.

On an ongoing basis, Directors are provided with regular updates on legal and corporate developments, particularly those pertaining to matters relating to the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles, tax and accounting developments and other matters of interest. Management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues of relevance to the Board.

The Company Secretary is appointed and removed by the Board. The Company Secretary works with the Chairman, the Board and the Board Committees on all governance related issues. All Directors have access to the Company Secretary for the purpose of obtaining information or advice. The Company Secretary may also retain the services of independent advisory bodies if requested by the Board or Board Committees. The office of the Company Secretary is responsible for the systems and processes that enable the Board to perform its role and provides secretariat services for each of the Board Committees. The Committee agendas, paper and minutes are available to all members of the Board.

The Board undertakes ongoing self-assessment and review of its performance and of the performance of the Board Committees. Board surveys are conducted on a regular basis in order to establish the views of all Directors on these issues. A survey was conducted by Mr Brian Schwartz, Deputy Chairman, during the Financial Year.

The Board is committed to transparency in assessing the performance of the Board. As part of this commitment, Cameron Ralph Pty Limited was commissioned to complete a comprehensive, independent assessment of the Board of Westfield Group in January 2010. Details of the Cameron Ralph assessment and findings are set out in the corporate governance statement in the Group's 2009 Annual Report.

Given that Cameron Ralph completed a comprehensive and independent assessment of the Board in January 2010, the Board considered that a further external review and evaluation of the Board performance was not required during the Financial Year.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Code of Conduct

Directors' Code of Conduct

The Directors' Code of Conduct summarises the responsibilities of the Westfield Group Directors in maintaining the Group's commitment to high standards of ethical conduct. A copy of the Code of Conduct appears in the corporate governance section of the westfield.com/corporate website.

Compliance Manual

The Westfield Group has developed a Compliance Manual which provides detailed guidance to employees of the Group on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. The Manual is supplemented by management seminars to help employees understand the legal requirements with which the Group's business must comply.

The Australian Compliance Manual deals with issues such as:

- occupational health and safety;
- trade practices;
- employment;
- retail tenancy legislation;
- environmental compliance;
- Corporations Act and ASX Listing Rules requirements; and
- complaints handling procedures.

Westfield Values

The conduct of all Westfield Group employees is governed by a set of fundamental principles to which employees are expected to adhere to when dealing with other staff members, customers and retailers, members and the community.

These values require Westfield staff, at all times, to:

- welcome a diversity of people;
- create a healthy and safe work environment;
- create an environment that motivates and allows staff to contribute and develop;
- display honest, just and fair management in all dealings with staff;
- meet the commitments of the Westfield Group;
- examine ways to continually improve processes in a manner which adds value;
- provide members with superior returns on a sustainable basis;
- constantly seek new opportunities and pursue sound growth and earning opportunities;
- conduct our activities in a safe and environmentally responsible manner;
- contribute expertise and resources to promote positive interaction between all members of the community; and
- act at all times as a leading corporate citizen in adhering to applicable laws and meeting the community's expectations regarding corporate behaviour.

Employee Handbook

Westfield's core principles are supplemented by the Employee Handbook which is provided to all employees at the time of joining the Group and which deals, in broad terms, with the following matters:

- the high standards of personal conduct and ethical behaviour expected of all employees;
- the duty of employees to avoid conflicts of interest which may arise if the employee or any person or entity associated with that employee has a business arrangement or relationship with a Group company outside their normal employment relationship;
- the duty of employees to maintain confidentiality with respect to the Group's information and information provided by our retailers and customers;
- the duty of employees to avoid discrimination against any person; and
- the Group's policy prohibiting harassment in any form.

The Employee Handbook, which is provided to, and acknowledged by, all employees who join Westfield, and the Compliance Manual are each reviewed on a regular basis to ensure they remain current and relevant. In addition, compliance seminars to update staff on changes to legal requirements and procedures are conducted on a regular basis and all staff in the relevant divisions are required to attend.

It is the responsibility of each Director and employee to understand the Westfield values and Employee Handbook and other policies applicable to them and to bring to the attention of senior management any conduct or activities which may be in breach of those policies so that a proper investigation can be conducted.

Serious breaches of these policies (including matters such as suspicions of fraud or financial impropriety, auditing issues, improper or unethical behaviour or criminal activities) are required to be reported immediately to a compliance officer in the relevant country or to the Group Compliance Officer for investigation in accordance with the Group's policies. Where appropriate, the police or other regulatory authority will be informed.

Complaints are treated in a confidential manner. No action of any kind will be taken against a Westfield employee, adviser or contractor who, in good faith, makes an allegation against the Westfield Group, any employee, adviser or contractor, whether or not that complaint is confirmed by subsequent investigation.

Whistleblower Policy

The whistleblower policy has been adopted to ensure that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal.

Under the policy, Westfield has appointed Whistleblower Protection Officers in each country in which it operates. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes Westfield's code of conduct, policies or the law. Such matters may include any actual or suspected:

- conduct or practices which are illegal;
- corrupt activities;
- theft or fraud;
- misleading or deceptive conduct of any kind;
- harm to public health or safety or the health or safety of any Westfield employee.

The Group will investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the investigation's outcome. Westfield will take any necessary action in response to a report and where no action is taken, an explanation will be provided. Where appropriate, a third party may be engaged to assist in the investigation.

Every 6 months a report is provided to the Westfield Audit and Compliance Committee summarising the whistleblower activities for the period.

3.2 Diversity Policy

As noted in the Group's 2010 annual report, the ASX's Corporate Governance Principles and Recommendations now require listed entities to formally comment on diversity measures.

The Westfield Group has a strong commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. Westfield considers that a gender-balanced, diverse and inclusive workforce is a key strategic asset for its business.

Westfield believes that diversity contributes to its business success and aspires to a workforce reflective of the communities in which the Group operates.

Westfield's commitment to diversity means that the Group continuously works to ensure that it has an environment supportive of equal opportunity and with equal access to career development, remuneration and benefits through the implementation of practices, procedures and policies which support, among other matters, diversity.

In May 2011, Ms Ilana Atlas was appointed to the Board bringing the number of female directors to 2, Professor Judith Sloan having been appointed to the Board in 2008. The biography of each Director is detailed on page 25 of this Annual Report.

Westfield operates in a number of countries, and, to date, diversity initiatives have been focused at the local level, having regard to the legislative requirements of those countries. One of the Group's measurable objectives for 2012 will be the establishment of processes in relation to objective setting, co-ordination, monitoring and reporting of global diversity measures. This is commented on in more detail under "Diversity Policy: Diversity Measures" below.

Diversity Initiatives in 2011

During 2011, in Australia the Group undertook a review and assessment of its practices on diversity. The Charter of the Nomination Committee has been amended to expressly include diversity as a factor for consideration in the appointment of Directors.

An internal diversity working group was convened to review the effectiveness and impact of the Group's policies and strategies relating to diversity. The working group was sponsored by the Group's Australian Leadership Council.

Diversity workshops were also conducted in Australia 2011 in order for the Group to gain a better understanding of its workforce and its needs so as to tailor diversity programs and initiatives within the Group.

In conjunction with that review the Board has adopted a Diversity Policy to guide the Board and senior management in developing diversity objectives for the Group on a global basis. That policy will be supported by internal processes across each country in which the Group operates which will set out the measurable objectives to promote diversity.

The Board has delegated to the Nomination Committee the role of monitoring and reviewing the Group's diversity measures.

The Board will review the progress of the Group's diversity strategy on at least an annual basis, including the Group's objectives for achieving gender diversity and the Group's progress in achieving those objectives.

A copy of the Group's Diversity Policy can be found at www.westfield.com/corporate.

Diversity Policy: Diversity Measures

The Managing Director of each country in which the Group operates will be responsible, on an annual basis, for developing a 3 year plan to identify and implement diversity initiatives and measures for personnel in the country for which they are Managing Director.

In each country, the plans will incorporate the Group's measurable objectives having regard to key metrics including:

- representation by gender within each band within the Group, including senior management;
- representation by gender in development and leadership programs;
- representation, by gender, in talent and succession planning;
- salary comparison by gender and role level;
- employee turnover rates by gender; and
- employee survey results.

The Managing Directors (in conjunction with the regional directors of Human Resources) will be responsible for monitoring and evaluating implementation of the 3 year plan and the various initiatives contemplated by the plan.

The Group's Executive Committee will receive reports from the Managing Directors on the Group's diversity related initiatives and will facilitate periodic reporting to the Board. As noted above, the Board will review the progress of the Group's diversity strategy on at least an annual basis.

Westfield believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background and, in the United States, the Group's policies on diversity extend to veterans.

However, in terms of global measurable objectives, the initial emphasis by the Group will be on gender diversity with a primary goal being to strengthen the representation of women executives in senior management positions.

2012 Diversity Initiatives

Development Programs and Education

Westfield seeks to achieve gender balance through its career development programs including learning and development programs; internal and external mentoring programs and networking opportunities.

In 2012, Westfield will also seek to further embed and build its commitment to diversity by establishing a global education program at senior management level to increase awareness of the need for diversity. Diversity principles will also be integrated into each country's induction and training programs for employees.

Flexible Work Arrangements and Parental Leave

Westfield has policies and procedures in each country in which it operates in terms of its commitment to flexible working arrangements and equal opportunities.

In 2012, a global review of the Group's flexible work arrangements will be undertaken with a view to introduce additional processes or enhance existing processes to support women preparing for, during and returning from parental leave.

Pay Equity

As part of its annual remuneration review process, Westfield generally undertakes reviews of pay equity across the Group and takes appropriate steps to address any differentials.

In 2012, a further specific band level review will be undertaken in Australia, New Zealand, the United States and the United Kingdom to identify remuneration gaps (if any) between employees of comparable roles and skill, regardless of gender.

In the United States, the Group currently conducts annual compensation analyses by race and gender, according to methods currently used by the Office of Federal Contract Compliance Programs. Disparities are investigated with any necessary adjustments being made.

Tracking Progress

In order to track its progress, the Group will, in 2012, integrate an assessment of diversity principles into its employee engagement survey. The Group will seek to improve each year on target scores for specific diversity related matters. The Group will also review its progress on diversity against other organisations.

Future Goals

The Group will continue to focus on enhancing diversity through a range of strategies to achieve the business values to which the Group aspires.

The Group's measurable objectives for 2012 are summarised below.

Progress against each year's measurable objectives will be disclosed in the Annual Report together with the proportion of women in the Group's workforce, in senior management and the Board.

No.	Country	Measurable objective	Time frame
1	Global	The Managing Director of Australia, New Zealand & the United States and the United Kingdom must develop a 3 year plan to address diversity initiatives	2012
2	Global	The establishment of processes in relation to objective setting, co-ordination, monitoring and reporting of global diversity measures	2012
3	Global	An global education program at senior management level to increase awareness of the need for diversity	2012
4	Global	A global review of the Group's flexible work arrangements	2012
5	Global	Pay equity – a specific band level review will be undertaken across all countries to identify gender based remuneration gaps (if any) between employees performing comparable roles	2012
6	Australia / New Zealand	Integration of New Zealand into the "Connect" program (a mentoring and networking program for women executives) currently run in Australia	2012
7	Australia / New Zealand	Target 35% – 40% female representation across the Australian / New Zealand development and leadership programs	2 years – by end of 2013
8	Australia / New Zealand	A review of opportunities in non-traditional roles and where possible and practical, with a view to ensuring at least one woman is on the recruitment short list	2 years – by end of 2013
9	Australia / New Zealand	Target no less than 20% female representation in the Australian / New Zealand senior talent and succession plans	3 years – by end of 2014
10	United States	Continued sponsorship of the Real Estate Associate Program (a commercial real estate diversity program bringing the country's most talented minority professionals into the world of commercial real estate) with the aim of selecting qualified graduates into entry level management positions	2012 and ongoing
11	United States	Review of hiring processes with the intention of increasing the representation of a diverse candidate pool, including females	2012
12	United States	Succession planning reviews with the senior executive team with a focus on improved diverse representation and career planning for senior positions	2012
13	United Kingdom	Continued roll out of Westfield Foundational Leadership Program with a target female representation of 30%	2012
14	United Kingdom	Launch of a training and development program aimed at building management and leadership capability with a target female representation of 30%	2012

Female participation in Westfield's workforce

There are currently 2 women on the Group's Board being Professor Judith Sloan and Ms Ilana Atlas. Current gender balance across Westfield's workforce is as follows:

	Female	Male
All employees	49.1%	50.9%
Senior executives	17.0%	83.0%

Senior executives are executives holding the equivalent positions of General Managers, Divisional Directors and above.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 Audit and Compliance Committee

Composition

The primary function of the Westfield Group's Audit and Compliance Committee is to ensure that an effective internal control framework exists within the Group, through the establishment and maintenance of adequate internal controls to safeguard the assets of the business and to ensure the integrity and reliability of financial and management reporting systems.

The composition of the Audit and Compliance Committee of each of the Company, Westfield Management and Westfield America Management is identical so that each Committee has the same membership and, for all purposes, act as one "Westfield Group" Committee.

During the Financial Year, the Audit and Compliance Committee comprised the following members:

Name	Position held	Status
Fred Hilmer	Chairman	Independent Director
David Gonski	Member	Independent Director (retired 25 May 2011)
Stephen Johns	Member	Non-Executive Director
Brian Schwartz	Member	Independent Director

The Committee met 4 times during the Financial Year. Mr David Gonski retired from the Committee when he retired from the Board on 25 May 2011. The full Committee was in attendance at all meetings.

Compliance officers have been appointed for the Australian, United States, United Kingdom and New Zealand operations of the Group. Those officers are responsible for reviewing and monitoring the efficacy of compliance systems within the Group on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities and to report to the Audit and Compliance Committee on those matters.

Audit and Compliance Committee Charter

The objective of the Audit and Compliance Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

- reviewing the adequacy of, and, where necessary, questioning the action and judgment of management in relation to the Group's half-yearly and annual financial reports prepared for release to members, the ASX, regulators and to the public;
- reporting to the Board on the half-year and annual reports and financial statements of the Group;
- making recommendations regarding the appointment, remuneration, evaluation and removal of the Group's external auditor and reviewing and reporting to the Board on the adequacy, scope and quality of the annual statutory audit and half-year audit review and on the integrity and reliability of the financial statements;

– monitoring and reviewing the effectiveness of the Group's internal control environment, including the effectiveness of internal control procedures;
– monitoring and reviewing the reliability of financial reporting;
– monitoring and reviewing the compliance of the Group with applicable laws and regulations;
– monitoring and reviewing the scope of the internal audit function to ensure that its resources are adequate and used effectively, including the co-ordination of the internal and external audit functions; and
– monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Group.

The Audit and Compliance Committee meets with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Compliance Committee or the Chairman of the Board. The Audit and Compliance Committee reports to the Board after each Committee meeting and the minutes of each Audit and Compliance Committee meeting are included in the Board papers.

The internal and external auditors, the Group Chief Financial Officer and the Group Compliance Officer are invited to attend Audit and Compliance Committee meetings at the discretion of the Committee. At least annually, the Audit and Compliance Committee meets with the internal auditor and external auditors without management being present.

Charter of Non-Audit Services

The Board has adopted a Charter of Non-Audit Services. The purpose of this Charter is to ensure that the Group's external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of the Westfield Group. The Charter sets out the parameters under which the Group may engage the external auditor to provide certain non-audit services in order to safeguard the auditor's objectivity or independence.

The Westfield Group recognises that a high quality, independent statutory audit is fundamental to the maintenance of sound corporate governance and to the proper functioning of the capital markets. It is an integral part of the process of providing members with clear, comprehensive and reliable financial information. This Charter reflects the Group's desire to preserve the independence of the statutory audit process.

Under the terms of the Charter the lead audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every 5 years. A succession plan is required to be presented by the external auditor to the Committee for its approval, at least one year before the rotation is due to occur.

The Charter of Non-Audit Services also sets out some key requirements in the relationship between the external auditor and the Group and defines the scope and value of the non-audit services which may be provided by the external auditor to the Westfield Group without impacting the actual or perceived independence of the external auditor. The Charter also requires an annual confirmation by the external auditor regarding compliance with the terms of the Charter and a variety of other issues which impact the actual and perceived independence of the external auditor.

The Charter of Non-Audit Services appears in the corporate governance section of the westfield.com/corporate website.

4.2 Compliance Sub-Committee of the Audit and Compliance Committee

Under the Corporations Act, Westfield Management and Westfield America Management, as the responsible entities for Westfield Trust and Westfield America Trust respectively, are required to register a Compliance Plan with the Australian Securities and Investment Commission. The Compliance Plan outlines the measures which are to be applied by the responsible entity to ensure compliance with the Corporations Act and the respective Trust's Constitution.

The Compliance Sub-Committee (a sub-committee of the Audit and Compliance Committee) is responsible for monitoring the Group's compliance with the Compliance Plan and reports on its findings to the Board through the Audit and Compliance Committee. The Sub-Committee also receives reports on compliance with relevant Anti-Money Laundering legislation. Minutes of each Compliance Sub-Committee meeting are included in the papers considered by the Audit and Compliance Committee and the Board.

The members of the Compliance Sub-Committee are Mr John Studdy AM (Chairman) and Mr Stephen Johns.

The Sub-Committee met four times during the Financial Year. Both members of the Sub-Committee attended all of the meetings.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Continuous Disclosure and Communications Policy

The Westfield Group's Continuous Disclosure and Communications Policy underlines the Group's commitment to ensuring that the Group's members and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Westfield Group securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Group. The Group is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The Policy also outlines how the Group identifies and disseminates information to members and the market generally.

The Continuous Disclosure and Communications Policy is published in the corporate governance section of the westfield.com/corporate website.

PRINCIPLE 6: RESPECT THE RIGHTS OF MEMBERS

6.1 Communications with Members

The Westfield Group is committed to providing members with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

The Group employs a wide range of communication approaches including direct communications with members, publication of all relevant company information in the Investor Services section of the westfield.com/corporate website, access to market briefings via webcasting and teleconferencing facilities.

The Group utilises its corporate website as a means of providing information to members and the broader investment community. A section of this website is dedicated to Westfield's investors. Media releases, investor presentations and interim and full year financial reports are available for review on the westfield.com/corporate website. These announcements, presentations and reports are placed on the website immediately after they have been released to the market. An archive of announcements, presentations and reports is retained on the website for at least 3 years. Members with access to email can elect to be placed on an email mailing list in order to be sent certain corporate information as it is released.

Also available for review on the westfield.com/corporate website are notices of members' meetings and explanatory documents issued by Westfield in respect of those meetings. These are retained on the website for at least 3 years. Annual General Meetings (AGMs) are broadcast live on the westfield.com/corporate website. A copy of the Chairman's address to the AGM, the AGM presentation and the results of voting on the items of business are posted to the website following the AGM.

Members are encouraged to attend the AGM held each year and to use these opportunities to ask questions and vote on important matters affecting the Group, including the election of Directors, the receipt of annual financial statements and the advisory vote on the remuneration report. The external auditor attends the AGM and is available to answer questions. Members may appoint proxies electronically through the westfield.com/corporate website.

The Group encourages members to access the Annual Report online to assist with the Group's commitment to the environment, as well as being more cost efficient. A printed copy of the Annual Report will only be sent to those members who have made an election to receive it. Otherwise members will be notified when the Annual Report is available to be accessed online at the westfield.com/corporate website. Members are also encouraged to provide the Group with their email addresses so that they can be notified when the Annual Report is available online and also to be kept updated on other member communications.

The Group works closely with its share registrar to monitor and review the potential to increase the use of electronic means of communicating with its investors.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Risk oversight and management and internal control

The responsibilities of the Board Risk Management Committee are detailed in the Board Risk Management Committee Charter, which is available in the corporate governance section of the westfield.com/corporate website.

The objective of the Committee is to assist the Board by monitoring and reviewing the corporate policies for identifying and managing relevant risks associated with the business of the Group and the adequacy of the Group's practices and procedures in implementing those policies. This involves monitoring and reviewing:

(a) in conjunction with management, the Group's policies regarding risk oversight and risk management which are incorporated in the Enterprise Risk Management Policy and Enterprise Risk Management Framework;

(b) the appropriateness of the Enterprise Risk Management Policy and internal control systems adopted by the Group;

(c) the Group's continuing processes for:

  (i) the identification of material occupational health and safety, financial, legal and operational risks associated with the conduct of the business of the Group;

  (ii) the maintenance of appropriate internal control systems designed to manage key risk areas;

  (iii) assessing the above matters in conjunction with management and the internal and external auditors; and

  (iv) monitoring and reporting against compliance with the Enterprise Risk Management Policy and Enterprise Risk Management Framework.

During the Financial Year, the composition of the Board Risk Management Committee was as follows:

Name	Position held	Status
Stephen Johns	Chairman*	Non-Executive Director
David Lowy	Chairman	Non-Executive Director (retired 25 May 2011)
John McFarlane	Member	Independent Director
Judith Sloan	Member	Independent Director (appointed 25 May 2011)

* Mr Johns was appointed Chairman following Mr David Lowy's retirement from the Board on 25 May 2011.

The Committee met 4 times during the Financial Year. Mr David Lowy retired from the Board on 25 May 2011 and attended 2 out of the 4 meetings. Mr McFarlane attended 3 out of 4 meetings. The rest of the Committee was in attendance at all meetings. Professor Judith Sloan was appointed to replace Mr David Lowy when he retired from the Committee in May 2011.

On 14 February 2012 Mr McFarlane retired from the Committee. Ms Ilana Atlas was appointed to replace Mr McFarlane on the Committee.

The Charter of the Board Risk Management Committee appears in the corporate governance section of the westfield.com/corporate website.

Operating a vertically integrated shopping centre group undertaking ownership, construction, funds and asset management, property management, leasing and marketing inevitably involves risks of various kinds. Westfield's objective is to ensure that those business risks are identified and assessed and that, where it is practical and economic, steps are taken to mitigate the impact of any risk which may eventuate.

The Group regards risk management as an essential element in its management processes with linkages to every aspect of the Group's business including health and safety issues in respect of employees, contractors and visitors, the acquisition of new shopping centres, development of existing centres, expansion into new markets, relationships with major tenants and suppliers, and treasury and capital management activities.

Westfield's approach to risk management involves:

– pro-actively identifying risk;

– properly assessing and making informed decisions on risk issues;

– ensuring that sound risk management issues are in place; and

– reviewing, as part of its regular business processes, the operation and adequacy of its risk management systems and the assumptions which dictate those systems.

Risk management at Westfield is aimed at managing the level of risk within parameters which are acceptable to the Group, rather than seeking to eliminate all risks. Westfield's risk management systems promote the need for informed and measured decision making on risk issues based on a systematic approach to risk identification, assessment, control, review and reporting.

The Westfield Group Board has adopted an Enterprise Risk Management Policy which is a general statement of the Group's philosophy with respect to risk management practices. The policy states the responsibilities of various stakeholders including the Board, various committees and executives generally. The Enterprise Risk Management Policy operates in conjunction with the Enterprise Risk Management Framework (also adopted by the Board) which outlines the framework adopted by the Group to identify, assess, manage and monitor the various risks inherent in the Group's business.

The framework is supported by processes to provide for the identification, assessment and management of risks. In particular:

(a) risk profiles have been created with respect to each risk detailing current controls and planned improvements in those controls;

(b) each risk profile is reviewed as part of the budget process or more frequently if a change in circumstance occurs which materially impacts on the Group's assessment of the identified risk;

(c) planned process improvements are noted in an action register and followed up to ensure appropriate action is taken; and

(d) regular reviews of these processes are undertaken by the Group's risk management and internal audit functions.

7.2 Management of material business risks

In addition to the Board Risk Management Committee, the Board has delegated specific risk related responsibilities to the Executive Risk Management Committee which comprises the Group Chief Financial Officer, the Group General Counsel, the Deputy Group Chief Financial Officer, the Chief Operating Officers for each country in which the Group operates and the Chief Risk Officer.

This committee is responsible for:

(a) assisting in the formulation of all aspects of the risk management process to be adopted by the Group;

(b) overseeing the implementation of the Group's policies and procedures by management by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the business processes of the Group;

(c) ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process as between the Group's management in the various jurisdictions; and

(d) implementing appropriate systems for confirming compliance with all relevant laws and other regulatory obligations are complied with and for ensuring that the risk management processes of the Group are such that the Co-Chief Executive Officers and the Chief Financial Officer are able to give the certifications required to be given in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Executive Risk Management Committee reports to the Board, through the Board Risk Management Committee, on the effectiveness of the Group's management of its material risks.

7.3 Co-Chief Executive Officers and Chief Financial Officer Assurance

The Co-Chief Executive Officers and the Group Chief Financial Officer are required to confirm in writing to the Board, at the time the financial statements are being considered for approval by the Board, that in all material respects:

(a) the financial statements present a true and fair view; and

(b) that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and

(c) that the Group's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management, the Audit and Compliance Committee and the Board Risk Management Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Compliance and Board Risk Management Committees.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

The Group's remuneration policy is designed to attract and retain high calibre directors and senior executives capable of meeting the specific management needs of the Group.

The Group's current remuneration objectives and policies regarding determination of base pay, the short term variable bonus and long term equity linked incentives are explained in the Remuneration Report which forms part of the Directors' Report.

Details of the remuneration of all Directors, Key Management Personnel and the 5 senior executives receiving the highest remuneration within the Group are also set out in the Remuneration Report section of the Directors' Report.

8.1 Remuneration Committee

During the Financial Year, the composition of the Remuneration Committee was as follows:

Name	Position held	Status
Fred Hilmer	Chairman	Independent Director
Roy Furman	Member	Independent Director
David Gonski	Member	Independent Director (retired 25 May 2011)
Mark Johnson	Member	Independent Director (appointed 25 May 2011)

The Committee met three times during the Financial Year. Mr David Gonski retired from the Board on 25 May 2011 and attended one meeting of the Committee. The full Committee was in attendance at all meetings.

The objective of the Committee is to assist the Board in establishing remuneration policies and practices which:

(a) enable the Group to attract and retain executives and Directors who will create sustainable value and returns for members and other stakeholders;

(b) fairly and responsibly reward executives and Directors, having regard to the performance of the Group, the executive and the external compensation environment; and

(c) comply with all relevant legislation and regulations including the ASX Listing Rules and the Corporations Act.

The Charter of the Remuneration Committee may be viewed on the corporate governance section of the westfield.com/corporate website.

The responsibilities of the Remuneration Committee include:

(a) determining and reviewing remuneration policies to apply to members of the Board and to executives within the Group;

(b) determining the specific remuneration packages for Executive Directors (including base pay, incentive payments, equity linked plan participation and other contractual benefits);

(c) reviewing contractual rights of termination for members of the senior executive team;

(d) reviewing and approving the policy for participation by senior executives in equity-linked plans;

(e) reviewing and approving management's recommendations of the total proposed awards to be issued under each plan; and

(f) administering the equity-linked plans as required in accordance with the rules of the plans.

8.2 Remuneration

A comprehensive review of the remuneration of the Directors, Key Management Personnel and the 5 highest paid executives in the Group is contained in the Remuneration Report at pages 30 to 60 of the Directors' Report.

ASX CORPORATE GOVERNANCE COUNCIL

Corporate Governance Principles and Recommendations

	ASX Principle	Reference*	Comply (Y/N)
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Corporate Governance Statement – section 1.1	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Corporate Governance Statement – sections 1.2 and 1.3	Y
1.3	Companies should provide the following information:		
	– an explanation of any departure from Recommendations 1.1, 1.2 or 1.3;	N/A	
	– whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.	Corporate Governance Statement – section 1.3	Y
	A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	The Board Charter can be found at westfield.com/corporate	Y
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	Corporate Governance Statement – section 2.1	Y
2.2	The chairperson should be an independent director.	Corporate Governance Statement – section 2.2	N
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Corporate Governance Statement – section 2.2	N
2.4	The board should establish a nomination committee.	Corporate Governance Statement – section 2.3	Y
	The nomination committee should be structured so that it:		
	– consists of a majority of independent directors;		Y
	– is chaired by an independent director;		N
	– has at least three members.		Y
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Corporate Governance Statement – section 2.3	Y
2.6	Companies should provide the following information in the corporate governance statement of the annual report:	Corporate Governance Statement	
	– the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	Section 2.1 – cross reference to Directors' biographies	Y
	– the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	Section 2.1	Y
	– the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships;	Section 2.1	Y
	– a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Section 2.3	Y
	– the period of office held by each director in office at the date of the annual report;	Section 2.1	Y
	– the names of members of the nomination committee and their attendance at meetings of the committee;	Section 2.3	Y
	– whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed;	Section 2.3	Y
	– an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	Section 2.2	
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors;	Section 2.3	Y
	– the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee;	The charter of the Nomination Committee can be found at westfield.com/corporate	Y
	– the board's policy for the nomination and appointment of directors.	Section 2.3	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

Corporate Governance Principles and Recommendations

	ASX Principle	Reference*	Comply (Y/N)
Principle 3:	**Promote ethical and responsible decision making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Corporate Governance Statement – section 3.1 The Directors' Code of Conduct can be found at westfield.com/corporate	Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Statement – section 3.2 The Diversity policy can be found at westfield.com/corporate	Y
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board In accordance with the diversity policy and progress towards achieving them.	Statement – section 3.2 The Diversity policy can be found at westfield.com/corporate	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Statement – section 3.2 The Diversity policy can be found at westfield.com/corporate	Y
3.5	Companies should provide an explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report.	N/A	
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – any applicable code of conduct or a summary; and – the diversity policy or a summary of its main provisions.	The Directors Code of Conduct and the Diversity policy can be found at westfield.com/corporate	Y
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee.	Corporate Governance Statement – section 4.1	Y
4.2	The audit committee should be structured so that it:		
	– consists only of non-executive directors;	Corporate Governance Statement – section 4.1	Y
	– consists of a majority of independent directors;		Y
	– is chaired by an independent chair, who is not chair of the board;		Y
	– has at least three members.		Y
4.3	The audit committee should have a formal charter.	Corporate Governance Statement – section 4.1	Y
4.4	Companies should provide the following information:		
	– the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee;	Corporate Governance Statement – section 4.1	Y
	– the number of meetings of the audit committee;		Y
	– explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.	N/A	
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – the audit committee charter; – information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	The Audit and Compliance Committee Charter and the Charter of Non-Audit Services can be found at westfield.com/corporate	Y Y
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Corporate Governance Statement – section 5.1	Y
5.2	An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.	N/A	
	The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	Reference*	Comply (Y/N)
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Corporate Governance Statement – section 6.1	Y
6.2	An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.	N/A	
	The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	Y
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Corporate Governance Statement – section 7.1	Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Corporate Governance Statement – section 7.2	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system or risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Corporate Governance Statement – section 7.3	Y
7.4	The following material should be included in the corporate governance statement in the annual report:		
	– an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4;	N/A	
	– whether the board has received the report from management under Recommendation 7.2;	Corporate Governance Statement – sections 7.2 and 7.3	Y
	– whether the board has received assurance form the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.		Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – a summary of the company's policies on risk oversight and management of material business risks.	The Charter of the Board Risk Management Committee can be found at westfield.com/corporate	Y
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	Corporate Governance Statement – section 8.1	Y
8.2	The remuneration committee should be structured so that it:	Corporate Governance Statement – section 8.1	Y
	– consists of a majority of independent directors;		Y
	– is chaired by an independent director;		Y
	– has a least three members.		Y
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Corporate Governance Statement – section 8.2 and cross reference to Remuneration Report	Y
8.4	The following material or a clear cross reference to the location of the material should be included in the corporate governance statement in the annual report:		
	– the names of the members of the remuneration committee and their attendance at meetings of the committee;	Corporate Governance Statement – section 8.2	Y
	– the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors;	Remuneration Report N/A	
	– an explanation of any departures from Recommendations 8.1, 8.2, or 8.3.	N/A	
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that at committee;	The Charter of the Remuneration Committee	Y
	– a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	and the Hedging of Executive Awards and Performance Rights Policy can be found at westfield.com/corporate	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

Investor Relations

Westfield Group is listed on the Australian Securities Exchange (ASX) under the code "WDC".

Please visit our website at *www.westfield.com/corporate* for a variety of investor information on the Group.

For ease of navigation, the site map information below has been reorganised by subject.

Westfield Group Website – Site Map

About Westfield Group

- Group overview
- Board of Directors
- Senior Management
- Corporate Governance
- Environment & Community
- Corporate offices
- History

Corporate News

- Announcements
- Presentations & Briefings
- Annual Reports
- Financial Results
- Calendar

Property Portfolio

- Australia
- New Zealand
- United Kingdom
- United States

Investor Services

- Security Price
- WDC Securityholding Information
- Guide for New Investors
- American Depositary Receipt Program (ADR)
- Frequently Asked Questions
- Register for E-News
- Contact Investor Services

Careers

- Australia
- New Zealand
- United Kingdom
- United States

Electronic Information

By becoming an electronic investor and registering your email address, you can receive via email Group news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Secure Access to Your Securityholding

Details 24 Hours a Day.

Online – you can go to *www.westfield.com/corporate/investor-services* to access your securityholding information as well as extensive information on the Group including the latest media releases, result announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

Phone – you can confirm your holding balance, request forms and access distribution and trading information by phoning:

1300 132 211 or call +61 3 9415 4070 (outside Australia) then, pressing 1.

You will be asked to enter your Holder Number (SRN/HIN).

Westfield Group securities

A Westfield Group stapled security comprises:

- 1 Westfield Holdings share;
- 1 Westfield Trust unit;
- 1 Westfield America Trust unit;

and trade together as one security.

Establishment of Westfield Retail Trust

In December 2010, the proposal to establish and separately list Westfield Retail Trust (ASX Code "WRT") was approved by securityholders. This was effected by a pro-rata distribution of units in the Trust to members of the Group, equating to a capital distribution to members of $7.3 billion.

Details of the income tax and capital gains tax consequences of the establishment of Westfield Retail Trust can be obtained at: *www.westfield.com/corporate/investor-services/wdc-securityholding-information/establishment-of-westfield-retail-trust.html*

For further information about Westfield Retail Trust please visit *www.westfieldretailtrust.com.*

Westfield Group Distribution Details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2011 year distributions are provided in the table below. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from *www.westfield.com/corporate/investor-services* or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding-information* and by clicking on "your online Securityholding Details".

Distribution Reinvestment Plan (DRP)

Currently the Group's DRP is suspended until further notice.

A copy of the Westfield Group DRP Plan Rules and DRP Application Form can be downloaded from *www.westfield.com/corporate/investor- services* or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote).

	Ordinary Securities (Cents per Security)
Dividends/distributions for the year ended 31 December 2011	48.40
Interim dividend/distribution for the six months ended 30 June 2011 paid on 31 August 2011	**24.20**
Dividend in respect of a Westfield Holdings share	n/a
Distribution in respect of a Westfield Trust unit	15.20
Distribution in respect of a Westfield America Trust unit	9.00
Final dividend/distribution for the six months ended 31 December 2011 paid on 29 February 2012	**24.20**
Dividend in respect of a Westfield Holdings share	n/a
Distribution in respect of a Westfield Trust unit	17.45
Distribution in respect of a Westfield America Trust unit	6.75

Note:
The DRP was suspended for the June 2011 and December 2011 Distributions.

Tax File Number (TFN)
You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 46.5% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding- information* and by clicking on "your online Securityholding Details".

Annual Tax Statement and 2012 Tax Guide
The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Copies of historic statements are also available at: *www.westfield.com/corporate/investor-services.*

Unpresented Cheques & Unclaimed Funds
Westfield is required to remit to the NSW Office of State Revenue amounts greater than $100 held in an account that has been inactive for at least 6 years. If you believe that you have unpresented cheques you should contact the Registry which will be able to check the Group's records and assist you in recovering any funds. Checks can be done for the last 7 years. For any enquiries beyond 7 years, you will need to contact the NSW Office of State Revenue (*www.osr.nsw.gov.au*) to check for unclaimed moneys.

Australian Capital Gains Tax Considerations
A Westfield Group stapled security comprises three separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. one possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative Net tangible Assets (NTA) of entities in Westfield Group	30 Jun 11	31 Dec 11
Westfield Holdings	3.96%	3.58%
Westfield Trust	68.32%	68.50%
Westfield America Trust	27.72%	27.92%

American Depositary Receipts (ADR)
Westfield Group has an established ADR program providing a tradeable security in the United States.

Details of the ADR program are available on our website at: *www.westfield.com/corporate/investor-services/american-depositary-receipts*.

Contact Details
All changes of name, address, tax file number, payment instructions and document requests should be passed to the Registry or alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding-information* and by clicking on "your online Securityholding Details".

Principal Share Registry
Computershare Investor Services P/L
GPO Box 2975
Melbourne VIC 3001
Telephone 1300 132 211
International +61 3 9415 4070
Facsimile +61 3 9473 2500
web.queries@computershare.com.au

All other queries are best directed to Westfield Group Investor Relations:

Level 30, 85 Castlereagh Street
Sydney NSW 2000, Australia
GPO Box 4004
Sydney NSW 2001
Telephone +61 2 9358 7877
Facsimile +61 2 9358 7881
investor@au.westfield.com
www.westfield.com/corporate

Investor Feedback
If you have any complaints or feedback, please direct these in writing to Westfield Group Investor Relations at GPO Box 4004, Sydney NSW 2001.

Westfield Group Calendar
February
- Full Year results released
- Distribution for 6 months ending December

March
- Annual Report released

May
- 1st Quarter Update
- Annual General Meeting

July
- Annual Tax Statements released

August
- Half Year results released
- Distribution for the 6 months ending June

November
- 3rd Quarter Update

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2011

Twenty Largest Holders of Stapled Securities in Westfield Group*

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

* Ordinary shares in Westfield Holdings Ltd were stapled to units in Westfield Trust and Westfield America Trust as part of the Merger.

The stapled securities trade on the Australian Securities Exchange under the code WDC.

Voting Rights

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

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

Distribution Schedule

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

As at 29 February 2012, 5,093 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

The number of options on issue include options on issue by each of the Company, Westfield Trust and Westfield America Trust.

Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities.

* In addition, there are 27,661,209 options on issue to four subsidiaries of the Company. Due to the stapling structure of the Westfield Group, these options could not be exercised by these subsidiaries. The total number of options on issue at 29 February 2012 is 27,661,209.

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

Substantial Securityholders

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

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

Directory

Westfield Group
Westfield Holdings Limited
ABN 66 001 671 496

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

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

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

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

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

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

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

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

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

Secretaries
Simon J Tuxen
Maureen T McGrath

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

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

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

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

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

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

Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

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

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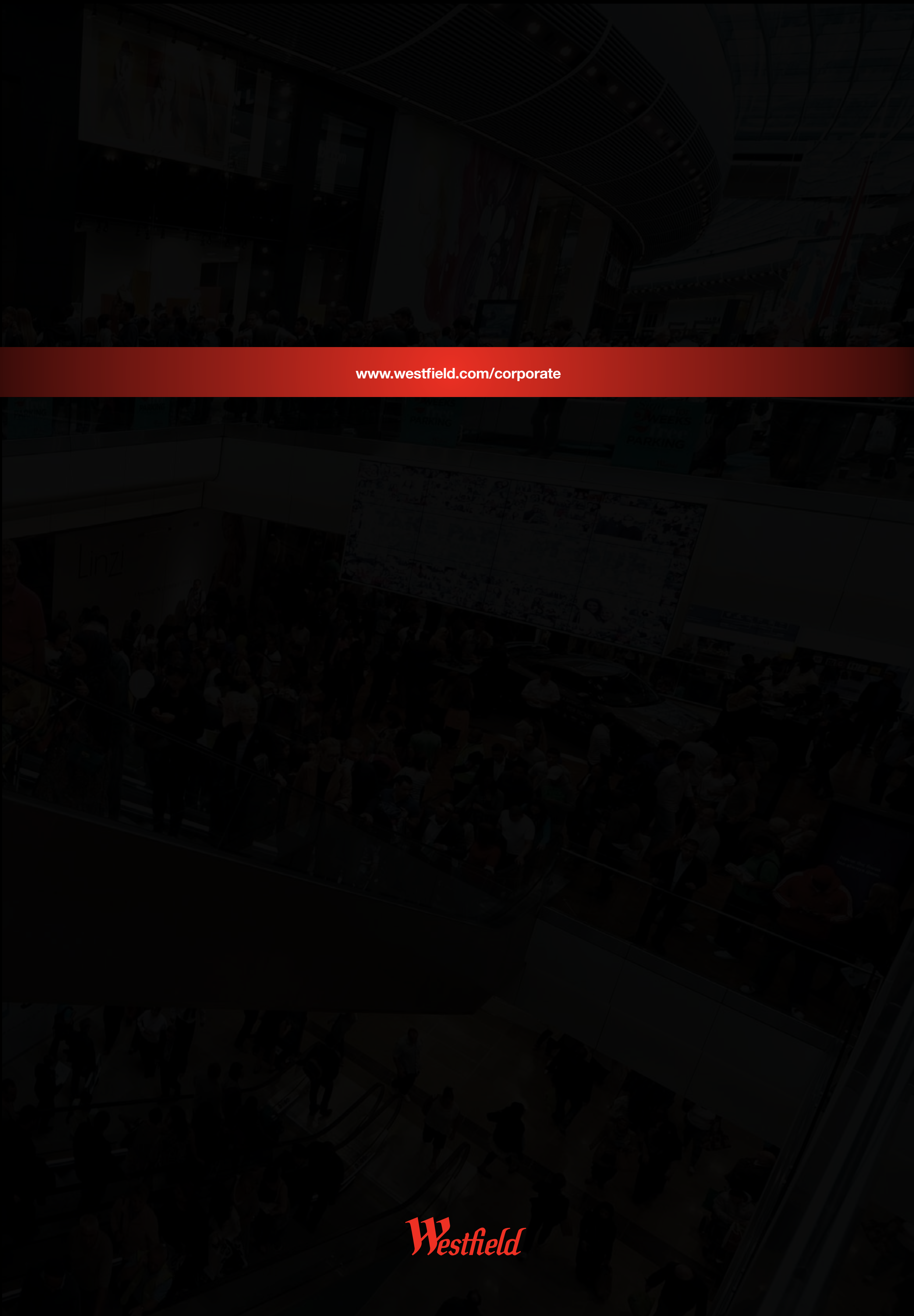

www.westfield.com/corporate