26 February 2014

Westfield Group
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Australia

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

Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
FULL YEAR RESULTS FOR YEAR ENDED 31 DECEMBER 2013

Please find attached the following in relation to the Westfield Group for the year ended 31 December 2013:

1. Appendix 4E (including "Results for announcement to the market information" at page 1 of the attached pack);

2. Media Release; and

3. 2013 Annual Financial Report for the Westfield Group.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

Westfield Group [1] : Appendix 4E

For the year ended 31 December 2013 [2]

(previous corresponding period being the year ended 31 December 2012)

Results for Announcement to the Market

Funds From Operations (FFO) - Earnings per stapled security (cents)	up	2.3%	to	66.51
Revenue ($million)	up	7.4%	to	2,385.1
AIFRS profit after tax attributable to members of the Westfield Group ($million)	down	6.7%	to	1,602.7

Distributions

				Cents per Westfield Group stapled security
Dividend/distributions for the year ended 31 December 2013	up	3.0%	to	**51.00**
Final dividend/distributions to be paid on 28 February 2014 comprising:				**25.50**
- dividend in respect of a WHL share				7.92
- distribution in respect of a WT unit				9.74
- distribution in respect of a WAT unit				7.84
Interim dividend/distributions paid on 30 August 2013 comprising:				**25.50**
- distribution in respect of a WT unit				4.00
- distribution in respect of a WAT unit				21.50

The aggregate full year distributions in respect of WT and WAT units are expected to be approximately 20% tax deferred (WT: 0% tax deferred, WAT: 27% tax deferred). The taxable amount in respect of WT's distributions include discount capital gains of $33 million or 11% ($66 million or 22% before CGT discount) of the aggregate full year WT cash distributions. The dividend to be paid by WHL is 100% franked at the 30% company tax rate.

The record date for determining entitlements to the final distribution was 5pm, 13 February 2014 and the distribution will be paid on 28 February 2014. The distribution reinvestment plan is not operational for this distribution.

Additional information

The annual general meeting will be held on 29 May 2014. Commentary on the results is contained in the attached Annual Financial Report and the results presentation released to the ASX. The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report.

[1] The Westfield Group comprises Westfield Holdings Limited ABN 66 001 671 496 (WHL); Westfield Trust ARSN 090 849 746 (WT) and Westfield America Trust ARSN 092 058 449 (WAT).

[2] It is recommended that the Annual Financial Report be considered together with any public announcements made by the Westfield Group during the financial year.

26 February 2014

MEDIA RELEASE

WESTFIELD GROUP REPORTS FULL YEAR PROFIT WITH FUNDS FROM OPERATIONS AND DISTRIBUTION IN LINE WITH FORECAST

The Westfield Group (ASX:WDC) today announced its full year results to 31 December 2013 with AIFRS profit of $1.60bn and Funds from Operations (FFO) of $1.44bn. FFO per security was in line with forecast at 66.5 cents, up 2.3% on the prior year and included the impact of asset divestments and securities buyback completed during the year.

Distribution for the 12 months was $1.08bn or 51.0 cents per security, an increase of 3.0% and also in line with forecast. Return on contributed equity for the year was 11.8%, up from 11.4% in 2012.

Westfield Group Co-CEOs, Peter Lowy and Steven Lowy AM said: “We are pleased with the results for the year which reflect the solid performance of the portfolio with each market showing high productivity with growth in specialty sales and comparable net operating income.

“Our focus is on creating and owning world leading retail destinations. During the year we successfully continued the strategic repositioning of the Group by divesting non-core assets, introducing further joint ventures, investing in our development activity and announcing the acquisition of the remaining 50% interest in the Westfield World Trade Center in New York. Our business is in a strong position in each of the markets we operate.”

In December 2013, WDC announced a restructure proposal to split the Group’s Australia/NZ business from its international business thereby creating two pre-eminent, separate and fully integrated retail property groups.

As part of that proposal, WDC’s Australia/NZ business will merge with Westfield Retail Trust (WRT) to form Scentre Group. WDC’s international business will become Westfield Corporation. The proposal is subject to the approval of both WDC and WRT securityholders.

“WDC’s international business and its Australian/NZ business have both grown in scale and quality to the stage where they can now stand on their own. We believe that the restructure positions the new entities for better growth and thereby provides securityholders of both WDC and WRT with better long term returns,” Peter Lowy said.

The proposal has the unanimous support of the WDC Board and the independent directors of WRT. Consistent with the timetable outlined in December 2013, the Explanatory Memorandum is expected to be available in late April 2014 ahead of the securityholders meeting to consider the proposal which is expected to be held in late May 2014.

Operational Performance

Net property income for the year was $2.0bn, consistent with the prior year. Adjusting for the asset divestments during 2012 and 2013, net property income increased 8%.

Management fee income for the 12 months increased by 9% to $140m and project income increased 5% to $204m.

For the 12 months, comparable property net operating income in the United States was up 4.7%, the United Kingdom up 4.3% and Australia up 2%.

At 31 December 2013 the portfolio in the United States was 94.5% leased, up 60 basis points on the prior year, with the United Kingdom at 99.3% and the Australian/NZ portfolio remaining over 99.5% leased.

WDC's international portfolio achieved specialty sales productivity of US$667 per square foot and WDC's Australian portfolio achieved specialty sales productivity of $9,901 per square metre. Comparable specialty retail sales for the year were up 5.7% in the United States, up 3.2% in the United Kingdom, up 0.4% in New Zealand and up 1.4% in Australia.

"Our Australian business and platform has proved highly resilient, due to the high quality of the portfolio with excellent sales productivity, almost full occupancy and continued growth in average rents and net property income. It is pleasing to note the improvement in retail sales growth with comparable specialty sales up 3% in the December quarter and up 4% in January 2014," Steven Lowy said.

In the United Kingdom, the strong performance of Westfield London and Stratford City continued with combined annual sales of almost £2.0 billion, an increase of 3.1% for the year.

The Group's digital strategy, at Westfield Labs, forms an integral part of WDC's broader objective of better connecting retailers and consumers and enhancing the overall shopping and entertainment experience. During the year, digital initiatives included piloting interactive digital storefronts and same day delivery in the US and introducing seamless express parking in London as well as launching the searchable mall capability in Australia.

Development Activity

The Australia/NZ business continued to make good progress on the $4.9bn (Group share: $1.3bn) of current and future projects. $1.9bn of current projects (Group share: $300m) includes Miranda in Sydney and Mt Gravatt in Brisbane. In early 2014, works commenced at Pacific Fair in Queensland, on behalf of AMP Capital.

The future development pipeline for Australia/NZ of $3.0bn (Group share: $1.0bn) includes major projects at Warringah in Sydney, Chermside in Brisbane and Marion in Adelaide.

The Group's international business also continued to make good progress on current and future projects. Current projects include Garden State Plaza in New Jersey and Montgomery in Maryland. In 2014, works have already commenced at Bradford in the United Kingdom, on behalf of Meyer Bergman, and WDC expects to commence the US$250m development of The Village at Topanga in Los Angeles.

The future development pipeline for the international business of US$9.0bn (Group share: US$4.0bn) includes landmark developments at Croydon in London and Milan in Italy together with the expansion of Westfield London, and the redevelopments of Century City, Valley Fair and UTC in California.

During the year, WDC announced it would increase its ownership in the retail development of Westfield World Trade Center in New York, from 50% to 100%. The project is expected to open in 2015.

"We see the key trends of the expansion of luxury and high street brands, together with the integration of food, fashion and entertainment experiences, combined with the greater use of digital technology will be brought together in our existing centres and future redevelopments," Steven Lowy said.

The Group's development activity is expected to result in earnings accretion and create significant long term value. The target unlevered internal rates of return for the development projects is between 12% - 15%.

Transactions and Capital Management

During 2013, the Group completed a number of strategic transactions including establishing a US$1.28bn joint venture over a portfolio of six existing malls in the US, formed a joint venture for the redevelopment of Croydon, divested seven non-core malls in the United States for US$1.64bn and disposed the joint venture interests in Brazil and Karrinyup in Australia.

The Group bought back 150.3m securities in 2013, with a total of 230.9m securities acquired, representing 10% of securities on issue prior to the commencement of the buyback in 2012. The securities were bought back for $2.43bn representing an average price of $10.53 per security.

During the year, WDC raised and extended $4bn of debt facilities. WDC has total assets of $37.2bn, a gearing ratio of 35.8%, interest cover of 3.9 times and available liquidity of $4.3bn.

WDC's assets under management at 31 December 2013 were $70.0bn, a $5.6bn increase from December 2012.

Outlook

The Group confirms its 2014 forecast for FFO, prior to the restructure proposal, of 68.6 cents per security. This would represent an increase of 3.2% and takes into account the full year impact of the asset divestments and buyback completed during 2013. The forecast assumes no capital transactions or material change in foreign currency exchange rates.

The distribution forecast for 2014, prior to the restructure proposal, is 52.5 cents per security, up 3% from 2013.

As part of the proposal announcement, WDC announced forecast pro forma FFO for 2014 of: -

- **Scentre Group** – 21.5 cents per security
- **Westfield Corporation** – US39.8 cents per security

The combined FFO forecast for Scentre Group and Westfield Corporation equates to 70.5 cents per equivalent WDC security for 2014, representing an increase of 6% on WDC's FFO per security for 2013.

ENDS

The Westfield Group (ASX Code: WDC) is an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing approximately 4,000 staff worldwide. The Westfield Group has interests in and operates one of the world's largest shopping centre portfolios with investment interests in 90 shopping centres across Australia, the United States, the United Kingdom and New Zealand, encompassing over 20,500 retail outlets and total assets under management of $70bn.

Westfield Group
Annual Financial Report
31 December 2013

Westfield Holdings Limited ABN 66 001 671 496

Annual Financial Report

WESTFIELD GROUP [1]

For the Financial Year ended 31 December 2013

Contents

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

Directors' Report

The Directors of Westfield Holdings Limited (Company) submit the following report for the period from 1 January 2013 to 31 December 2013 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

We are pleased to report on the performance of the Group with the results highlighting the benefits of the continued implementation of the Group's strategic plan, focused on creating and owning world leading retail destinations and positioning the Group to generate greater shareholder value.

Profit after tax, funds from operations and distribution for the period [(1)]

	31 Dec 13 $million	31 Dec 12 $million
Net property income	**1,917.3**	1,932.8
Net project and management income	**344.3**	321.7
Overheads	**(207.7)**	(224.2)
Currency gain/(loss)	**29.0**	24.3
Financing costs	**(508.1)**	(443.8)
Interest on other financial liabilities	**(106.6)**	(107.4)
Mark to market of derivatives, preference shares and property linked notes	**(276.7)**	(319.0)
Gain/(loss) in respect of capital transactions	**(126.5)**	(41.2)
Property revaluations	**863.9**	820.3
Tax expense	**(307.6)**	(204.6)
Profit after tax	**1,621.3**	1,758.9
Adjusted for:		
Property revaluations	**(863.9)**	(820.3)
Amortisation of tenant allowances	**82.5**	74.8
Mark to market of derivatives, preference shares and property linked notes	**276.7**	319.0
(Gain)/loss in respect of capital transactions	**126.5**	41.2
Deferred tax expense	**205.4**	109.8
Funds from operations attributable to external non controlling interests	**(10.5)**	(9.7)
Funds from operations (FFO) [(2)]	**1,438.0**	1,473.7
Less: amount retained	**(358.2)**	(365.7)
Dividend/distributions	**1,079.8**	1,108.0
FFO per security	**66.5**	65.0
Dividend/distribution per security	**51.0**	49.5

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

(2) FFO is a widely recognised measure of the performance of real estate investments groups by the property industry and is an important measure of operating performance of the Group.

The results for the year reflect the continued solid performance from the portfolio with each market showing high productivity with growth in specialty sales and comparable net operating income.

Our focus is on creating and owning world leading retail destinations. During the year we successfully continued the strategic repositioning of the Group by divesting non-core assets, introducing further joint ventures, investing in our development activity and announcing the acquisition of the remaining 50% interest in the Westfield World Trade Center in New York. Our business is in a strong position in each of the markets we operate.

The Group achieved a net profit for the year of $1.60 billion and Funds from Operations (FFO) of $1.44 billion. FFO per security was in line with forecast at 66.5 cents, up 2.3% on the prior year and included the impact of asset divestments and securities buyback completed during the year.

Distribution for the 12 months was $1.08 billion or 51.0 cents per security, an increase of 3.0% and also in line with forecast. Return on contributed equity for the year was 11.8%, up from 11.4% in 2012.

In December 2013, the Group announced a restructure proposal to split the Group's Australia/NZ business from its international business thereby creating two pre-eminent, separate and fully integrated retail property groups.

As part of that proposal, the Westfield Group's Australia/NZ business will merge with Westfield Retail Trust (WRT) to form Scentre Group. The Group's international business will become Westfield Corporation. The proposal is subject to the approval of both WDC and WRT securityholders.

The Group's international business and its Australian/NZ business have both grown in scale and quality to the stage where they can now stand on their own. We believe that the restructure positions the new entities for better growth and thereby provides securityholders of both WDC and WRT with better long term returns.

The proposal has the unanimous support of the WDC Board and the independent directors of WRT. Consistent with the timetable outlined in December 2013, the Explanatory Memorandum is expected to be available in late April 2014 ahead of the securityholders meeting to consider the proposal which is expected to be held in late May 2014.

The announcement can be accessed on the Group's website at www.westfield.com/corporate

The proposal, which is subject to regulatory approval and securityholder approval, will be implemented primarily by a court ordered scheme of arrangement of Westfield Holdings Limited and amendments to the constitutions of the Westfield Group and those of Westfield Retail Trust. The conditions precedent to implementation of the proposal are set out in the announcement dated 4 December 2013.

In this annual report, the proposal is referred to as the Proposed Restructure.

The Directors' Report relates to the strategy and operations of the Westfield Group for the Financial Year. Details of the proposed strategies and operations of Scentre Group and Westfield Corporation will be set out in the Securityholder booklets in relation to the proposal.

Operating Environment

Net property income for the year was $2.0 billion, consistent with the prior year. Adjusting for the asset divestments during 2012 and 2013, net property income increased 8%.

Management income for the 12 months increased by 9% to $140 million and project income increased 5% to $204 million.

For the 12 months, comparable property net operating income in the United States was up 4.7%, the United Kingdom up 4.3% and Australia up 2%.

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Our Australian business and platform has proved highly resilient, due to the high quality of the portfolio with excellent sales productivity, almost full occupancy and continued growth in average rents and net property income. It is pleasing to note the improvement in retail sales growth with comparable specialty sales up 3% in the December quarter and up 4% in January 2014.

In the United Kingdom, the strong performance of Westfield London and Stratford City continued with combined annual sales of almost £2.0 billion, an increase of 3.1% for the year.

The Group's digital strategy, at Westfield Labs, forms an integral part of WDC's broader objective of better connecting retailers and consumers and enhancing the overall shopping and entertainment experience. During the year, digital initiatives included piloting interactive digital storefronts and same day delivery in the US and introducing seamless express parking in London as well as launching the searchable mall capability in Australia.

Transactions and Capital Management

During 2013, the Group completed a number of strategic transactions including establishing a US$1.28 billion joint venture over a portfolio of six existing malls in the US, formed a joint venture for the redevelopment of Croydon, divested seven non-core malls in the United States for US$1.64 billion as well as disposed of joint venture interests in Brazil and Karrinyup in Australia.

The Group bought back 150.3 million securities in 2013, with a total of 230.9 million securities acquired, representing 10% of securities on issue prior to the commencement of the buyback in 2012. The securities were bought back for $2.43 billion representing an average price of $10.53 per security.

During the year, the Group raised and extended $4 billion of debt facilities including, $2.1 billion of bilateral bank facilities and US$1.7 billion of secured mortgages. The Group also repurchased US$1.8 billion of 144A fixed rate bonds from the proceeds of asset divestments. As a result, the Group currently has no debt maturing until 2015.

The Westfield Group has total assets of $37.2 billion, a gearing ratio of 35.8%, interest cover of 3.9 times and available liquidity of $4.3 billion.

The Group's assets under management at 31 December 2013 were $70.0 billion, a $5.6 billion increase from December 2012.

1.2 Principal Activities

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

1.3 Development Activity, Outlook, Strategy and Key Drivers

Development Activity

The Group's Australian/NZ business continued to make good progress on the $4.9 billion (Group share: $1.3 billion) of current and future projects. $1.9 billion of current projects (Group share: $300m) includes Miranda in Sydney and Mt Gravatt in Brisbane. In early 2014, works commenced at Pacific Fair in Queensland, on behalf of AMP Capital.

The future development pipeline for Australia/NZ of $3.0 billion (Group share: $1.0 billion) includes major projects at Warringah in Sydney, Chermside in Brisbane and Marion in Adelaide.

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The future development pipeline for the international business of US$9.0 billion (Group share: US$4.0 billion) includes landmark developments at Croydon in London and Milan in Italy together with the expansion of Westfield London, and the redevelopments of Century City, Valley Fair and UTC in California.

During the year, the Group announced it would increase its ownership in the retail development of Westfield World Trade Center in New York, from 50% to 100%. The project is expected to open in 2015.

We see the key trends of the expansion of luxury and high street brands, together with the integration of food, fashion and entertainment experiences, combined with the greater use of digital technology will be brought together in our existing centres and future redevelopments.

The Group's development activity is expected to result in earnings accretion and create significant long term value. The target unlevered internal rates of return for the development projects is between 12% – 15%.

Outlook

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The distribution forecast for 2014, prior to the restructure proposal, is 52.5 cents per security, up 3% from 2013.

As part of the proposal announcement, the Group announced forecast pro forma FFO for 2014 of: -

- **Scentre Group** – 21.5 cents per security
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The combined FFO forecast for Scentre Group and Westfield Corporation equates to 70.5 cents per equivalent WDC security for 2014, representing an increase of 6% on the WDC's FFO per security for 2013.

For the 2014 year we forecast comparable net operating income to grow in the range of:

- 2.0% – 2.5% for Australia
- 4.0% – 5.0% for the United States; and
- 10% – 11% for the United Kingdom.

Strategy and Key Drivers

The Westfield Group's strategy is to develop and own world leading retail destinations in major world cities by integrating food, fashion, leisure and entertainment using technology to better connect retailers with consumers. We aim to operate our shopping centres at the highest standards and efficiency to create assets that are highly productive, have strong franchise value and have the ability to attract the world's leading brands.

The Group's income for the year was driven primarily by net property income from its shopping centre ownership, property management income from co-owners in respect of property management services, project income from development and project management services and property revaluations that reflect the carrying value of the Group's property investments at fair value.

The Group's strategy is focused on enhancing return on contributed equity and long-term earnings growth through:

- Intensively managing and, where appropriate, redeveloping existing shopping centres;
- Diversifying income streams through the introduction of food, entertainment, lifestyle and leisure, enhancing the stability of cashflows;
- Integrating digital technology through Westfield Labs in San Francisco;
- Creating leading retail destinations in major world cities; and
- Efficiently managing the Group's capital position including disposing of non-core assets and entering into joint venture partnerships.

Intensive management and redevelopment of the Westfield Group's shopping centres

The Westfield Group concentrates on actively managing its shopping centres, developing strong relationships with retailers and providing a high standard of service to consumers while seeking to strictly control operating costs. The Group brands its shopping centres as "Westfield" and believes branding builds shopper recognition and loyalty across its global portfolio.

The Westfield Group's shopping centre management strategy includes undertaking initiatives to maximise income and capital growth by maintain high levels of occupancy, optimising the sales productivity of its retailers, increasing customer visits by providing a premium level of service and great customer experiences, and consistently seeking to improve the mix of tenancies within each centre. In addition, the Group has been focused on diversifying of income streams across its portfolio through the introduction of food, fashion, lifestyle and entertainment, enhancing the stability of cashflows. The Group's assets are highly productive, have strong franchise value and attract the world's leading retail brands.

The Group believes that redevelopment and expansion is a key element in improving the quality of the portfolio thereby ensuring the portfolio remains at the forefront of retail trends. The Group's development activities encompass all of the elements of development, design, construction and leasing and are focussed on creating world leading retail destinations. The Group's redevelopment activity is expected to result in earnings accretion and create long term value.

Acquisition opportunities in new and existing markets

The Group regularly evaluates and, where appropriate, undertakes acquisition opportunities in existing or new markets that it expects to create long term value for its security holders. The Group's acquisitions are focused creating leading retail destinations in major world cities.

In general, Westfield Group's investment criteria includes that the property have the potential to become a world class shopping centre, are located in areas with high incomes and strong demographic characteristics and are of a quality consistent with its existing portfolio. The Westfield Group also acquires sites that it believes offer the potential on which to develop world class shopping centres.

Recent acquisitions have included the Westfield World Trade Center, a flagship retail development in Lower Manhattan which is expected to be an iconic shopping, dining, cultural and entertainment destination, and the joint venture at Croydon in south London, a £1 billion redevelopment which will deliver a world class 200,000 square metre mixed use scheme.

Capital management

The Group's capital management strategy is focussed on investing capital in the acquisition and development of world class shopping centres in major world cities, positioning the Group to deliver sustainable earnings growth and enhancing our return on equity.

A key component of the strategy has involved efficient sourcing of capital in order to pursue operating objectives. This allows the Group to reduce invested capital in assets that no longer meet the Group's investment criteria. The Group has redeployed capital from the divestment of non-core assets and introduction joint venture partners into higher returning opportunities, improving long-term growth.

Over the last three years, Westfield has completed a number of major developments including Stratford City in the UK, Sydney, Fountain Gate and Carindale in Australia and UTC in the United States.

Westfield has also significantly rationalised its portfolio, divesting 29 non-core assets. There has been a substantial improvement in quality of the Westfield Group's portfolio.

As a result, Westfield now stands in a position of $37 billion in total assets, $70 billion in total assets under management with a return on contributed equity of 11.8%, up from around 9% prior to the Group's restructure in 2010. The Group is in a strong financial position to grow and fund our investment in the development pipeline.

1.4 Subsequent Events

Since the end of the financial year there are no subsequent events to report.

2. SUSTAINABILITY

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. The Group's 2012 Sustainability Report, can be found at www.westfield.com/corporate.

3. DIVIDENDS

No dividend was declared for the six months ended 31 December 2012. A distribution of 24.75 cents per ordinary Westfield Group stapled security was paid on 28 February 2013. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust.

No dividend was declared for the six months ended 30 June 2013. A distribution of 25.50 cents per ordinary Westfield Group stapled security was paid on 30 August 2013. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust.

A dividend of 7.92 cents per share was declared for the six months ended 31 December 2013. A distribution of 25.50 cents per ordinary Westfield Group stapled security will be paid on 28 February 2014. This distribution is an aggregate dividend/distribution from each of Westfield Holdings Limited, Westfield Trust and Westfield America Trust.

4. DIRECTORS AND SECRETARIES

4.1 Board Membership and Qualifications

The following Directors served on the Board during the Financial Year: Mr Frank Lowy, Mr Brian Schwartz, Mr Peter Allen, Ms Ilana Atlas, Professor Fred Hilmer, Mr Roy Furman, Lord Peter Goldsmith, Mr Stephen Johns, Mr Mark G. Johnson, Mr Mark R. 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 Stephen Johns and Professor Fred Hilmer on 29 May 2013 and the appointment of Mr Mark G. Johnson on the same date.

Following the retirement of Mr Johns and Professor Hilmer, the following changes to the composition of the Board Committees were made:

(a) The Audit and Compliance Committee and the Board Risk Management Committee merged to form the Audit and Risk Committee;

(b) Mr Brian Schwartz was appointed Chairman of the Audit and Risk Committee. Professor Judith Sloan and Mr Mark G. Johnson were appointed to the Audit and Risk Committee as members;

(c) Mr Mark R. Johnson was appointed Chairman of the Remuneration Committee, with Ms Ilana Atlas appointed as a member to that Committee; and

(d) Mr Mark R. Johnson was also appointed as a member of the Nomination Committee, with Professor Judith Sloan stepping down from that Committee.

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

Frank Lowy AC

Term of office: [1]
- Westfield Holdings Limited: 16 January 1979
- Westfield America Management Limited: [2] 20 February 1996
- Westfield Management Limited: [3] 16 January 1979

Board Committee membership:
- Chairman of the Board
- Chairman of the Nomination Committee

Independent:
No

Skills and Experience:
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.

Brian Schwartz AM

Term of office:
- Westfield Holdings Limited: 6 May 2009
- Westfield America Management Limited: 6 May 2009
- Westfield Management Limited: 6 May 2009
- Deputy Chairman and Lead Independent Director: 25 May 2011

Board Committee membership:
- Chairman of the Audit and Risk Committee
- Nomination Committee

Independent:
Yes

Skills and Experience:
In a career spanning more than 25 years, Brian Schwartz rose to the positions of Chairman, Ernst & Young (1996 to 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 presently the Chairman of Insurance Australia Group Limited, a Director of Brambles Limited and Deputy Chairman of Football Federation Australia Limited and is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants.

Peter Allen

Term of office:
- Westfield Holdings Limited: 25 May 2011
- Westfield America Management Limited: 25 May 2011
- Westfield Management Limited: 25 May 2011

Independent:
No

Skills and Experience:
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).

Ilana Atlas

Term of office:
- Westfield Holdings Limited: 25 May 2011
- Westfield America Management Limited: 25 May 2011
- Westfield Management Limited: 25 May 2011

Board Committee membership:
- Remuneration Committee

Independent:
Yes

Skills and Experience:
Ilana 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 in 2003. In that role, she was responsible for human resources strategy and management as well as Westpac's approach to corporate responsibility and sustainability. Ms Atlas is a Director of Suncorp Group Limited, Coca-Cola Amatil Limited, Oakridge Wines Pty Limited and the Human Rights Law Centre. She is Chairman of Bell Shakespeare Company and Pro-Chancellor of the Australian National University.

Roy Furman

Term of office:
- Westfield Holdings Limited: 13 July 2004
- Westfield America Management Limited: 29 May 2002
- Westfield Management Limited: 13 July 2004

Board Committee membership:
- Remuneration Committee

Independent:
Yes

Skills and Experience:
Roy Furman is based in the US and is Vice-Chairman of Jefferies and Company and Chairman of Jefferies Capital Partners, a group of private equity funds. In 1973, he co-founded Furman Selz – an international investment banking, institutional brokerage and money management firm and was its CEO until 1997. Mr Furman holds a degree in law from Harvard Law School.

The Right Honourable Lord Goldsmith QC PC

Term of office:
- Westfield Holdings Limited: 28 August 2008
- Westfield America Management Limited: 28 August 2008
- Westfield Management Limited: 28 August 2008

Independent:
Yes

Skills and Experience:
Lord (Peter) Goldsmith holds a degree in law from Cambridge University and a Master of Laws from University College London. He has been admitted to practice in New South Wales. Lord Goldsmith is a partner in the international law firm Debevoise & Plimpton LLP. In 1987, he was appointed Queen's Counsel and a Crown Court Recorder and 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.

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

(2) 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.

(3) 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.

Mark G. Johnson

Term of office:

- Westfield Holdings Limited: 29 May 2013
- Westfield America Management Limited: 29 May 2013
- Westfield Management Limited: 29 May 2013

Board Committee membership:

- Audit and Risk Committee

Independent:

Yes

Skills and Experience:

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

Mark R. Johnson AO

Term of office:

- Westfield Holdings Limited: 27 May 2010
- Westfield America Management Limited: 27 May 2010
- Westfield Management Limited: 27 May 2010

Board Committee membership:

- Chairman of Remuneration Committee

Independent:

Yes

Skills and Experience:

Mark Johnson holds a degree in law from the University of Melbourne and a Masters of Business Administration from Harvard University. Mr Johnson is a senior advisor for Gresham Partners in Sydney and Chairman of Conto Resources Limited and Alinta Energy. 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.

Peter Lowy

Term of office:

- Westfield Holdings Limited: 19 October 1987
- Westfield America Management Limited: 20 February 1996
- Westfield Management Limited: 1 May 1986

Independent:

No

Skills and Experience:

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.

Steven Lowy AM

Term of office:

- Westfield Holdings Limited: 28 June 1989
- Westfield America Management Limited: 20 February 1996
- Westfield Management Limited: 28 June 1989

Independent:

No

Skills and Experience:

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 a Director of Westfield Retail Trust and the Lowy Institute for International Policy and a member of the Prime Minister's Business-Government Advisory Group on National Security. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales and Chairman of the Victor Chang Cardiac Research Institute.

John McFarlane

Term of office:

- Westfield Holdings Limited: 26 February 2008
- Westfield America Management Limited: 26 February 2008
- Westfield Management Limited: 26 February 2008

Independent:

Yes

Skills and Experience:

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

Professor Judith Sloan

Term of office:

- Westfield Holdings Limited: 26 February 2008
- Westfield America Management Limited: 26 February 2008
- Westfield Management Limited: 26 February 2008

Board Committee membership:

- Audit and Risk Committee
- Nomination Committee

Independent:

Yes

Skills and Experience:

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.

4.2 Directors' Relevant Interests

The names of the Directors in office and the relevant interests of each Director in Westfield Group stapled securities 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	577,902
Ilana Atlas	5,000
Roy Furman	50,000
Peter Goldsmith	5,000
Mark G. Johnson	6,425
Mark R. Johnson	62,000
John McFarlane	51,951
Brian Schwartz	21,110
Judith Sloan	3,000

Mr Stephen Johns and Professor Fred Hilmer retired from the Board on 29 May 2013. On the date of retirement, Mr Johns held 1,512,655 stapled securities in the Westfield Group and Professor Hilmer held 205,904 stapled securities in the Westfield Group.

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

None of the Directors are party to or entitled to a benefit under a contract which confers a right to call for, or be delivered, interests or securities in the Group.

None of the Directors hold debentures of the Westfield Group.

4.3 Directors' attendance at meetings

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

Number of Meetings held:	
Board of Directors:	7
Audit and Compliance Committee:	2
Audit and Risk Committee	3
Remuneration Committee:	3
Nomination Committee:	2
Board Risk Management Committee:	2

Note: Audit and Compliance Committee and Board Risk Management Committee merged and formed the Audit and Risk Committee, effective end May 2013.

	Board		Audit and Compliance		Remuneration		Nomination		Board Risk Management		Audit and Risk	
Directors	A	B	A	B	A	B	A	B	A	B	A	B
Frank Lowy	7	7	–	–	–	–	2	2	–	–	–	–
Brian Schwartz	7	7	2	2	–	–	2	2	–	–	3	3
Peter Allen	7	7	–	–	–	–	–	–	–	–	–	–
Ilana Atlas	7	7	–	–	2	2	–	–	2	2	–	–
Roy Furman	7	7	–	–	3	3	–	–	–	–	–	–
Peter Goldsmith	7	7	–	–	–	–	–	–	–	–	–	–
Fred Hilmer*	3	3	2	2	1	1	–	–	–	–	–	–
Stephen Johns*	3	3	2	2	–	–	–	–	2	2	–	–
Mark G. Johnson*	5	5	–	–	–	–	–	–	–	–	3	3
Mark R. Johnson	7	7	–	–	3	3	1	1	–	–	–	–
Peter Lowy	7	7	–	–	–	–	–	–	–	–	–	–
Steven Lowy	7	7	–	–	–	–	–	–	–	–	–	–
John McFarlane	7	7	–	–	–	–	–	–	–	–	–	–
Judith Sloan	7	7	–	–	–	–	1	1	2	2	3	3

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

* Professor Fred Hilmer and Mr Stephen Johns retired from the Board on 29 May 2013. Mr Mark G. Johnson was appointed to the Board on the same date.

4.4 Directors' directorships of other listed companies

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

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
Mark G. Johnson	Westfield America Management Limited*	29 May 2013	Continuing
	Westfield Management Limited**	29 May 2013	Continuing
Mark R. 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	Westfield America Management Limited*	26 February 2008	Continuing
	Westfield Management Limited**	26 February 2008	Continuing

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.

4.5 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. Ms McGrath is a Fellow of Governance Institute of Australia and a graduate of the Australian Institute of Company Directors.

5. OPTIONS

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

6. INDEMNITIES AND INSURANCE PREMIUMS

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

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

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.

7. AUDIT

7.1 Audit and Risk Committee

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

7.2 Non-Audit Services and Audit Independence

Details of the amount paid to the auditor, which includes amounts paid for non-audit services, are set out in Note 43 to the Financial Statements. The Board is satisfied that the provision of non-audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Furthermore, the provision of non-audit services by the auditor during the Financial Year did not compromise the independence requirements under the Corporations Act 2001 because:

(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; and

(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 Corporations Act 2001 or of any applicable code of professional conduct and that the Charter of Non-Audit Services has been complied with.

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

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Building a better working world

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 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Graham Ezzy
Partner

Sydney, 26 February 2014

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8. REMUNERATION REPORT

Message from the Chairman of the Remuneration Committee

Dear Securityholders,

I am pleased to introduce our Remuneration Report for 2013. The report will be put to members at our Annual General Meeting on 29 May 2014.

The 2013 Financial Year saw a continuation in the execution of the Group's strategic plan culminating in the announcement on 4 December 2013 of the proposal to demerge the Group's Australian and New Zealand business and to merge that business with Westfield Retail Trust. If approved by members during 2014, the proposal will result in the creation of two new listed entities: Westfield Corporation which will hold the Group's international portfolio; and Scentre Group, which will hold a pre-eminent portfolio of Australian and New Zealand assets. That proposal will be the subject of a vote by members of both Westfield Group and Westfield Retail Trust in 2014. An outline of this proposal and details of the other important capital transactions executed by the Group in the Financial Year are included in section 1 of the Directors' Report.

The Group was again able to achieve its forecast targets, both with respect to earnings and distributions. Importantly, the Group was able to achieve an improvement in Return on Contributed Equity from 11.4% (2012) to 11.8% in the Financial Year.

In 2012, the Group made a number of important decisions on remuneration issues. Those decisions, which were detailed in the 2012 Remuneration Report and were largely implemented in the Financial Year, included the following:

(a) Remuneration Freeze

For 2013, the Board extended the total freeze on all elements of senior executive remuneration (including base salary and short and long term incentive targets). Cost of living increases were permitted for employees other than the Senior Executive Team. This remuneration freeze had been in place for 4 out of the past 5 years (including the Financial Year). A limited number of exceptions are made where promotions occur or where a market anomaly is shown to exist.

(b) Short Term Incentive Plan

The terms of the Group's Short Term Incentive (STI) Plan were amended to include a requirement that a minimum of 35% of the value of Short Term Incentives paid to Key Management Personnel (KMP) be deferred in equity under the Group's EPR Plan which provides for vesting of that benefit after a 3 year period. The minimum STI deferral drops to 30% for executives outside the most senior group.

(c) Co-Chief Executive Officers

In keeping with the remuneration freeze applied to the senior management team, the remuneration of Peter and Steven Lowy was frozen in the Financial Year.

In 2013, the Board determined that CEO remuneration for the Financial Year should be adjusted by re-weighting the Target STI component of their remuneration. As a consequence, the cash component of the Co-CEOs Target STI was reduced, with a corresponding increase in the deferred equity issued to the Co-CEOs (subject to performance) under the STI Plan. The Committee believes that this re-weighting of CEO remuneration towards deferred equity (rather than cash) is appropriate and consistent with the mandatory deferral requirements under the Group's STI Plan (see (b) above).

(d) Long Term Incentive Plan Hurdles

In 2012 we moved to new hurdles which focussed on a combination of Funds from Operations (FFO) (an earnings measure assessed over 1 year) and Return on Contributed Equity (ROCE) (measured over 4 years). Details of both hurdles are provided in the Remuneration Report. In the Financial Year, the Board determined to increase the weighting of the 4 year ROCE hurdle from 25% to 50%, reflecting the desire of the Board to achieve an appropriate balance between the short and longer term hurdles.

These important changes were foreshadowed in the 2012 Remuneration Report and have been effected in the Financial Year.

I trust you will find the Report helpful in understanding the remuneration policies and practices of the Group.

Mark R. Johnson AO
Remuneration Committee Chairman

8. REMUNERATION REPORT FOR 2013

This Remuneration Report, prepared in accordance with the requirements of the Corporations Act and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, provides an overview of the Group's remuneration policies and practices in the Financial Year.

As has been noted in previous reports, remuneration, particularly in a large global group like Westfield, is a highly technical subject. In writing this Report, our aim is to present information in a way which is readily understood by the reader. In order to comply with our legal obligations and to provide additional information which may be of interest to those undertaking a more detailed analysis, we have included additional technical information in the Appendices to this Report. Definitions of terms used frequently in this Report have been included in section 8.8.

The structure of the report is as follows:

8.1 Remuneration Committee

8.2 Remuneration Objectives

8.3 Corporate Performance

8.4 Our Remuneration Structure

8.5 Remuneration of Key Management Personnel

8.6 Executive Service Agreements and Termination Arrangements

8.7 Remuneration of Non-Executive Directors

8.8 Definitions

Appendices

8.1 Remuneration Committee

The Board is responsible for setting remuneration policy and overseeing the implementation of that policy in a manner which reflects the objectives set out in section 8.2. The Remuneration Committee (or the Committee) is responsible for making recommendations to the Board. The Committee's activities are governed by its Charter, a copy of which is available at the Corporate Governance section of the westfield.com/corporate website.

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

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

The Committee met 3 times during the Financial Year. The full Committee was in attendance at all meetings.

In setting remuneration levels and formulating remuneration and human resources policies, the Committee and the Board utilise the services of specialist human resources and remuneration consultants. Protocols have also been established for the engagement of remuneration consultants and the provision of declarations of no-influence.

Mr Mark Bieler of Mark Bieler Associates (based in New York), in conjunction with the Group's human resources managers in each of the jurisdictions, provides advice to the Remuneration Committee and the Board and coordinates the work performed for the Group by other external human resources consultants. 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. As part of its role, Mark Bieler Associates provided remuneration recommendations to the Committee. Those remuneration recommendations relate to matters such as the remuneration environment in the various jurisdictions in which the Group operates, the design of the Group's remuneration structures and Plans (including both the STI Plan and the LTI Plan) and the levels of remuneration for members of the Senior Executive Team, including the KMP. Mark Bieler Associates was paid a total of US$72,000 in connection with the remuneration advice provided to the Group in the Financial Year. When providing remuneration recommendations to the Committee and/or the Board, Mark Bieler Associates is required to provide a written declaration that each recommendation was made free of influence from the members of the KMP to whom the recommendation relates.

Mark Bieler Associates also provides other services to the Group on human resources related issues, including in relation to senior level recruiting in all countries, succession planning, counselling and mentoring of members of the Senior Executive Team and learning and organisation development. During the Financial Year, Mark Bieler Associates also provided extensive advice in relation to the reorganisation proposal announced to the market on 4 December 2013. Mark Bieler Associates was paid a total of US$1,188,000 in connection with these non-remuneration related services provided to the Group in the Financial Year. Mark Bieler Associates was paid a further US$227,437 as re-imbursement for expenses incurred in the provision of these services.

In the Financial Year, the Group utilised the services of Towers Watson on a global basis. In this role, Towers Watson undertook a benchmarking review in each country of operation to analyse matters such as overall market trends, benchmarking between specific job types and with different industries, changing or emerging remuneration strategies and market predictions for the following financial year. The results of this review are an important part of the remuneration review process. Towers Watson also prepared specific reports regarding the remuneration of KMP. Those reports are commissioned and received by the Chair of the Remuneration Committee. Towers Watson was paid a total of A$153,322 in connection with the remuneration advice provided to the Group in the Financial Year. Towers Watson also provided a written declaration that in providing services to the Westfield Group, those services were provided free of influence from the members of KMP to whom the services related.

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

8.2 Remuneration Objectives

The Board and the Remuneration Committee seek to adopt policies which:

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

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

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

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

The remuneration policies of the Group are focussed on individual and team performance against measurable financial and non-financial objectives. Typically, these 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 securityholders. 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.

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

The 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 typical large scale project can take well in excess of 10 years from the date of acquisition of the relevant site or sites through to final completion. Maintaining a high degree of stability in the project team through that period has significant implications for the overall success of that project and the continuing success of the Group. The ability to transfer that project experience and learning for the benefit of the Group's global portfolio, places a further premium on retention of our best executives at all levels.

The Equity Linked Plans operated by the Group are regarded by the Board as an essential retention tool for the Senior Executive Team. The design of the LTI Plan with a Qualifying Period (during which performance is measured and qualification against a targeted number of awards is determined) coupled with a 4 to 5 year vesting period is intended to encourage and reward high performance and facilitate retention of executives for an extended period. The fact that the average length of service for LTI Plan participants is more than 14 years is a strong indication that the LTI Plan remains a significant factor in achieving continuity in the Senior Executive Team.

(c) Appropriately align the interests of executives with securityholders

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

That alignment is achieved in a number of ways including:

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

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

Enhancing the alignment between securityholders and the executive team is a matter of continued focus for the Remuneration Committee and the Board. A summary of changes made to both the STI Plan and the LTI Plan in respect of the 2012 and 2013 financial years can be found in section 8.4.

8.3 Corporate Performance

Full details of the Group's various financial and operating achievements are contained in section 1 of the Directors' report. As noted, during the Financial Year the Group continued to implement its strategic capital plan of deploying capital in creating and operating the highest quality and most productive retail centres globally. This plan includes the redeployment of capital derived from the disposal of non-core assets, introducing further joint venture partners and reducing the Group's contributed equity through an on-market buy-back of Group securities all with the objective of increasing Return on Contributed Equity.

Financial highlights during the Financial Year include:

- Net profit of $1.6 billion.
- Funds from Operation was $1.44 billion, representing 66.5 cents per security, an increase of 2.3%.
- Distributions for the 12 months were 51.0 cents per security, an increase of 3.0%.
- Return on Contributed Equity was 11.8% for the year.

The results were in line with forecasts made to the market during the Financial Year.

Although the performance of the Group by comparison with its domestic and international peers is reviewed regularly, the remuneration policy of the Group is 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 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.

(a) Earnings Performance

Year on year comparisons of earnings metrics over a 5 year period are difficult because of the impact of the capital transactions undertaken by the Group since 2010 including the public float of Westfield Retail Trust (WRT) 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 WRT transaction the Group distributed approximately $7.3 billion of capital to the then Westfield Group securityholders, via an in-specie distribution of units in WRT. As a consequence of the transfer of those assets and subsequent capital management transactions (described below), the Group's earnings in absolute terms and on a per security basis have reduced.

Since the float of WRT in late 2010, the Group has continued to implement its strategic capital management plan through a series of transactions including the sale of non-core assets and the joint venture of other assets representing an aggregate amount of $7.5 billion. These transactions are outlined below:

- The joint venture of the £1.74 billion Westfield Stratford in London, through the disposition of a 50% interest in that asset to APG (a Netherlands based pension fund manager) and Canadian Pension Plan Investment Board (CPPIB).
- The joint venture with CPPIB in a portfolio of 12 assets in the United States (US$4.8 billion/A$4.7 billion), resulting in US$2.1 billion of proceeds to the Group.
- The sale of the Group's interest in Castle Court, Belfast; The Friary Guildford and Royal Victoria Palace, Tunbridge Wells in the United Kingdom (£159 million/A$240 million).
- The disposition of 8 non-core shopping centres in the United States (US$1.154 billion), comprising 7 centres to Starwood Capital Group (US$1.007 billion) and the sale of Eastland, a power centre in West Covina, California (US$147 million) and Downtown Sacramento (US$23 million).
- The sale of Shore City in Auckland (NZ$42 million); Downtown in Auckland (NZ$45 million) and Pakuranga in Auckland (NZ$41 million).
- The establishment of the US$1.28 billion joint venture with O'Connor Capital in respect of a portfolio of 6 centres resulting in US$700 million in net proceeds to the Group.
- The sale of an additional 7 non-core shopping centres in the United States to Starwood Capital Group for US$1.64 billion.
- The restructuring of a number of property interests held jointly with AMP which involved the Group buying and selling interests within a portfolio of assets with an aggregate value of A$5.8 billion.

Additionally, in the Financial Year the Group continued to implement an on-market buy-back of its securities. A total of 230.9 million securities (or approximately 10% of securities on issue) have been purchased for $2.43 billion at an average price of $10.53 per security. More than 150 million securities were bought back in 2013.

As would be expected, the asset sales and dispositions have materially impacted the Group's earnings per security in the Financial Year, notwithstanding the impact of the on-market buy-back.

In 2011, the Group announced that it will report FFO as a key performance measure. FFO is a widely recognised measure of the performance of real estate investment groups by the property industry and is an important measure of the operating performance of the Group.

The Group's FFO for the Financial Year is 66.5 cents per security (refer Appendix B to this Report) which represents an increase of 2.3% on 2012 notwithstanding the further asset sales and dispositions which occurred in the Financial Year (the dilutionary impact of which was substantially offset by the Group's redeployment of capital in reducing debt and the buy-back of the Group's securities).

FFO over the last 5 years is detailed below:

Financial year to 31 December	FFO ($m)	FFO (cents per security)
2013	$1,438	66.51
2012	$1,474	65.01
2011	$1,492	64.80
2010*	$1,833	79.61
2009*	$1,854	82.67

* Financial years prior to WRT restructure in December 2010.

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

Significant fluctuations in EPS occur from year to year as, under AIFRS, EPS includes non-cash items such as movements in the value of properties in the Group's portfolio and mark to market adjustments of financial instruments. Because of the impact of these non-cash items on the Group's profit and loss statement, 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 EPS for the last 5 financial years are detailed below:

Financial year to 31 December	EPS (cents)	EPS growth (annual %)
2013	74.13	(2.2)
2012	75.79	20.1
2011*	63.08	N/A
2011	66.55	37.5
2010	48.39	337.1
2009	(20.41)	81.9

* On 1 January 2012, AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets came into effect. The application of the amendment requires the Group to determine deferred tax on the basis that the investment property is disposed of at book value rather than realised through the continued use of the asset. As a result the 2011 EPS has been restated.

(b) Distributions

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

Against the background of a difficult global economy and uncertainty as to the availability and cost of capital, in 2009 the Group announced a revised distribution payout level of 70-75% (down from 100%) of operational earnings and associated income hedging. This change in distribution policy enabled the Group to retain earnings to invest in future capital activities and strategic developments.

Following the establishment of WRT in 2010, the Group again revised its distribution policy. Since 2011 the Group's distribution policy has been to set a distribution target at the start of each year. The target will have regard to the prior year's distribution and the forecast change in the Group's FFO for the target year. It also has regard to the Group's capital expenditure plans and other general business and financial considerations. The practice of the Group has been to announce both FFO and distribution targets to the market in February (at the time of announcement of the full year results) and to update the market regularly, including in relation to the expected impact of any capital transactions.

The variations in distribution per security over the 5 year period shown in the table is reflective of these changes in policy as well as the impact of the WRT transaction referred to above.

Financial year to 31 December	Annual distribution per stapled security (cents)	Annual distribution (total $)
2013	51.00	1,079,800,000
2012	49.50	1,108,000,000
2011	48.40	1,114,800,000
2010*	63.56	1,463,500,000
2009*	94.00	2,149,100,000

* Financial years prior to WRT restructure in December 2010.

(c) Return on Contributed Equity

In 2011 the Group first reported on ROCE, which is used as a measure of earnings and capital management in combination. As noted in the Remuneration Report, since 2012, the Board has employed a performance hurdle in the LTI Plan which focusses on ROCE (see section 8.4).

ROCE over the last 5 years is detailed below:

Financial year to 31 December	ROCE (%)
2013	11.8
2012	11.4
2011	11.4
2010	9.1
2009	9.5

(d) WDC security price

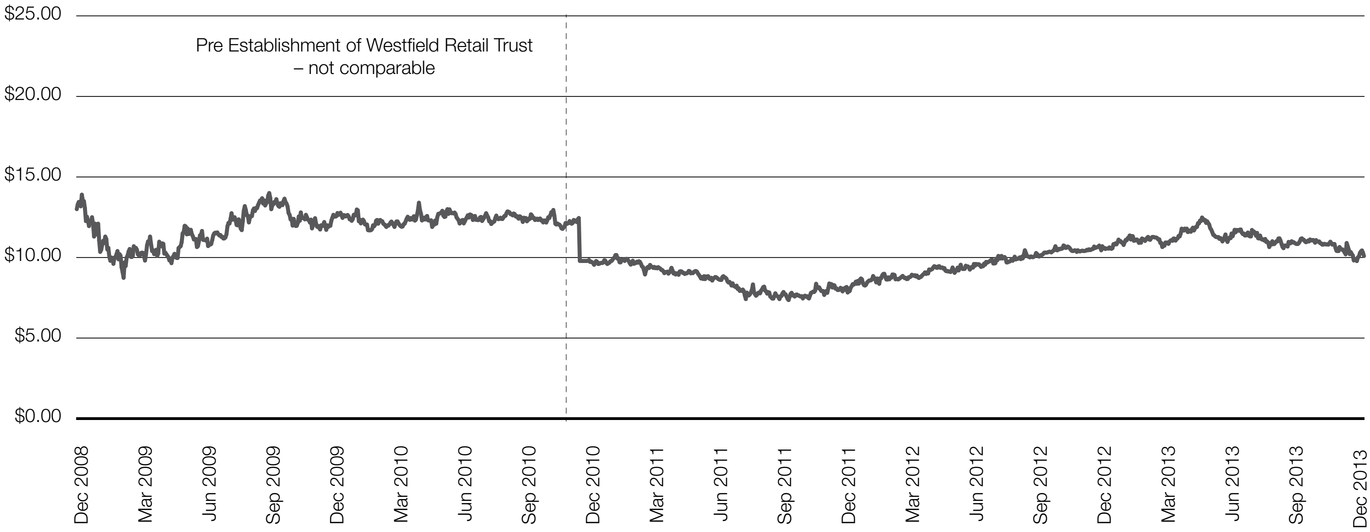
The Group's security price for the period 1 January 2013 to 31 December 2013 is shown in the graphs below:

WDC Security Prices – 1 year to 31 December 2013

Source: Bloomberg

The Group's security price over the last 5 financial years (as adjusted for the WRT transaction) is shown in the chart below. The aggregate distribution to securityholders during the period 1 January 2009 to 31 December 2013 was $4.41 per security.

WDC Prices – 5 years to 31 December 2013

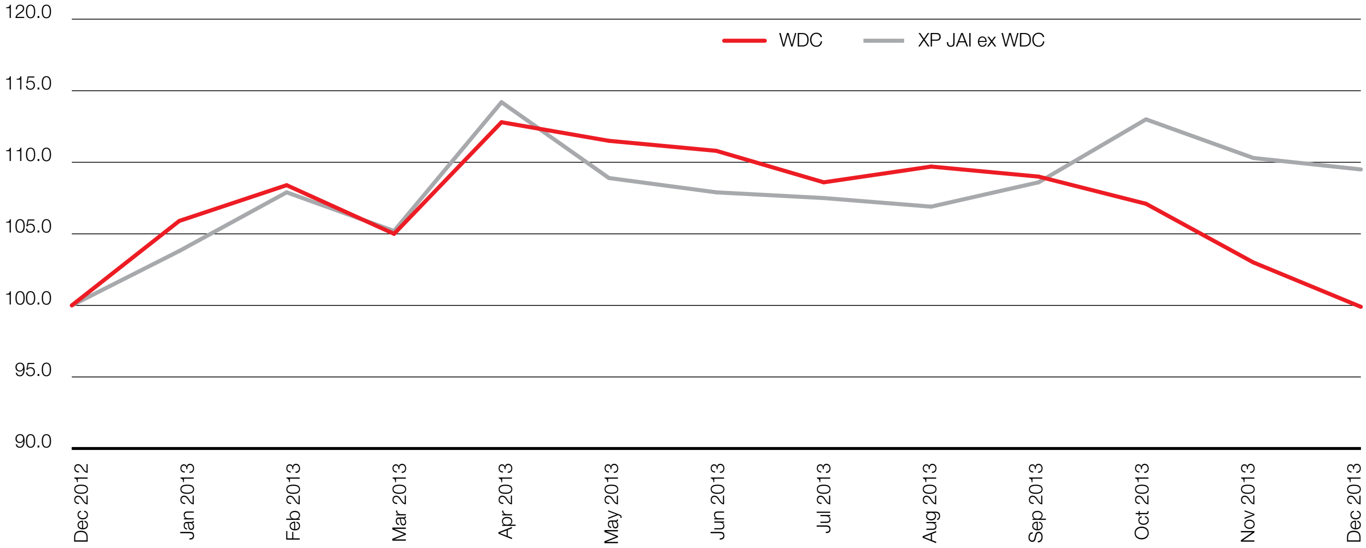


Source: Bloomberg

The Westfield Group is included in the S&P/ASX A-REIT Index with a weighting of approximately 25% of that index as at 31 December 2013.

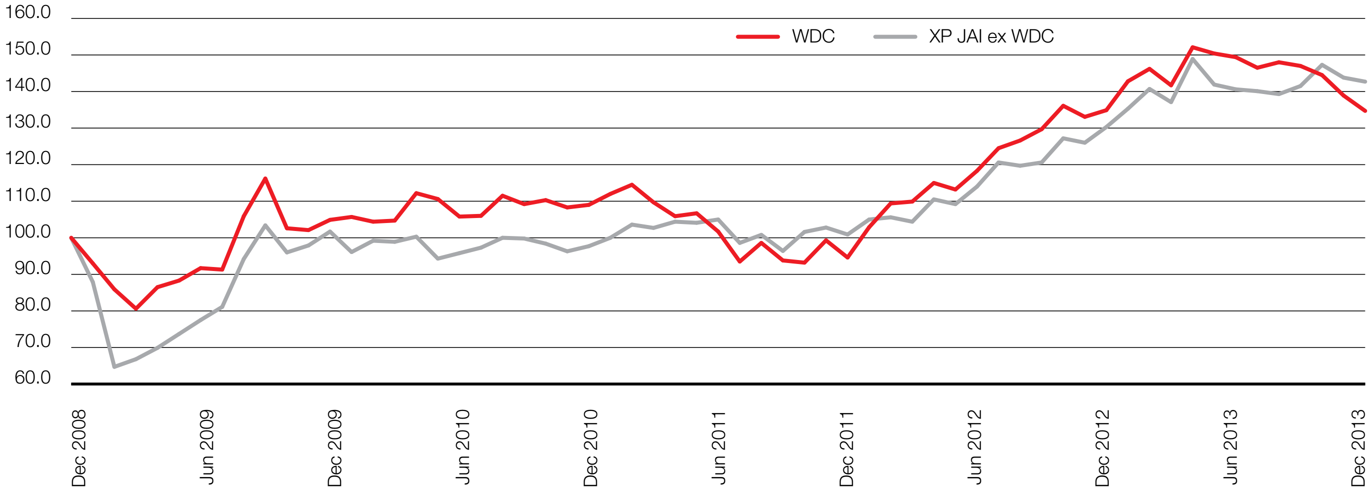
Given the significant weighting of the Group in that index it is beneficial to show the comparison of the total of the Westfield Group returns against that index excluding Westfield Group. The charts below show the comparison of the Westfield Group's returns against the index for a 1 year and a 5 year period.

S&P/ASX A-REIT Index (excluding Westfield Group) – 1 year to 31 December 2013



Source: Standard & Poor's, UBS

S&P/ASX A-REIT Index (excluding Westfield Group) – 5 years to 31 December 2013



Source: Standard & Poor's, UBS

(e) Total Return

The total annualised returns for Westfield Group, as opposed to the index, over a 1 year, 3 year, 5 year and 10 year period are detailed in the table below.

Total Returns to Dec 2013	**1 year**	**3 years**	**5 years**	**10 years**[(1)]
WDC	(0.1)%	23.595%	35.1%	75.9%
S&P/ASX A-REIT Index (excluding Westfield Group)	9.5%	46.0%	42.7%	19.3%

Source: Standard & Poor's, UBS (for the 1, 3 and 5 year periods)

(1) Since the date of the announcement of the Westfield Group merger in April 2004.

Source: Westfield, UBS

The relative underperformance of the Group over 5 years and less, when compared with other constituent stocks in the S&P/ASX A-REIT index, is attributable in large part to the outperformance of the Group during the global financial crisis and the impact of the global financial crisis on most other constituent stocks. In that period, many index participants lost significant value and highly dilutive equity issues were required to ensure the continuing viability of those entities. The resulting re-basing of those securities in that period, did not occur for the Westfield Group. As a consequence, the relative outperformance for those index participants in the comparisons over periods of 5 years or less, reflects growth from a low base. The 10 year figures set out above provide a comparison which includes the impact of the global financial crisis on all index participants.

8.4 Our Remuneration Structure

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

– Base Salary;

– Short Term Incentive – comprising a cash Performance Bonus and a deferred incentive granted to the executive under the STI Plan; and

– Long Term Incentive – which are 5 year awards granted under the LTI Plan.

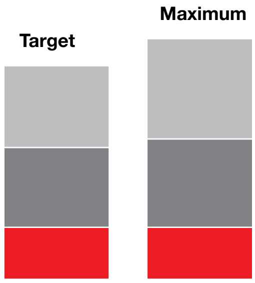
The Group's remuneration practices are regularly benchmarked against its competitors in all markets. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

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

Co-Chief Executive Officers

Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	26	23
STI:	53	49
LTI:	21	28
At Risk:	74	77



Other Key Management Personnel

Total Remuneration Analysis

	Target (%)	Maximum (%)
Base Salary:	25	22
STI:	37	36
LTI:	38	42
At Risk:	75	78

(a) Base Salary

Base Salary or fixed remuneration is reviewed annually and advised to the executive. Base Salary levels are benchmarked regularly against local and (where appropriate) international competitors.

2013 Highlight: As part of the broader remuneration freeze, Base Salaries for the Senior Executive Team in the Financial Year were maintained at the same level as was paid in 2012. This total remuneration freeze has been applied in 4 of the last 5 financial years, including the Financial Year.

(b) Short Term Incentives

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

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

In special circumstances, executives may earn an additional bonus in excess of the Maximum STI in recognition of the contribution made by that executive to a major transaction or corporate project. As with the STI, payment of an additional bonus to any member of the Senior Executive Team is at the discretion of the Remuneration Committee. No special bonuses were paid to a KMP in the Financial Year.

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

Once determined, the value of the STI is delivered to the executive through a combination of a cash Performance Bonus and equity linked awards under the 3 year EPR Plan. For the Senior Executive Team, the Performance Bonus typically represents between 65-75% of the STI, with the balance (25-35%) paid to the executive under the EPR Plan. Effective from 2013, KMP will be paid a minimum of 35% of their STI under the EPR Plan. Essentially, the EPR Plan is a 3 year equity linked incentive where the value of awards received by the executive fluctuates up or down with movements in the price of the Group's securities. The mechanics of the EPR Plan are explained in more detail in the Appendix.

2013 Highlights: For the 2013 Financial Year, no member of the Senior Executive Team, including the KMP, received a STI which exceeded the Target STI. All Target STIs were maintained at the same level as 2012.

No special bonuses were paid to KMP in the Financial Year.

Following the review of the STI Plan undertaken in 2012, in accordance with amendments made to the Plan following that review, as from the Financial Year, all KMP must have a minimum of 35% of their STI deferred into awards under the EPR Plan.

As a consequence, the remuneration of the Co-CEOs was reweighted in the Financial Year so that a greater proportion of their STI was paid as equity linked awards under the EPR Plan with a corresponding decrease in the cash Performance Bonus.

The KPIs adopted for each of the KMP in respect of the Financial Year, the weighting given to that KPI for that executive and the assessed performance against that KPI are set out in the table below. Although in some cases performance by a KMP was assessed as "Above Target" when measured against a KPI. The effect of the remuneration freeze is that Short Term Incentives for the Financial Year were capped at the Target Level. In general, performance was achieved at the Target Level which equates to 80% of the Maximum STI in the Financial Year. Details of the Short Term Incentive paid to each executive are also set out in the table below, including the percentage paid in cash and the percentage deferred into the Group's 3 year EPR Plan.

In the table below, KPIs assigned to Mr Jordan as Managing Director, Australia, United States & New Zealand should be taken to relate only to those jurisdictions for which he is responsible. Similarly, the KPIs assigned to Mr Gutman in his role as Managing Director, UK/Europe relate only to those jurisdictions.

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
1. Portfolio Management Targets relate to rental growth, specialty occupancy levels, sales growth, bad debts, management of tenant incentives, management of commercial relationships as JV partner and property manager.	**Co-CEOs** 20	**CFO** 15	**MD, Aus, US & NZ** 25	**MD, UK/ Europe** 25	At Target	Consistent high levels of occupancy were achieved across the portfolio coupled with growth in average rents and comparable speciality sales. In Australia, these results were achieved again despite subdued market conditions. The US business again achieved a material improvement in all relevant metrics in the context of an improving economic outlook. The strong performance of the Group's two London centres continued with aggregate sales in excess of £1.9 billion and annual customer visits of approximately 70 million.
2. Development Projects Achievement of targets relating to identification and progression of new developments, development starts and completion of developments on time and on budget as well as refreshing the development pipeline.	**Co-CEOs** 15	**CFO** 15	**MD, Aus, US & NZ** 25	**MD, UK/ Europe** 20	At Target	Developments were successfully completed at West Lakes in Adelaide and South Shore in New York and major projects commenced at Miranda in Sydney, Mt Gravatt in Brisbane, Garden State Plaza in New Jersey and Montgomery in Maryland. Work is also progressing well at Westfield World Trade Center in New York. WDC's share of these projects is $2.4 billion. These projects have an expected average yield of 7-8% and expected unlevered internal rates of return of between 12-15%.
3. Capital Management and Structure In addition to continuing the buy-back program initiated in 2012 (see section 8.3 above), the Group initiated an examination of various alternative capital structures for the Group (including maintaining status quo) with a view to optimising potential value for securityholders	**Co-CEOs** 15	**CFO** 20	**MD, Aus, US & NZ** 10	**MD, UK/ Europe** 10	Above Target	KMP initiated and led a full review of the Group's capital structure and, in conjunction with the Board, considered a full range of options. The process involved an extensive analysis of the financial, legal, tax, human resources and market implications of various options contemplated by the Board and KMP. This process culminated in the announcement on 4 December 2013 of the proposed restructuring of the Group through the demerger of the Group's Australian and New Zealand assets and the merger of that business with Westfield Retail Trust (to create Scentre Group and Westfield Corporation as separate listed entities).
4. Strategic Dispositions/ Joint Ventures Continued implementation of targeted disposals of less productive assets and completion of strategic joint ventures on other identified assets with the objective of redirecting capital into higher performing assets, and increasing third party income derived from management, development, design and construction activity.	**Co-CEOs** 15	**CFO** 25	**MD, Aus, US & NZ** 20	**MD, UK/ Europe** 10	Above Target	During the Financial Year, the Group continued the process of disposing of non-core assets (particularly in the United States and the UK) and of joint venturing core assets. Transactions completed during the Financial Year included a US$1.28 billion joint venture over 6 shopping centres in the United States with O'Connor Capital resulting in proceeds of U$700 million to the Group; the divestment of 7 non-core assets in the US to Starwood Capital Group for US$1.64 billion; and the sale of the Group's 16.67% interest in Karrinyup, Perth for $123 million. Work is continuing on the task of disposing of further non-core assets in both the United States and the United Kingdom.

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
	Co-CEOs	**CFO**	**MD, Aus, US & NZ**	**MD, UK/ Europe**		
5. Treasury and Financial Management Includes specific objectives relating to management of the Group's debt and derivatives and its equity base. Objectives also relate to the Group's communication with Australian and international investors and the market generally.	10	20	–	–	At Target	The Group raised and extended in excess of $2 billion in bilateral bank facilities and a further US$800 million in mortgage finance in the United States. The Group also repurchased in excess of US$1.8 billion in USD fixed rate bonds using the proceeds of asset divestments. The Group maintained its strong balance sheet and liquidity position. The Group reduced its liquidity requirements due to our joint venture partners now funding a greater proportion of the development pipeline.
6. Digital Strategy Developing the Group's plan in relation to the opportunities presented by online and digital media including identifying new business opportunities.	10	–	10	10	At Target	The Group continued its focus on digital innovation. Our digital team in San Francisco, known as WestfieldLabs, has worked with the global business on a variety of initiatives including upgrading Wi-Fi access, an online searchable mall allowing Westfield shoppers to understand product availability from retailers; a digital storefront; enhanced delivery services for retailers; sophisticated car park technology and various concierge and lifestyle services.
7. New Markets Identification and exploration of potential markets for expansion by the Group including the review of specific acquisition or development opportunities in new markets.	10	–	–	15	At Target	The Group continued its review of new markets and opportunities in various regions. Having identified a significant opportunity in Milan in 2011, significant progress was made in the development phase during 2013. Comprehensive market analysis continues on a number of potential markets and opportunities for the development of iconic centres in world cities, in line with the Group's strategy.
8. Life Safety Objectives relate to all aspects of life safety issues including a review against key statistical measures, an assessment of compliance with legislation and industry standards and operation and improvements to the Westfield System dealing with life safety issues.	5	5	10	10	At Target	The Group met or exceeded all important life safety metrics. There was 1 fatality on a Westfield Group construction site in 2013. The incident resulted in the death of an employee of a sub-contractor to the principal contractor engaged by Westfield to undertake the relevant works at Westfield Montgomery. Other life safety statistics relating to employees, contractors and shoppers remained at comparable levels to previous years. Following completion of a project which commenced in 2012, a range of initiatives were taken in an attempt to reduce self harm incidents at the Group's centres.

Executive	Assessed Performance Level	STI Amount	Cash		Equity	
Peter Lowy	Target Level – 80% of Maximum STI	US$3,693,200	US$2,800,000	(76%)	US$893,200	(24%)
Steven Lowy	Target Level – 80% of Maximum STI	$4,200,000	$3,200,000	(76%)	$1,000,000	(24%)
Peter Allen	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)
Robert Jordan	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)
Michael Gutman	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)

Due to the impact of the remuneration freeze imposed by the Board for 2013, the Target STI was maintained at the same level as 2012 and payments under the STI Plan were limited to the "Target" level.

(c) Long Term Incentives

Only the senior leadership team of the Westfield Group participates in the LTI Plan utilised by the Group. In the Financial Year, 26 executives world-wide, including the Executive Directors, participated in the LTI Plan.

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

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

The performance hurdles applicable under the LTI Plan are determined annually by the Board. The hurdles used in 2013 are described below.

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 full qualification for awards is not achieved, there is no provision in the Plan for retesting in subsequent years.

As noted in previous Remuneration Reports, the Board reserves the right to adjust the performance hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period. No adjustments were made to any performance hurdles in the Financial Year.

The awards issued under the LTI Plan are confirmed at the end of the Qualifying Period and vest on two dates: 50% at the end of year 4 and 50% at the end of year 5.

By adopting this combination of the application of performance hurdles in the Qualifying Period and the employee being required to stay for a 4 to 5 year vesting period, the Westfield Group aims, through the issue of awards under the LTI Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period.

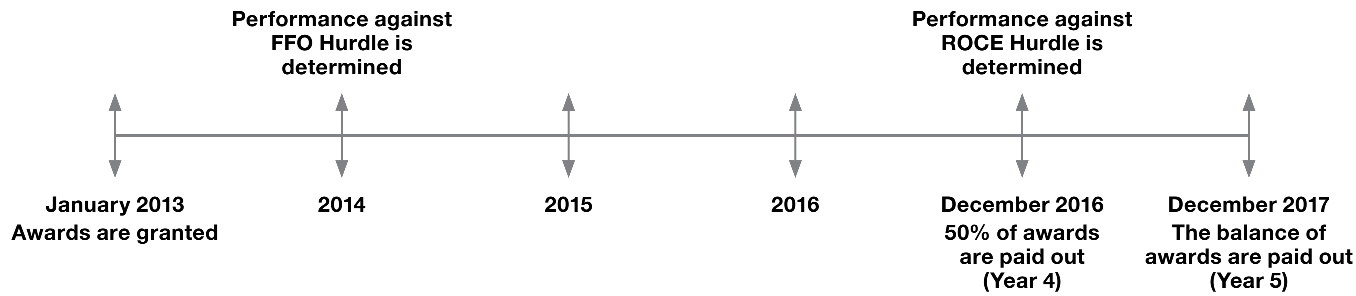
In setting the hurdles under the LTI Plan, the Board has adopted the concept of a "Target LTI" and a "Maximum LTI". The concepts are similar to those described above in connection with the STI Plan. That is, the "Target LTI" is the level of vesting of awards (measured against a performance hurdle) to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

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

2013 Long Term Incentives

In the Financial Year, the Board continued its focus on hurdles which reflect both the strength of the underlying operations of the business and the Group's objective of improving shareholder returns through a combination of earnings growth and capital management. The hurdles for the 2013 LTI Plan Awards were:

– achieving FFO per security against a graduated scale of vesting. This hurdle was given a 50% weighting; and
– achieving ROCE against a graduated scale of vesting. This hurdle was given a 50% weighting.



The FFO Hurdle

The FFO hurdle is an important measure of the health of the operating business of the Group. FFO is an internationally recognised and accepted measure of profitability used by the real estate industry. The basis for calculation of the Group's FFO is described in Appendix B to this Report. Essentially, FFO is defined as net income, calculated in accordance with generally accepted accounting standards, but adjusted to exclude capital gains (or losses) from the sale of property and property revaluations, gains or losses on certain interest rate hedges and other adjustments as identified in Appendix B to this Report. FFO is the primary published earnings measure used by the Group and is reported to the market semi-annually.

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

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

The FFO per security hurdle adopted by the Board for the 2013 Qualifying Year incorporated a graduated scale of FFO earnings per security which was as follows:

FFO Target		Percentage of Target LTI	Percentage of Maximum LTI
72.0 or Above	Maximum LTI	150%	100%
71.0 – 71.9		140%	93.2%
70.0 – 70.9		130%	86.6%
69.5 – 69.9		125%	83.3%
69.0 – 69.4		120%	79.9%
68.5 – 68.9		115%	76.6%
68.0 – 68.4		110%	73.3%
67.5 – 67.9		105%	69.9%
67.0 – 67.4		100%	66.6%
66.5 – 66.9	Target LTI	100%	66.6%
66.0 – 66.4		95%	63.3%
65.5 – 65.9		90%	59.9%
65.0 – 65.4		85%	56.6%
64.5 – 64.9		80%	53.3%
64.0 – 64.4		75%	50.0%
63.5 – 63.9		70%	46.6%
63.0 – 63.4		50%	33.3%
62.0 – 62.9		25%	16.6%
61.9 or Below	Threshold	0%	0%

In the 2013 Qualifying Year, the Group achieved FFO per security of 66.5 cents which was an increase of 2.3% on 2012 and is in line with the Group's forecast FFO. As a consequence, the hurdle was satisfied at the "Target level" or 66.6% of the Maximum level of vesting achievable against this hurdle.

In setting this graduated scale, the Board noted that the cost of LTI Plan participants moving up or down the vesting scale equated to an aggregate of $350,000 (for all outstanding awards) for each additional 5% vesting. In order to achieve that uplift, FFO must increase by 0.5 cents per security which equated to an increase in earnings of $10.8 million. By way of example, achieving vesting at a level of 76.6% of the Maximum level would have required FFO in the range of 68.5 – 68.9 cents. That equates to the Group's FFO being in a range of $43.2 million to $51.9 million over the budgeted 66.5 cents target. The cost of granting those additional awards amongst all LTI Plan participants would have been approximately $1.05 million. The Board is of the view that this vesting scale represents an appropriate balance between the potential rewards for LTI Plan participants and the additional value created for securityholders.

The ROCE Hurdle

In 2012 the Board introduced a new hurdle which focusses on ROCE. Using this measure enables the Board to reward the performance of management having regard to the level of returns generated on shareholder equity through a combination of improving earnings and capital management. The Board considers that this measure is 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 Group's ROCE is calculated by applying FFO for the relevant financial year 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 billion immediately prior to the capital distribution of assets to WRT in December 2010. The net assets distributed to WRT were $7.281 billion 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 to securityholders. In aggregate, this amounts to $921 million of retained FFO since 2011 of which $351 million relates to the Financial Year.

The amount relating to the Financial Year has a time weighted factor applied for the purposes of the calculation given that a distribution is paid part way through the year. The amount of retained FFO added to the Group's contributed equity relating to 2013 is $203 million (2012:$232 million).

During the year, the Group continued its programme of on-market buy-back of securities, effectively returning $1,662 million (2012: $770 million) of capital to securityholders. As the buy-back occurred continuously throughout the year, a time weighted factor has been applied to this reduction of capital resulting in $670 million being deducted from contributed equity for the purposes of the 2013 ROCE calculation.

The net amount of contributed equity used for the ROCE calculation for 2013 was $12.224 billion. On this basis, the ROCE for 2013 was 11.8% (2012:11.4%).

The ROCE hurdle used in the LTI Plan operates on a graduated scale. Over the 4 year Qualifying Period, the average 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. The ROCE targets are set by reference to the Group's current ROCE and the Board's expectations for growth over the 4 year Qualifying Period. Like the FFO hurdle, the graduated scale in respect of awards issued in 2013 includes the concept of Target and Maximum vesting based on performance. Full details of performance against the ROCE hurdle applicable to awards granted in 2013 will be published at the end of the 4 year Qualifying Period.

In setting the performance hurdles to apply to awards issued in 2013, the Board determined that the FFO and ROCE hurdles should be retained but restructured so that the ROCE hurdle had a 50% weighting (up from 25%) and the weighting of the FFO hurdle was reduced to 50%.

The Board considered that increasing the weighting of the ROCE hurdle (so that it is equal with the FFO hurdle) reflects an appropriate balance between short and long term hurdles and further highlights to LTI Plan participants the importance which the Group places on improving ROCE over time.

2013 Highlights: For the 2013 Financial Year, vesting against the FFO hurdle was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle.

In 2013, the value of all Target LTIs was maintained at the same level as 2011/2012.

For awards issued in the 2013 Financial Year, the weighting of the FFO hurdle (measured over 1 year) was reduced from 75% to 50%. The ROCE hurdle (measured over 4 years) was given an increased weighting from 25% to 50%.

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 the target level of vesting of long term incentives (which are an increasingly significant component of executive remuneration) should not fluctuate in favour of, or against, the executive, based principally on movements in the price of Westfield 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, securityholders will be rewarded, over time, by superior market performance.

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

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 hurdles used in respect of awards issued in the Financial Year, and the remuneration structure in general, are appropriate having regard to the general objectives referred to above.

Accounting for awards

As noted above, the financial statements of the Westfield Group and the remuneration disclosures in this Remuneration 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. This is in contrast to awards issued under the Group's equity settled plans (the EPR and PIR Plans) which are accounted for by amortising a fixed initial face value (determined by reference to a broadly adopted valuation model such as Black Scholes) over the life of the award.

At the end of each accounting period the cash settled awards are "fair value adjusted" 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 will 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, where the share price increases significantly, the implied increase in value of the awards at the date of maturity will result in an increase in the amount of amortisation in the current Financial Year and over the remaining life of the award. Conversely, as occurred during the global financial crisis, 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 each KMP.

Compliance with this accounting standard 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.

As from 2012, most of the awards issued by the Group are accounted for on an equity settled basis. However, prior to 2012, both cash settled and equity settled awards were issued. As noted in previous years, until 2012, the Co-CEOs only participated in cash settled equity linked plans.

The disclosure of remuneration for KMP 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. Further, in this Remuneration Report, the remuneration disclosure for the KMP includes a line showing "Total Remuneration based on the fair value of all awards at grant date" which reflects an amortisation of the fair value (measured at the grant date) of all outstanding awards issues to the executive, including awards issued in the Financial Year (irrespective of whether they are cash settled or equity settled). This additional disclosure is intended to remove the impact of fair value adjustments on cash settled awards (as described above).

The impact of the fair value adjustment is included in the line headed "Total Remuneration (including fair value adjustment for cash settled awards)" which is part of the disclosure for each KMP.

8.5 Remuneration of the Key Management Personnel

For the purposes of this report, the KMP are as follows:

1. Peter Lowy	Executive Director, Co-Chief Executive Officer
2. Steven Lowy	Executive Director, Co-Chief Executive Officer
3. Peter Allen	Executive Director, Group Chief Financial Officer
4. Robert Jordan	Managing Director – Australia, United States & New Zealand
5. Michael Gutman	Managing Director – UK/Europe & New Markets

The remuneration of all KMP 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 KMP (see section 8.1 for further details). 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 KMP.

Specific discussion in relation to the Short Term Incentives and Long Term Incentives paid to KMP in the Financial Year is included in section 8.4.

8.5.1 Co-Chief Executive Officers

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

Mr Peter Lowy

- Has been with the Group since 1983.
- Has resided in the United States since 1990.
- Mr Lowy is a member of the Group Executive Committee.
- 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 Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2012: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [1]	2013 US$	2012 US$	2011 US$	2010 US$	2009 US$
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	2,800,000[2]	3,360,000	3,360,000	3,360,000	2,850,000
– Other short term employee benefits [3] Fixed	(47,106)	28,714	(45,563)	–	–
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	5,252,894	5,888,714	5,814,437	5,860,000	5,350,000
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [4]					
– Cash settled awards (at risk)	2,042,449	3,849,957	2,460,633	2,755,051	1,507,787
– Equity settled awards (at risk)	1,476,187	776,313	–	–	–
Total remuneration (including fair value adjustment for cash settled awards)	**8,771,530**	**10,514,984**	**8,275,070**	**8,615,051**	**6,857,787**
Fair value decrement/(increment) on cash settled awards	(621,326)	(1,596,728)	642,235	77,532	952,746
Total remuneration based on the amortised fair value of all awards at grant date	**8,150,204**	**8,918,256**	**8,917,305**	**8,692,583**	**7,810,533**

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

(2) No part of this bonus is payable in respect of any future financial year. When compared with previous financial years, Mr Lowy's cash bonus reduced as a consequence of a re-weighting of his STI between cash and equity (see 8.4 as above).

(3) Comprising annual leave entitlements.

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

Mr Steven Lowy

- Has been with the Group since 1987.
- Mr Lowy is a member of the Group Executive Committee.
- 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 Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2012: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

Mr Steven Lowy: Fixed and at risk remuneration for the Financial Year.

Component of remuneration [1]	2013 A$	2012 A$	2011 A$	2010 A$	2009 A$
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	3,200,000[3]	4,000,000	4,000,000	4,000,000	3,400,000
– Other short term employee benefits [4] Fixed	(35,262)	(16,024)	41,667	(73,718)	(141,025)
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	5,664,738	6,483,976	6,541,667	6,426,282	5,758,975
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [5]					
– Cash settled awards (at risk)	2,110,404	3,716,534	2,384,334	2,995,272	1,888,038
– Equity settled awards (at risk)	1,525,302	749,409	–	–	–
Total remuneration (including fair value adjustment for cash settled awards)	**9,300,444**	**10,949,919**	**8,926,001**	**9,421,554**	**7,647,013**
Fair value decrement/(increment) on cash settled awards	(641,998)	(1,541,393)	622,321	84,292	1,193,020
Total remuneration based on the amortised fair value of all awards at grant date	**8,658,446**	**9,408,526**	**9,548,322**	**9,505,846**	**8,840,033**

(1) As Mr Steven Lowy is based in Australia his remuneration is disclosed in Australian dollars.

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

(3) No part of this bonus is payable in respect of any future financial year. When compared with previous financial years, Mr Lowy's cash bonus reduced as a consequence of a re-weighting of his STI between cash and equity (see 8.4 as above).

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

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

8.5.2 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.
- Mr Allen is a member of the Group Executive Committee.
- 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 Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Allen's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2012: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [(1)]	**2013 A$**	**2012 A$**	**2011 A$**	**2010 A$**	**2009 A$**
Short term employee benefits					
– Base salary [(2)] Fixed	1,400,000	1,400,000	1,400,000	1,200,000	1,200,000
– Cash bonus At risk	1,400,000[(3)]	1,400,000	1,400,000	1,700,000	1,200,000
– Other short term employee benefits [(4)] Fixed	(8,974)	(27,821)	155,687	43,076	(19,231)
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,791,026	2,772,179	2,955,687	2,943,076	2,380,769
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [(5)]					
– Cash settled awards (at risk)	1,000,216	1,556,678	1,010,911	948,637	187,975
– Equity settled awards (at risk)	2,180,925	1,891,871	1,887,911	1,067,602	1,067,602
Total remuneration (including fair value adjustment for cash settled awards)	**5,972,167**	**6,220,728**	**5,854,509**	**4,959,315**	**3,636,346**
Fair value decrement/(increment) on cash settled awards	(269,040)	(571,209)	(25,442)	1,033,183	1,644,139
Total remuneration based on the amortised fair value of all awards at grant date	**5,703,127**	**5,649,519**	**5,829,067**	**5,992,498**	**5,280,485**

(1) Mr Allen's remuneration is disclosed in Australian dollars.
(2) Mr Allen's base salary is inclusive of statutory superannuation contributions.
(3) No part of Mr Allen's 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 the Appendix A for details of awards held by Mr Allen under the Equity Linked Plans.

8.5.3 Managing Director – UK/Europe & New Markets

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 Executive Committee.
- All aspects of Mr Gutman's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Gutman's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2012: Target level – 80%).
- Details of the Mr Gutman's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [1]	**2013 A$**	**2012 A$**	**2011 A$**	**2010 A$**	**2009 A$**
Short term employee benefits					
– Base salary [2] Fixed	1,400,000	1,400,000	1,300,000	1,200,000	1,200,000
– Cash bonus	1,400,000[3]	1,400,000	1,300,000	1,200,000	1,200,000
Project bonus	–	–	1,250,000[4]	–	–
At risk					
– Other short term employee benefits [5] Fixed	23,356	23,329	78,375	19,230	19,230
– Non monetary benefits [6] Fixed	93,900	191,762	68,768	228,764	282,342
Total short term employee benefits	2,917,256	3,015,091	3,997,143	2,647,994	2,701,572
Post employment					
– Pension and superannuation benefits	44,598	42,578	38,970	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [7]					
– Cash settled awards (at risk)	895,547	1,293,659	850,095	842,212	187,135
– Equity settled awards (at risk)	2,180,925	1,891,871	1,803,725	902,268	902,268
Total remuneration (including fair value adjustment for cash settled awards)	**6,038,326**	**6,243,199**	**6,689,933**	**4,392,474**	**3,790,975**
Fair value decrement/(increment) on cash settled awards	(247,341)	(475,925)	(32,361)	1,044,245	1,632,543
Total remuneration based on the amortised fair value of all awards at grant date	**5,790,985**	**5,767,274**	**6,657,572**	**5,436,719**	**5,423,518**

(1) Mr Gutman's remuneration is disclosed in A$.
(2) Mr Gutman's base salary is exclusive of statutory superannuation contributions.
(3) No part of this bonus is payable in respect of any future financial year.
(4) Mr Gutman was paid a 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, home leave plus fringe benefit tax on those benefits.
(7) Refer to the tables in the Appendix A for details of awards held by Mr Gutman under the Equity Linked Plans.

8.5.4 Managing Director – Australia, United States & New Zealand

Mr Robert Jordan

- Has been with the Group since 1987.
- In 2012, Mr Jordan assumed the role of Managing Director, United States in addition to his role as Managing Director, Australia and New Zealand. He is responsible for overall management of all aspects of the Group's business in Australia, New Zealand and the United States. Mr Jordan is also a member of the Group Executive Committee.
- All aspects of Mr Jordan's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Jordan's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2011: Target level – 80%).
- Details of the Mr Jordan's Service Agreement with the Group, including termination entitlements are set out in section 8.6.
- In December 2013, the Group announced Mr Jordan's intention to step back from his executive role during 2014 and take a period of extended leave.

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)]	2013 A$	2012 A$	2011 A$	2010 A$	2009 A$
Short term employee benefits					
– Base salary [(2)] Fixed	1,400,000	1,400,000	1,300,000	1,200,000	1,200,000
– Cash bonus	1,400,000[(3)]	1,400,000	1,300,000	1,200,000	1,200,000
Project Bonus At risk	–	–	1,150,000[(4)]	–	–
– Other short term employee benefits [(5)] Fixed	(19,741)	66,108	68,936	(19,033)	(3,078)
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,780,259	2,866,108	3,818,936	2,380,967	2,396,922
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [(6)]					
– Cash settled awards (at risk)	895,547	1,293,659	850,095	843,215	187,975
– Equity settled awards (at risk)	2,318,756	1,891,871	1,806,012	907,425	907,425
Total remuneration (including fair value adjustment for cash settled awards)	**5,994,562**	**6,051,638**	**6,475,043**	**4,131,607**	**3,492,322**
Fair value decrement/(increment) on cash settled awards	(247,341)	(475,925)	(32,361)	1,043,242	1,621,313
Total remuneration based on the amortised fair value of all awards at grant date	**5,747,221**	**5,575,713**	**6,442,682**	**5,174,849**	**5,113,635**

(1) Mr Jordan's remuneration is disclosed in Australian dollars.
(2) Mr Jordan's base salary is inclusive of statutory superannuation contributions.
(3) No part of this bonus is payable in respect of any future financial year.
(4) Mr Jordan was paid a 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 the Appendix A for details of awards held by Mr Jordan under the Equity Linked Plans.

8.6 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 other KMP. 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 payments by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements are set out below. The provisions of these Service Agreements must be read subject to the requirements of the Corporations Act. In certain circumstances, payment of the entitlements referred to below may require the prior approval of members.

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

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

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

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

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

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

(c) Death or permanent disability

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

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

(d) Retirement

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

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

- accrued statutory entitlements;
- a pro-rata performance bonus to the date of retirement; and

the right to continue in the Group's equity linked incentive plans until the date of vesting of outstanding awards granted at least 6 months prior to the date of retirement (excluding any awards which lapsed as a consequence of a failure to satisfy a performance hurdle) or, in circumstances where continued participation in the Plans is not permitted under the terms of the Plans, the executive is entitled to a cash payment from the Group equal to the amount that would have been received had the executive been permitted to continue in the Plans.

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

The 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.

8.7 Remuneration of Non-Executive Directors

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

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

The aggregate pool available for payment of fees to Non-Executive Directors of the Westfield Group is currently a maximum of $3.5 million. That amount was approved by securityholders 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 the table below. The aggregate fees for Non-Executive Directors (including standing Committee fees) for the Financial Year were $2,519,557. On the recommendation of the Remuneration Committee, the Board determined that all fees for Non-Executive Directors (inclusive of superannuation guarantee contributions) remain at the level paid in the 2011 financial year, consistent with the broader remuneration freeze imposed by the Group. The same policy applied to Committee fees, the additional fee for deputy chair and the fee for Committee chair.

The remuneration of the Non-Executive Directors is determined by the Board (within the limits set by Westfield 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 high calibre Non-Executive Directors to serve on the Westfield Group Board.

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.

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 $	Audit & Risk Committee[2] $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Total $
Frank Lowy	**2013**	**750,000**	**–**	**–**	**–**	**–**	**–**	**–**	**750,000**
	2012	750,000	–	–	–	–	–	–	750,000
Brian Schwartz	**2013**	**185,000**	**32,000**	**11,000**[3]	**25,880**[3]	**–**	**6,400**	**–**	**260,280**
	2012	185,000	32,000	22,000	–	–	6,400	–	245,400
Ilana Atlas	**2013**	**185,000**	**–**	**–**	**–**	**8,241**[4]	**–**	**7,642**[4]	**200,883**
	2012	185,000	–	–	–	17,582[5]	–	–	202,582
Roy Furman	**2013**	**185,000**	**–**	**–**	**–**	**–**	**–**	**13,000**	**198,000**
	2012	185,000	–	–	–	–	–	13,000	198,000
Peter Goldsmith	**2013**	**185,000**	**–**	**–**	**–**	**–**	**–**	**–**	**185,000**
	2012	185,000	–	–	–	–	–	–	185,000
Fred Hilmer	**2013**	**76,146**	**–**	**13,171**	**–**	**–**	**–**	**8,232**	**97,549**[6]
	2012	185,000	–	32,000	–	–	–	20,000	237,000
Mark G. Johnson	**2013**	**109,272**	**–**	**1,994**	**15,000**	**–**	**–**	**–**	**126,266**[7]
Stephen Johns	**2013**	**76,146**	**–**	**9,055**	**–**	**10,701**	**–**	**–**	**95,902**[8]
	2012	185,000	–	22,000	–	26,000	–	–	233,000
Mark R. Johnson	**2013**	**185,000**	**–**	**–**	**–**	**–**	**2,162**	**17,115**[9]	**204,277**
	2012	185,000	–	–	–	–	–	13,000	198,000
John McFarlane	**2013**	**185,000**	**–**	**–**	**–**	**–**	**–**	**–**	**185,000**
	2012	185,000	–	–	–	2,472[10]	–	–	187,472
Judith Sloan	**2013**	**185,000**	**–**	**–**	**15,000**[11]	**10,000**[11]	**6,400**	**–**	**216,400**
	2012	185,000	–	–	–	20,000	6,400	–	211,400

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

(2) The Audit and Risk Committee was established in May 2013 to replace both the Audit and Compliance and Board Risk Management Committees.

(3) Mr Brian Schwartz was appointed as Chair of the Audit and Risk Committee in May 2013. Both his fee as Chair of Audit and Risk Committee and his fee as a member of the Audit and Compliance Committee are on a pro-rated basis.

(4) Ms Ilana Atlas was appointed to the Remuneration Committee following the dissolution of the Board Risk Management Committee. Accordingly, her committee fees for 2013 are on a pro-rated basis.

(5) In 2012, Ms Atlas was appointed to the Board Risk Management Committee following the retirement of Mr John McFarlane. Accordingly, her committee fees for 2012 are on a pro-rated basis.

(6) Mr Fred Hilmer retired from the Board on 29 May 2013. Accordingly, his Board and committee fees for 2013 are on a pro-rated basis.

(7) Mr Mark G. Johnson was elected to the Board on 28 May 2013. Accordingly, his Board and committee fees for 2013 are on a pro-rated basis.

(8) Mr Stephen Johns retired from the Board on 28 May 2013. Accordingly, his Board and committee fees for 2013 are on a pro-rated basis.

(9) Mr Mark R. Johnson was appointed as Chair of the Remuneration Committee in May 2013, and as a member of the Nomination Committee. Accordingly, his committee fees for 2013 are on a pro-rated basis.

(10) Mr John McFarlane retired from the Board Risk Management Committee in February 2012. Accordingly, his committee fees for 2012 are on a pro-rated basis.

(11) Ms Judith Sloan was appointed as a member of the Audit and Risk Committee in May 2013 following the dissolution of the Board Risk Management Committee. Accordingly, her committee fees for 2013 are on a pro-rated basis.

2013 Highlight: Non-Executive Chairman and Director Fees (including Committee Fees and all loadings) were frozen during the Financial Year.

8.8 Definitions

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

Executive Director	means each member of the Board who is employed as an executive of the Group – being Peter Lowy and Steven Lowy (Co-Chief Executive Officers) and Peter Allen (Group Chief Financial Officer).
Key Management Personnel	or KMP means each of the Executive Directors and any other executive responsible for planning, directing and controlling the Group's activities. Apart from the Executive Directors, the KMP in this Report are Robert Jordan (Managing Director – Australia, United States & New Zealand and) and Michael Gutman (Managing Director – UK/Europe & New Markets). The remuneration of all KMP, including Non-Executive Directors, is reported in detail in this report.
Senior Executive Team	means the Group's senior management team comprising approximately 50 executives performing senior operational and corporate roles in the various countries in which the Group operates.
Base Salary	means the fixed remuneration paid to an executive at regular intervals (typically fortnightly or monthly).
Short Term Incentive	or STI means the annual incentive paid to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. A further description of the process for awarding STIs is set out in section 8.4. For the Senior Executive Team, each STI has two components: (a) a cash performance bonus paid shortly after the end of the relevant financial year; and (b) the grant of awards under the EPR Plan (see below) whereby part of the STI is deferred for 3 years. The value of the deferred awards received by the executive at that time will fluctuate with movements in the market price of the Group's securities.
Key Performance Indicators	or KPIs are the performance objectives or measures used to assess the entitlement of executives to Short Term Incentives in any year. Typically these measures are both financial and non-financial.
Performance Bonus	means that part of the STI which is paid in cash.
Equity Linked Plans	or Plans means the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), both of which Plans are established under the Westfield Performance Rights Plan. Under the EPR Plan, the Group grants 3 year equity linked awards to executives (including the Senior Executive Team) as part of the annual Short Term Incentive. Under the PIR Plan, the Group grants 5 year equity linked awards to approximately 26 of the Group's most senior executives. Unlike the EPR Plan, in order to achieve vesting of awards granted under the PIR Plan, the executive must satisfy certain performance hurdles set by the Board at the commencement of each year. A full description of both Plans can be found in section 8.4 and in the Appendix.
Long Term Incentive Plan	or LTI Plan means the Partnership Incentive Rights Plan (PIR Plan) established under the Westfield Performance Rights Plan. A full description of the LTI Plan can be found in section 8.4 and in the Appendix.
Performance Hurdles	means the hurdles established by the Board in connection with awards granted under the LTI Plan with a view to measuring performance of the executive team against key business and shareholder metrics. In the Financial Year, the Group used 2 hurdles – the first relating to Funds From Operations (FFO) and the second relating to Return on Contributed Equity (ROCE). The rationale for choosing these hurdles and the way in which the hurdles operate is set out in section 8.4.
Target STI	is a reference to the Target Short Term Incentive which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the objectives set for that executive at the start of the financial year.
Maximum STI	is a reference to the maximum Short Term Incentive which could be earned by an executive in a financial year. See section 8.4 for a discussion of the relationship between Target STI and Maximum STI.
Target LTI	is a reference to the Target Long Term Incentive which would be awarded to a participant in the LTI Plan for performance against a Performance Hurdle at a level which meets the high expectations of the Group in relation to performance against that Performance Hurdle over the period of measurement.
Maximum LTI	is a reference to the maximum Long Term Incentive which could be awarded to a participant in the LTI Plan for performance against the relevant Performance Hurdle. See section 8.4 for a discussion of the relationship between Target LTI and Maximum LTI.

APPENDICES TO REMUNERATION REPORT
APPENDIX A

1. Westfield's Equity Linked Plans

1.1 Equity linked incentive plans

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.

At the beginning of 2012, the Group amended the terms of the EPR and PIR Plans (pursuant to which equity settled awards were issued previously) to provide the Group with an election as to whether to settle awards with a cash payment or with the Group's equity. That election must be made by the Group no later than the date of vesting of an award.

These amendments allow the Group the flexibility it requires to deal with the circumstances applicable to executives working in different markets. The Group intends that future issues will be made under the EPR Plan (for awards issued in conjunction with the STI Plan) and PIR Plan (for awards issued as an LTI incentive). As a consequence, from 2012 onwards, we do not expect that further issues will be made under the EDA and PIP Plans.

1.2 Mechanics of the Plans

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

(a) one Westfield Group security for each award; or

(b) a cash payment to the same value.

The relevant common features of both Plans are as follows:

– based on principles and remuneration bands agreed with the 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 either a physical Westfield Group security or a cash pay-out equal to the capital value of the securities represented by the award.

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

1.3 Short Term Incentives – The EPR Plan

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

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

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

Participants will qualify to receive the benefit of each award on the qualification date or, in limited circumstances described below, the date that they cease to be an employee of the Group. Depending on age, length of service and the date of retirement, 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.

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

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

No retention awards were issued to KMP in the Financial Year.

The EDA Plan operates in the same manner as the EPR Plan except that entitlements will be satisfied by a cash payment to the holder (as opposed to delivery of securities). As noted above, it is not anticipated that any further issues will be made under the EDA Plan. There are outstanding awards issued to KMP under the EDA Plan which are detailed in the table below.

(a) Participation in EPR plan

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

Executive	Date of grant	Number of rights held	Vesting date	Fair value at grant ($) (2)	Market value at 31 Dec 2013 (3) ($)	Performance hurdles
Peter Lowy (4)	1 Jan 2012	146,928	15 Dec 2014	993,233	1,482,504	N/A
	1 Jan 2013	109,351	15 Dec 2015	996,188	1,103,352	N/A
Steven Lowy (4)	1 Jan 2012	146,928	15 Dec 2014	993,233	1,482,504	N/A
	1 Jan 2013	109,351	15 Dec 2015	996,188	1,103,352	N/A
Peter Allen	1 Jan 2011	771,923	15 Dec 2015	5,889,772	7,788,703	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,111,878	N/A
	1 Jan 2013	82,013	15 Dec 2015	747,138	827,511	N/A
Michael Gutman	1 Jan 2011	771,923	15 Dec 2015	5,889,772	7,788,703	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,111,878	N/A
	1 Jan 2013	82,013	15 Dec 2015	747,138	827,511	N/A
Robert Jordan	1 Jan 2011	771,923	15 Dec 2015	5,889,772	7,788,703	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,111,878	N/A
	1 Jan 2013	82,013	15 Dec 2015	747,138	827,511	N/A

(1) In Australia and New Zealand, 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 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.

(3) The market value at 31 December 2013 is based on the closing price of Westfield Group securities of $10.09.

(4) In 2011, Mr Peter Lowy and Mr Steven Lowy did not participate in the EPR Plan. The Co-Chief Executive Officers participated in the EDA Plan in 2011. Refer to the table below.

(b) Participation in the EDA Plan

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

Executive	Date of grant	Number of awards	Vesting dates	Total awards held	Fair value at grant(2) ($)	Market value at 31 Dec 2013(3) ($)	Performance hurdles
Peter Lowy	1 Jan 2011	118,387	16 Dec 2013(4)	118,387	995,635	N/A	N/A
Steven Lowy	1 Jan 2011	118,387	16 Dec 2013(4)	118,387	995,635	N/A	N/A
Peter Allen	1 Jan 2011	88,790	16 Dec 2013(4)	88,790	746,724	N/A	N/A
Michael Gutman	1 Jan 2011	59,193	16 Dec 2013(4)	59,193	497,813	N/A	N/A
Robert Jordan	1 Jan 2011	59,193	16 Dec 2013(4)	59,193	497,813	N/A	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) The fair value of awards granted under the EDA plan 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.

(3) The market value at 31 December 2013 is based on the closing price of Westfield Group securities of $10.09.

(4) These awards vested (and were paid) in December 2013. The payout amount was $1,231,225 for each Co-Chief Executive Officer (Peter Lowy and Steven Lowy) and $923,416 for the Group Chief Financial Officer (Peter Allen). The payout amount was $615,607 for each Managing Director.

1.4 Long Term Incentives – The PIR Plan

Only the senior leadership team of the Westfield Group participates in the PIR Plan under which Long Term Incentives are awarded. In the Financial Year, 26 executives world-wide, including the Executive Directors, participated in the PIR Plan.

The PIR 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 PIR Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 8.2(c).

The operation of the PIR Plan is as described above.

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

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

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

The hurdles chosen by the Remuneration Committee in respect of awards issued in the Financial Year are discussed in section 8.4(c).

By adopting this combination of the application of performance hurdles in the Qualifying Period (now extended to 4 years in respect of 50% of LTI awards) 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 PIR Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Executives participating in the PIR Plan will be required to remain with the Group for a period of 5 years in order to get the full benefit of each award.

The PIP Plan operates in the same manner as the PIR Plan except that entitlements will be satisfied by a cash payment to the holder (as opposed to delivery of securities). As noted above, it is not anticipated that any further issues will be made under the PIP Plan. There are outstanding awards issued to KMP under the PIP Plan are detailed in the table below.

(a) Participation in PIR plan

The following chart details awards under the PIR Plan [1] held by KMP.

Executive	Date of grant	Number of awards/ vesting date	Adjustment rights [2]	Total rights held	Fair value at grant ($) [3]	Market value at 31 Dec 2013 ($) [4]	Performance hurdles % Vesting [5] Target	Maximum
Peter Lowy [6]	1 Jan 2012	145,459:15/12/15	N/A	145,459	926,574	1,467,681	100% [7]	67%
		156,093:15/12/16	N/A	156,093	933,436	1,574,978		
	1 Jan 2013	113,994:15/12/16	N/A	113,994	989,468	1,150,199	100% [8]	67%
		118,638:15/12/17	N/A	118,638	982,323	1,197,057		
Steven Lowy [6]	1 Jan 2012	145,459:15/12/15	N/A	145,459	926,574	1,467,681	100% [7]	67%
		156,093:15/12/16	N/A	156,093	933,436	1,574,978		
	1 Jan 2013	113,994:15/12/16	N/A	113,994	989,468	1,150,199	100% [8]	67%
		118,638:15/12/17	N/A	118,638	982,323	1,197,057		
Peter Allen	1 Jan 2009	58,689:16/12/13 [9]	16,433	75,122	372,675	N/A	85%	56%
	1 Jan 2012 [10]	72,729:15/12/15	N/A	72,729	463,284	733,836	100% [7]	67%
		78,047:15/12/16	N/A	78,047	466,721	787,494		
	1 Jan 2013	56,997:15/12/16	N/A	56,997	494,734	575,100	100% [8]	67%
		59,319:15/12/17	N/A	59,319	491,161	598,529		
Michael Gutman	1 Jan 2009	58,689:16/12/13 [9]	16,433	75,122	372,675	N/A	85%	56%
	1 Jan 2012 [10]	72,729:15/12/15	N/A	72,729	463,284	733,836	100% [7]	67%
		78,047:15/12/16	N/A	78,047	466,721	787,494		
	1 Jan 2013	56,997:15/12/16	N/A	56,997	494,734	575,100	100% [8]	67%
		59,319:15/12/17	N/A	59,319	491,161	598,529		
Robert Jordan	1 Jan 2009	58,689:16/12/13 [9]	16,433	75,122	372,675	N/A	85%	56%
	1 Jan 2012 [10]	72,729:15/12/15	N/A	72,729	463,284	733,836	100% [7]	67%
		78,047:15/12/16	N/A	78,047	466,721	787,494		
	1 Jan 2013	56,997:15/12/16	N/A	56,997	494,734	575,100	100% [8]	67%
		59,319:15/12/17	N/A	59,319	491,161	598,529		

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

(2) To take into account the impact of the Westfield Retail Trust transaction, the number of rights outstanding at the time 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 any KMP under the PIR Plan since the grant date.

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

(4) The market value at 31 December 2013 is based on the closing price of Westfield Group securities of $10.09.

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

(6) From 2008 to 2011, the Co-Chief Executive Officers did not participate in the PIR Plan. In respect of those years, the Co-Chief Executive Officers participated in the PIP Plan. Refer to the table below.

(7) The reference to vesting of PIR awards at the Target level relates only to vesting against the FFO hurdle (which accounts for 75% of the total number of awards). The level of vesting in respect of the ROCE hurdle will not be determined until 2015. Refer to section 8.4 of the report.

(8) The reference to vesting of PIR awards at the Target level relates only to vesting against the FFO hurdle (which accounts for 50% of the total number of awards). The level of vesting in respect of the ROCE hurdle will not be determined until 2016. Refer to section 8.4 of this Report.

(9) 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 2013. The market value of rights that vested in December 2013 was calculated using a 5 day VWAP of Westfield Group securities which was $10.04. The market value of the rights which vested for Mr Allen, Mr Gutman and Mr Jordan was $754,225.

(10) In 2010 and 2011, Mr Allen, Mr Gutman and Mr Jordan did not participate in the PIR Plan. In respect of those years, they participated in the PIP Plan. Refer to the table below.

(b) Participation in the PIP Plan

The following chart details awards under the PIP Plan [1] held by KMP.

Executive	Date of grant	Number of awards at grant/ vesting date	Adjustment awards [2]	Total awards held	Fair value at grant ($) [3]	Market value at 31 Dec 2013 ($) [4]	Performance hurdles % Vesting [5] Target	Maximum
Peter Lowy	1 Jan 2009	116,367:16/12/13 [6]	32,583	148,950	859,952	N/A	85%	56%
	1 Jan 2010	120,264:16/12/13 [7]	33,674	153,938	1,199,022	N/A	125%	82.5%
		125,772:15/12/14	35,216	160,988	1,196,101	1,624,369		
	1 Jan 2011	118,387:15/12/14	N/A	118,387	948,280	1,194,525	100%	66%
		123,520:15/12/15	N/A	123,520	942,458	1,246,317		
Steven Lowy	1 Jan 2009	116,367:16/12/13 [6]	32,583	148,950	859,952	N/A	85%	56%
	1 Jan 2010	120,264:16/12/13 [7]	33,674	153,938	1,199,022	N/A	125%	82.5%
		125,772:15/12/14	35,216	160,988	1,196,101	1,624,369		
	1 Jan 2011	118,387:15/12/14	N/A	118,387	948,280	1,194,525	100%	66%
		123,520:15/12/15	N/A	123,520	942,458	1,246,317		
Peter Allen [8]	1 Jan 2010	60,131:16/12/13 [7]	16,837	76,968	599,506	N/A	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	812,184		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	597,267	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	623,158		
Michael Gutman [8]	1 Jan 2010	60,131:16/12/13 [7]	16,837	76,968	599,506	N/A	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	812,184		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	597,267	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	623,158		
Robert Jordan [8]	1 Jan 2010	60,131:16/12/13 [7]	16,837	76,968	599,506	N/A	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	812,184		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	597,267	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	623,158		

(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) To take into account the impact of the WRT transaction, the number of awards outstanding at the time 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 any KMP under the PIP Plan since the grant date.

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

(4) The market value at 31 December 2013 is based on the closing price of Westfield Group securities of $10.09.

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

(6) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in December 2013. The payout amount was $1,549,080 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 2010. Tranche 1 vested on 16 December 2013. The payout amount was $1,600,955 for each Co-Chief Executive Officer. The payout amount was $800,467 for the Group Chief Financial Officer and each Managing Director.

(8) In 2008 and 2009, Mr Allen, Mr Gutman and Mr Jordan participated in the PIR Plan. Refer table above.

1.5 Hedging Policy for Plan Participants

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

The primary purpose of this prohibition is to ensure that, at all times until awards granted to executives under the Plans have vested, there is complete alignment between the interests of the executive and the interests of the Group and its 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.

APPENDIX B: Funds from operation
Funds From Operations per Security

	31 Dec 13 cents	31 Dec 12 cents
(a) Summary of funds from operations per security		
Funds from operations per stapled security attributable to members of the Westfield Group	66.51	65.01

	$million	$million
(b) Funds from operations		
Reconciliation of profit after tax to funds from operations:		
Profit after tax for the period	1,621.3	1,758.9
Property revaluations	(365.7)	(249.1)
Equity accounted – Property revaluations	(498.2)	(571.2)
Amortisation of tenant allowances	49.7	48.7
Equity accounted – Amortisation of tenant allowances	32.8	26.1
Net fair value (gain)/loss of currency derivatives that do not qualify for hedge accounting	(14.6)	20.6
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operation	74.4	–
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	157.1	212.0
Net fair value loss on other financial liabilities	71.8	76.4
Equity accounted – Net fair value (gain)/loss on interest rate hedges that do not qualify for hedge accounting	(12.0)	10.0
(Gain)/loss in respect of asset dispositions	5.4	18.1
Financing costs in respect of capital transactions	140.7	27.1
Equity accounted – (Gain)/loss in respect of asset dispositions	(19.6)	(4.0)
Deferred tax expense	199.1	125.7
Equity accounted – Deferred tax expense/(credit)	6.3	(15.9)
Funds from operations	1,448.5	1,483.4
Less: Funds from operations attributable to external non controlling interests [(iii)]	(10.5)	(9.7)
Funds from operations attributable to members of Westfield Group	**1,438.0**	**1,473.7**
Funds from operations, prepared in the proportionate format is represented by:		
Property revenue (excluding amortisation of tenant allowances)	2,756.7	2,794.1
Property expenses, outgoing and other costs	(756.9)	(786.5)
Net property income	1,999.8	2,007.6
Property development and project management revenue	761.9	451.9
Property development and project management costs	(558.2)	(258.4)
Project income	203.7	193.5
Property management income	188.4	173.8
Property management costs	(47.8)	(45.6)
Property management income	140.6	128.2
Overheads	(207.7)	(224.2)
Funds from operations before interest and tax	2,136.4	2,105.1
Interest income	30.1	66.3
Financing costs (excluding net fair value gain or loss) [(i)]	(644.8)	(617.5)
Currency gain (excluding net fair value gain or loss)	29.0	24.3
Tax expense (excluding deferred tax and tax on capital transactions) [(ii)]	(102.2)	(94.8)
Funds from operations	1,448.5	1,483.4
Less: Funds from operations attributable to external non controlling interests [(iii)]	(10.5)	(9.7)
Funds from operations attributable to members of Westfield Group	**1,438.0**	**1,473.7**

(i) Financing costs (excluding net fair value gain or loss) consists of gross financing cost net of financing cost capitalised of $456.2 million (31 December 2012: $430.9 million), finance leases interest expense of $3.7 million (31 December 2012: $3.3 million), interest expense on other financial liabilities of $106.6 million (31 December 2012: $107.4 million) and equity accounted borrowing costs of $78.3 million (31 December 2012: $75.9 million).

(ii) Tax expense (excluding deferred tax and tax on capital transactions) consists of tax expense on underlying operations of $86.1 million (31 December 2012: $78.0 million) and equity accounted underlying current tax of $16.1 million (31 December 2012: $16.8 million).

(iii) Funds from operations attributable to external non controlling interests of $10.5 million (31 December 2012: $9.7 million) consists of profit after tax for the period attributable to external non controlling interests of $18.6 million (31 December 2012: $40.8 million) less FFO adjustments of $8.1million (31 December 2012: $31.1 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 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.

(c) Income and security data

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

	31 Dec 13 $million	31 Dec 12 $million
Funds from operations used in calculating funds from operations per stapled security	**1,438.0**	1,473.7

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating FFO per stapled security	**2,162,078,305**	2,266,955,861

9. ASIC DISCLOSURES

9.1 Rounding

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

9.2 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

26 February 2014

Brian Schwartz AM
Director

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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 2013, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 2013 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 9 to 33 of the Directors' Report for the year ended 31 December 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 26 February 2014

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Revenue			
Property revenue	3	**1,434.8**	1,594.5
Property development and project management revenue		**761.9**	451.9
Property management income		**188.4**	173.8
		2,385.1	2,220.2
Share of after tax profits of equity accounted entities			
Property revenue		**1,239.4**	1,124.8
Property revaluations	7	**498.2**	571.2
Property expenses, outgoings and other costs		**(335.7)**	(296.0)
Gain/(loss) in respect of asset dispositions		**19.6**	4.0
Net interest expense		**(62.7)**	(77.0)
Tax expense		**(22.4)**	(0.9)
	14(a)	**1,336.4**	1,326.1
Expenses			
Property expenses, outgoings and other costs		**(421.2)**	(490.5)
Property development and project management costs		**(558.2)**	(258.4)
Property management costs		**(47.8)**	(45.6)
Overheads		**(207.7)**	(224.2)
		(1,234.9)	(1,018.7)
Interest income		**26.5**	57.4
Currency gain/(loss)	4	**(30.8)**	3.7
Financing costs	5	**(795.4)**	(830.0)
Gain/(loss) in respect of capital transactions			
– asset dispositions	6	**(5.4)**	(18.1)
– financing costs in respect of capital transactions	6	**(140.7)**	(27.1)
Property revaluations	7	**365.7**	249.1
Profit before tax for the period		**1,906.5**	1,962.6
Tax expense	8	**(285.2)**	(203.7)
Profit after tax for the period		**1,621.3**	1,758.9
Profit after tax for the period attributable to:			
– Members of the Westfield Group		**1,602.7**	1,718.1
– External non controlling interests		**18.6**	40.8
Profit after tax for the period		**1,621.3**	1,758.9
Net profit attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**490.7**	271.4
Westfield Trust and Westfield America Trust members		**1,112.0**	1,446.7
Net profit attributable to members of the Westfield Group		**1,602.7**	1,718.1
		cents	cents
Basic earnings per Westfield Holdings Limited share		**22.70**	11.97
Diluted earnings per Westfield Holdings Limited share		**22.53**	11.91
Basic earnings per stapled security	27(a)	**74.13**	75.79
Diluted earnings per stapled security	27(a)	**73.58**	75.38

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2013

	31 Dec 13 $million	31 Dec 12 $million
Profit after tax for the period	**1,621.3**	1,758.9
Other comprehensive income		
Movement in foreign currency translation reserve (i)		
– Net exchange difference on translation of foreign operations	**1,170.8**	21.2
– Realised and unrealised loss on currency loans and asset hedging derivatives which qualify for hedge accounting	**(259.5)**	(23.5)
– Deferred tax effect on unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**9.5**	(2.0)
Movement in employee share plan swaps reserve (i)		
– Gain/(loss) on employee share plan swaps	**(8.6)**	26.2
– Amount transferred to income statement	**5.0**	(14.1)
– Deferred tax effect on employee share plan swaps	**1.1**	(3.6)
Total comprehensive income for the period	**2,539.6**	1,763.1
Total comprehensive income attributable to:		
– Members of the Westfield Group	**2,521.0**	1,722.3
– External non controlling interests	**18.6**	40.8
Total comprehensive income for the period	**2,539.6**	1,763.1

Total comprehensive income attributable to members of the Westfield Group analysed by amounts attributable to:		
Westfield Holdings Limited members	**903.9**	245.4
Westfield Trust and Westfield America Trust members (ii)	**1,617.1**	1,476.9
Total comprehensive income attributable to members of the Westfield Group	**2,521.0**	1,722.3

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

(ii) Total comprehensive income attributable to members of Westfield Trust and Westfield America Trust consists of profit after tax for the period of $1,112.0 million (31 December 2012: $1,446.7 million) and the net exchange gain on translation of foreign operations of $505.1 million (31 December 2012: $30.2 million).

Balance Sheet

AS AT 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Current assets			
Cash and cash equivalents	25(a)	**1,153.0**	1,099.2
Trade debtors		**30.8**	31.0
Derivative assets	9	**121.0**	145.9
Receivables	10	**554.3**	211.8
Inventories		**83.8**	91.6
Tax receivable		**0.1**	11.5
Prepayments and deferred costs	11	**52.9**	75.2
Total current assets		**1,995.9**	1,666.2
Non current assets			
Investment properties	12	**16,462.0**	17,341.3
Equity accounted investments	14(c)	**15,483.9**	13,362.2
Other investments	15	**277.1**	585.6
Derivative assets	9	**264.0**	538.0
Receivables	10	**85.7**	18.4
Plant and equipment	16	**143.8**	146.9
Deferred tax assets	8(b)	**92.7**	108.0
Prepayments and deferred costs	11	**102.9**	81.4
Total non current assets		**32,912.1**	32,181.8
Total assets		**34,908.0**	33,848.0
Current liabilities			
Trade creditors		**141.4**	165.6
Payables and other creditors	17	**1,541.0**	1,678.9
Interest bearing liabilities	18	**3.8**	368.6
Other financial liabilities	19	**155.6**	102.4
Tax payable		**156.1**	167.0
Derivative liabilities	20	**16.1**	59.3
Total current liabilities		**2,014.0**	2,541.8
Non current liabilities			
Payables and other creditors	17	**108.0**	107.3
Interest bearing liabilities	18	**12,314.8**	10,809.0
Other financial liabilities	19	**1,604.9**	1,553.9
Deferred tax liabilities	8(c)	**3,358.3**	2,893.9
Derivative liabilities	20	**167.3**	391.4
Total non current liabilities		**17,553.3**	15,755.5
Total liabilities		**19,567.3**	18,297.3
Net assets		**15,340.7**	15,550.7
Equity attributable to members of Westfield Holdings Limited			
Contributed equity	21(b)	**1,342.6**	1,448.2
Reserves	23	**(386.5)**	(805.1)
Retained profits	24	**663.6**	172.9
Total equity attributable to members of Westfield Holdings Limited		**1,619.7**	816.0
Equity attributable to Westfield Trust and Westfield America Trust members			
Contributed equity	21(b)	**13,396.8**	14,957.0
Reserves	23	**(20.9)**	(548.8)
Retained profits	24	**115.9**	105.3
Total equity attributable to Westfield Trust and Westfield America Trust members		**13,491.8**	14,513.5
Equity attributable to external non controlling interests			
Contributed equity		**94.0**	94.0
Retained profits		**135.2**	127.2
Total equity attributable to external non controlling interests		**229.2**	221.2
Total equity		**15,340.7**	15,550.7
Equity attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**1,619.7**	816.0
Westfield Trust and Westfield America Trust members		**13,491.8**	14,513.5
Total equity attributable to members of the Westfield Group		**15,111.5**	15,329.5

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	Comprehensive Income 31 Dec 13 $million	*Movement in Equity and Reserves 31 Dec 13 $million*	**Total 31 Dec 13 $million**	Total 31 Dec 12 $million
Changes in equity attributable to members of the Westfield Group				
Opening balance of contributed equity	–	*16,405.2*	**16,405.2**	17,181.2
– Movement in contributed equity	–	*(1,665.8)*	**(1,665.8)**	(776.0)
Closing balance of contributed equity	–	*14,739.4*	**14,739.4**	16,405.2
Opening balance of reserves	–	*(1,353.9)*	**(1,353.9)**	(1,367.7)
– Movement in foreign currency translation reserve (i) (ii) (iii)	*920.8*	–	**920.8**	(4.3)
– Movement in employee share plan benefits reserve (i)	–	*28.2*	**28.2**	9.6
– Movement in employee share plan swaps reserve (i) (ii)	*(2.5)*	–	**(2.5)**	8.5
Closing balance of reserves	*918.3*	*(1,325.7)*	**(407.4)**	(1,353.9)
Opening balance of retained profits	–	*278.2*	**278.2**	(324.5)
– Profit after tax for the period (ii)	*1,602.7*	–	**1,602.7**	1,718.1
– Dividend/distribution paid	–	*(1,101.4)*	**(1,101.4)**	(1,115.4)
Closing balance of retained profits	*1,602.7*	*(823.2)*	**779.5**	278.2
Closing balance of equity attributable to members of the Westfield Group	*2,521.0*	*12,590.5*	**15,111.5**	15,329.5
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	*221.2*	**221.2**	190.1
Profit after tax for the period attributable to external non controlling interests (ii)	*18.6*	–	**18.6**	40.8
Dividend/distribution paid or provided for	–	*(10.6)*	**(10.6)**	(9.7)
Closing balance of equity attributable to external non controlling interests	*18.6*	*210.6*	**229.2**	221.2
Total equity	*2,539.6*	*12,801.1*	**15,340.7**	15,550.7

Closing balance of equity attributable to:				
– Westfield Holdings Limited members	*903.9*	*715.8*	**1,619.7**	816.0
– Westfield Trust and Westfield America Trust members	*1,617.1*	*11,874.7*	**13,491.8**	14,513.5
Closing balance of equity attributable to members of the Westfield Group	*2,521.0*	*12,590.5*	**15,111.5**	15,329.5

(i) 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 $505.1 million (31 December 2012: $30.2 million) and net credit to the employee share plan benefit reserve of $22.8 million (31 December 2012: $9.5 million).

(ii) Total comprehensive income for the period amounts to a gain of $2,539.6 million (31 December 2012: $1,763.1 million).

(iii) During the year $88.1 million (31 December 2012: nil) of accumulated exchange differences were transferred to the income statement on realisation of net investment in foreign operations.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**2,436.3**	2,828.3
Payments in the course of operations (including sales tax)		**(1,182.5)**	(1,354.8)
Settlement of income hedging currency derivatives		**31.5**	21.5
Dividends/distributions received from equity accounted associates [(i)]		**629.8**	643.3
Income and withholding taxes paid		**(155.4)**	(20.7)
Sales tax paid		**(108.4)**	(73.7)
Net cash flows from operating activities	25(b)	**1,651.3**	2,043.9
Cash flows from investing activities			
Capital expenditure on property investments – consolidated		**(499.8)**	(426.8)
Capital expenditure on property investments – equity accounted		**(303.8)**	(440.4)
Proceeds from the disposition of property investments – consolidated [(ii)]		**2,353.4**	2,826.7
Tax paid on disposition of property investments		**(45.8)**	–
Capital distribution from equity accounted associates		**218.0**	–
Proceeds from the disposition of property investments – equity accounted		**133.3**	649.0
Acquisition of property investments – equity accounted		**–**	(360.9)
Proceeds from Westfield Retail Trust for the repayment of the Westfield Sydney Facility		**–**	942.0
Capital contribution to fund repayment of loan by equity accounted investments		**(5.9)**	(168.8)
Purchase of plant & equipment		**(44.2)**	(23.6)
Financing costs capitalised to qualifying development projects and construction in progress		**(48.0)**	(63.7)
Settlement of asset hedging currency derivatives		**(9.2)**	(19.9)
Net cash flows from investing activities		**1,748.0**	2,913.6
Cash flows used in financing activities			
Buy-back of securities		**(1,663.3)**	(776.0)
Redemption of other financial liabilities		**–**	(156.7)
Net proceeds/(repayment) from interest bearing liabilities		**12.6**	(1,537.6)
Financing costs excluding interest capitalised		**(541.3)**	(534.3)
Interest received		**36.9**	106.2
Dividends/distributions paid		**(1,101.4)**	(1,115.4)
Dividends/distributions paid by controlled entities to non controlling interests		**(10.5)**	(9.7)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		**(119.0)**	(27.1)
Net cash flows used in financing activities		**(3,386.0)**	(4,050.6)
Net increase in cash and cash equivalents held		**13.3**	906.9
Add opening cash and cash equivalents brought forward		**1,098.5**	190.5
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**41.2**	1.1
Cash and cash equivalents at the end of the period	25(a)	**1,153.0**	1,098.5

(i) Net operating cash flows (including net interest) from equity accounted associates was $791.8 million. After retaining $162.0 million for capital expenditure the distribution to the Group amounted to $629.8 million.

(ii) Proceeds from assets dispositions of $3,099.9 million comprise $2,353.4 million cash received, $369.9 million deferred consideration and $376.6 million of debt assumed by the purchaser.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

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 2013 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 26 February 2014.

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 2013.

– AASB 10 Consolidated Financial Statements

  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. As a result of the new accounting standard and the Group's ownership structure in Derby, which includes direct ownership interest and indirect ownership interest in a wholesale fund, the Group's interest in Derby is now being treated as a joint venture and accounted for using the equity method of accounting (Note 14: Details of equity accounted investments).

  The retrospective application of this standard resulted in the following impact to the financial statements:

  – an increase in external non controlling interest retained profits of $27.9 million and a decrease in external non controlling interest contributed equity of $111.3 million as at 31 December 2011; and

  – a decrease in external non controlling interest profit after tax of $6.4 million for the year ended 31 December 2012 and a decrease in external non controlling interest contributed equity of $233.3 million as at 31 December 2012.

  There is no impact on profit after tax attributable to members of the Westfield Group upon the retrospective application of this standard;

– AASB 11 Joint Arrangements

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

– AASB 12 Disclosure of Interests in Other Entities

  This standard introduces new disclosures about judgements made by management in determining whether control exists, and requires summarised information about joint arrangements, associates, structured entities and subsidiaries with external non controlling interests. Further details of significant judgements and assumptions made in determining whether control exists may be found in Note 13: Details of shopping centre investments; and

– AASB 13 Fair Value Measurement

  This standard establishes a single source of guidance for determining the fair value of assets and liabilities. This standard was applied on a prospective basis from 1 January 2013 and did not have a significant impact on the Group's financial results and disclosures.

The Group has also adopted the following amendments to accounting standards as a result of the revision of related standards and the Annual Improvement Projects (for non-urgent changes).

– AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13;

– AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income; and

– AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.

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

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the year ended 31 December 2013. The impact of these new standards (to the extent relevant to the Group) and interpretations is as follows:

– AASB 9 Financial Instruments (effective from 1 January 2017)

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

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 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014);

– AASB 2013-3 Amendments to AASB 136- Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014);

– AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014); and

– AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (effective from 1 January 2014).

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 Regulations 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 13: 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 the 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 arrangements

Joint operations

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

Joint ventures

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

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

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 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 is assessed by the Directors and where the carrying value differs materially from the Directors' assessment of fair value, an adjustment to the carrying value is recorded as appropriate.

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon assumptions and judgement in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. Refer to Note 13 for the estimated yield for each property. It is the Group's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

ii) Development projects and construction in progress

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

Development projects and construction in progress are carried at fair value based on the Directors' assessment of fair value at each reporting date taking into account the expected cost to complete, the stage of completion, expected underlying income and yield of the developments. Any increment or decrement in the fair value of development projects and construction in progress resulting from the Directors' assessment of fair value is included in the income statement in the year in which it arises. From time to time during a development, Directors may commission an independent valuation of the development project and construction in progress. On completion, development projects and construction in progress are reclassified to shopping centre investments and an independent valuation is obtained.

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

(d) Other investments

Listed and unlisted investments

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

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market prices. For investments with no active market, fair values are determined using valuation techniques which keep judgemental inputs to a minimum, including the fair value of underlying properties, recent arm's length transactions and reference to 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, of New Zealand entities is New Zealand dollars and of Brazilian entities in Brazilian Reals. 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 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 of completion basis as construction progresses. The percentage of completion is assessed by reference to the stage of completion of the project based on the proportion of contract costs incurred to date and the estimated costs to complete. Where a property is under development and agreement has been reached to sell the property when construction is complete, consideration is given as to whether the contract comprises a development and construction project or a contract for the sale of a completed property. Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Where the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, revenue is recognised on a percentage of completion basis as construction progresses.

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

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

i) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation (continued)

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 disposed of at book value, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Income taxes related to items recognised directly in equity are recognised in equity and not in the income statement.

iv) Parent Company – tax consolidation

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

(i) 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 is classified as operating cash flows.

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

(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 the lease and are disclosed as an asset or investment property.

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

(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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Derivative and other financial instruments

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

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

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

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

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

i) Financial assets

Cash and cash equivalents

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

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

Receivables

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings as disclosed in Note 40 are determined as follows:

- Fair value of quoted notes and bonds is based on price quotations at the reporting date.
- The fair value of unquoted instruments, loans from banks, finance leases and other non current financial liabilities is estimated by discounting future cash flows using rates that approximate the Group's borrowing rate as at 31 December 2013, for debt with similar maturity, credit risk and terms.

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 is determined by reference to the fair value of the underlying linked property investments. The fair value of convertible notes, preference and convertible preference securities is 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 19.

(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) 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	31 Dec 13 $million	31 Dec 12 $million
NOTE 3 PROPERTY REVENUE			
Shopping centre base rent and other property income		**1,484.5**	1,643.2
Amortisation of tenant allowances and leasing costs		**(49.7)**	(48.7)
		1,434.8	1,594.5
NOTE 4 CURRENCY GAIN/(LOSS)			
Realised gain on income hedging currency derivatives		**29.0**	24.3
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	7	**14.6**	(20.6)
Accumulated exchange differences (including amounts transferred from foreign currency translation reserve) on realisation of net investment in foreign operation	7	**(74.4)**	–
		(30.8)	3.7
NOTE 5 FINANCING COSTS			
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		**(504.2)**	(494.6)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**48.0**	63.7
Financing costs		**(456.2)**	(430.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	7	**(157.1)**	(212.0)
Finance leases interest expense		**(3.7)**	(3.3)
Interest expense on other financial liabilities		**(106.6)**	(107.4)
Net fair value loss on other financial liabilities	7	**(71.8)**	(76.4)
		(795.4)	(830.0)
NOTE 6 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS			
Asset dispositions			
– proceeds from asset dispositions	48	**3,099.9**	3,379.0
– less: carrying value of assets disposed and other capital costs		**(3,105.3)**	(3,377.4)
		(5.4)	1.6
Net costs in respect of business combinations and property transactions		**–**	(19.7)
Gain/(loss) in respect of asset dispositions	7	**(5.4)**	(18.1)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments [i] and the mark to market of fixed rate mortgages in respect of properties disposed		**(140.7)**	(27.1)
Financing costs in respect of capital transactions	7	**(140.7)**	(27.1)

[i] In 2013, these costs relate to the repurchase and cancellation of US$1,813.0 million of bonds for US$1,924.3 million with the proceeds from asset dispositions.

NOTE 7 SIGNIFICANT ITEMS

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

	Note	31 Dec 13 $million	31 Dec 12 $million
Property revaluations		**365.7**	249.1
Equity accounted property revaluations		**498.2**	571.2
Net fair value gain/(loss) on currency derivatives that do not qualify for hedge accounting	4	**14.6**	(20.6)
Accumulated exchange differences on realisation of net investment in foreign operation	4	**(74.4)**	–
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	5	**(157.1)**	(212.0)
Net fair value loss on other financial liabilities	5	**(71.8)**	(76.4)
Equity accounted net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting		**12.0**	(10.0)
Gain/(loss) in respect of asset dispositions	6	**(5.4)**	(18.1)
Financing costs in respect of capital transactions	6	**(140.7)**	(27.1)
Equity accounted gain/(loss) in respect of asset dispositions		**19.6**	4.0
Deferred tax	8	**(199.1)**	(125.7)
Equity accounted deferred tax		**(6.3)**	15.9

	Note	31 Dec 13 $million	31 Dec 12 $million

NOTE 8 TAXATION

	Note	31 Dec 13 $million	31 Dec 12 $million
(a) Tax expense			
Current – underlying operations		**(86.1)**	(78.0)
Deferred tax	7	**(199.1)**	(125.7)
		(285.2)	(203.7)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:			
Profit before income tax		**1,906.5**	1,962.6
Prima facie tax expense at 30%		**(572.0)**	(588.8)
Trust income not assessable		**273.1**	299.9
Differential of tax rates on foreign income		**85.1**	103.0
Transfer of accumulated foreign exchange from foreign currency translation reserve to income statement		**(22.3)**	–
Capital transactions not deductible		**(43.8)**	(13.6)
Prior year under provision		**(2.2)**	(0.2)
Other items		**(3.1)**	(4.0)
Tax expense		**(285.2)**	(203.7)
(b) Deferred tax assets			
Provisions and accruals		**92.7**	108.0
		92.7	108.0
(c) Deferred tax liabilities			
Tax effect of book value in excess of the tax cost base of investment properties		**3,234.2**	2,728.7
Unrealised fair value gain on financial derivatives		**11.2**	27.2
Other timing differences		**112.9**	138.0
		3,358.3	2,893.9

(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 $9.5 million (31 December 2012: charge of $2.0 million).

NOTE 9 DERIVATIVE ASSETS

	31 Dec 13 $million	31 Dec 12 $million
Current		
Receivables on currency derivatives	**49.8**	90.3
Receivables on interest rate derivatives	**69.2**	48.2
Receivables on equity share plan swaps	**2.0**	7.4
	121.0	145.9
Non Current		
Receivables on interest rate derivatives	**262.1**	483.6
Receivables on currency derivatives	**–**	49.2
Receivables on equity share plan swaps	**1.9**	5.2
	264.0	538.0

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2013, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $385.0 million are reduced by $97.6 million to the net amount of $287.4 million (31 December 2012: derivative assets of $683.9 million reduced by $185.9 million to the net amount of $498.0 million).

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 10 RECEIVABLES			
Current			
Amount receivable from Westfield Retail Trust	47	**7.3**	29.5
Sundry debtors		**547.0**	182.3
		554.3	211.8
Non Current			
Sundry debtors		**85.7**	18.4
		85.7	18.4

NOTE 11 PREPAYMENTS AND DEFERRED COSTS

Current		
Prepayments and deposits	**32.1**	50.3
Deferred costs – other	**20.8**	24.9
	52.9	75.2
Non Current		
Deferred costs – other	**102.9**	81.4
	102.9	81.4

NOTE 12 INVESTMENT PROPERTIES

Shopping centre investments	**15,405.7**	16,438.6
Development projects and construction in progress	**1,056.3**	902.7
	16,462.0	17,341.3
Movement in total investment properties		
Balance at the beginning of the year	**17,341.3**	22,504.9
Acquisition of properties	**71.3**	–
Disposal of properties	**(2,763.1)**	(3,336.4)
Transfer to equity accounted investment properties	**(691.8)**	(2,468.7)
Redevelopment costs	**289.8**	441.2
Net revaluation increment	**542.4**	282.9
Retranslation of foreign operations	**1,672.1**	(82.6)
Balance at the end of the year [(i)]	**16,462.0**	17,341.3

(i) The fair value of investment properties at the end of the year of $16,462.0 million (31 December 2012: $17,341.3 million) comprises investment properties at market value of $16,418.3 million (31 December 2012: $17,302.8 million) and ground leases included as finance leases of $43.7 million (31 December 2012: $38.5 million).

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 13 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated Australia shopping centres	13(a)	**7,256.7**	7,077.4
Consolidated United Kingdom shopping centres	13(c)	**2,371.5**	1,859.4
Consolidated United States shopping centres	13(d)	**5,777.5**	7,501.8
Total consolidated shopping centres	12	**15,405.7**	16,438.6
Equity accounted Australia shopping centres	13(a)	**5,899.3**	5,915.2
Equity accounted New Zealand shopping centres	13(b)	**1,246.5**	1,061.6
Equity accounted Brazil shopping centres		**–**	344.3
Equity accounted United Kingdom shopping centres	13(c)	**2,671.2**	2,213.6
Equity accounted United States shopping centres	13(d)	**7,003.6**	4,991.6
Total equity accounted shopping centres	14(c)	**16,820.6**	14,526.3
		32,226.3	30,964.9

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

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

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

Australian shopping centres

- CBRE, Inc.
- Colliers International C&V Pty Limited
- Cushman & Wakefield Inc.
- Jones Lang La Salle
- Knight Frank Valuations
- Savills Valuations Pty Limited
- Urbis Pty Ltd

New Zealand shopping centres

- CBRE, Inc.
- Colliers International New Zealand Limited

United States shopping centres

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

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited
- Knight Frank LLP

NOTE 13(a) DETAILS OF SHOPPING CENTRE INVESTMENTS – AUSTRALIA

Australian shopping centres	Ownership Interest 31 Dec 13 %	Ownership Interest 31 Dec 12 %	Carrying Amount 31 Dec 13 $million	Estimated Weighted Average Yield 31 Dec 13 %	Carrying Amount 31 Dec 12 $million	Estimated Weighted Average Yield 31 Dec 12 %
AUSTRALIAN CAPITAL TERRITORY			**566.5**	**6.07%**	552.5	6.17%
Belconnen	**50.0 C**	50.0 C		**6.00%**		6.13%
Woden	**25.0 C**	25.0 C		**6.25%**		6.25%
NEW SOUTH WALES			**6,834.7**	**5.80%**	6,742.2	5.81%
Bondi Junction	**50.0 E**	50.0 E		**5.25%**		5.25%
Burwood	**50.0 C**	50.0 C		**6.00%**		6.00%
Chatswood	**50.0 E**	50.0 E		**6.00%**		6.00%
Figtree	**50.0 C**	50.0 C		**7.50%**		7.50%
Hornsby	**50.0 E**	50.0 E		**6.00%**		6.00%
Hurstville	**25.0 C**	25.0 C		**7.00%**		7.00%
Kotara	**50.0 E**	50.0 E		**6.25%**		6.25%
Liverpool	**25.0 C**	25.0 C		**6.25%**		6.25%
Miranda [(i)]	**25.0 C**	25.0 C		**5.75%**		5.75%
Mt Druitt	**25.0 E**	25.0 E		**7.00%**		7.00%
North Rocks	**50.0 E**	50.0 E		**7.25%**		7.50%
Parramatta	**25.0 C**	25.0 C		**5.75%**		5.75%
Penrith	**25.0 C**	25.0 C		**6.00%**		6.00%
Tuggerah	**50.0 E**	50.0 E		**6.25%**		6.25%
Warrawong	**50.0 C**	50.0 C		**8.00%**		8.00%
Warringah Mall	**25.0 E**	25.0 E		**6.00%**		6.00%
Westfield Sydney [(ii)]	**50.0 C/E**	50.0 C/E		**5.29%**		5.29%
QUEENSLAND			**2,320.1**	**5.86%**	2,258.1	5.86%
Carindale [(iii)]	**50.0 C**	50.0 C		**5.75%**		5.75%
Chermside	**50.0 C**	50.0 C		**5.50%**		5.50%
Helensvale	**25.0 C**	25.0 C		**6.50%**		6.50%
Mt Gravatt [(i)]	**50.0 E**	50.0 E		**6.00%**		6.00%
North Lakes	**25.0 C**	25.0 C		**6.25%**		6.25%
Strathpine	**50.0 C**	50.0 C		**7.25%**		7.25%
SOUTH AUSTRALIA			**638.7**	**6.00%**	604.5	6.06%
Marion	**25.0 C**	25.0 C		**5.90%**		5.90%
Tea Tree Plaza	**31.3 E**	31.3 E		**6.00%**		6.13%
West Lakes [(iv)]	**25.0 C**	25.0 C		**6.25%**		6.38%
VICTORIA			**2,014.0**	**5.93%**	1,984.5	5.93%
Airport West	**25.0 C**	25.0 C		**7.00%**		7.00%
Doncaster	**25.0 E**	25.0 E		**5.50%**		5.50%
Fountain Gate	**50.0 E**	50.0 E		**5.75%**		5.75%
Geelong	**25.0 C**	25.0 C		**6.25%**		6.25%
Knox	**25.0 E**	25.0 E		**6.50%**		6.50%
Plenty Valley	**25.0 C**	25.0 C		**6.50%**		6.50%
Southland	**25.0 E**	25.0 E		**5.85%**		5.85%
WESTERN AUSTRALIA			**782.0**	**6.00%**	850.8	6.15%
Carousel	**50.0 C**	50.0 C		**5.50%**		5.75%
Innaloo	**50.0 C**	50.0 C		**7.00%**		7.00%
Karrinyup [(v)]	**–**	16.7 E		**–**		6.00%
Whitford City	**25.0 C**	25.0 C		**6.75%**		6.75%
Total Australian portfolio			**13,156.0**	**5.86%**	12,992.6	5.89%
Consolidated			**7,256.7**		7,077.4	
Equity accounted			**5,899.3**		5,915.2	
Total Australian portfolio			**13,156.0**	**5.86%**	12,992.6	5.89%

C **Consolidated** – Centres which are between 20 – 50% held directly and jointly as tenants in common are treated as joint operations. The contractual arrangements establish that the parties share all the liabilities, obligations, costs and expenses in their ownership proportion. The allocation of revenue and expenses is based on the ownership interest in the joint arrangement.

E **Equity Accounted** – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

(i) Properties currently under redevelopment.

(ii) Westfield Sydney comprises Sydney Central Plaza, the Sydney City retail complex and office towers. The estimated yield on Westfield Sydney is 5.59%, comprising retail 5.29% (Sydney City 5.13% and Sydney Central Plaza 5.75%) and office 6.46%.

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

(iv) Development completed during the year.

(v) During the year, the Group sold its 16.67% interest in Karrinyup. Up until the date of sale, Karrinyup was treated as a joint venture, as a result of the Group's Co-ownership agreement, its representation on the Management Committee and the ability to influence the budgets and operations of the centre.

NOTE 13(b) DETAILS OF SHOPPING CENTRE INVESTMENTS – NEW ZEALAND

New Zealand shopping centres	**Ownership Interest 31 Dec 13 %**	Ownership Interest 31 Dec 12 %	**Carrying Amount 31 Dec 13 NZ$ million**	**Estimated Weighted Average Yield 31 Dec 13 %**	Carrying Amount 31 Dec 12 NZ$million	Estimated Weighted Average Yield 31 Dec 12 %
Albany	**50.0 E**	50.0 E		**6.50%**		6.75%
Chartwell	**50.0 E**	50.0 E		**8.25%**		8.50%
Glenfield	**50.0 E**	50.0 E		**8.38%**		8.50%
Manukau	**50.0 E**	50.0 E		**7.63%**		7.63%
Newmarket	**50.0 E**	50.0 E		**7.13%**		7.25%
Queensgate	**50.0 E**	50.0 E		**7.25%**		7.25%
Riccarton	**50.0 E**	50.0 E		**7.50%**		8.00%
St Lukes	**50.0 E**	50.0 E		**6.88%**		6.88%
WestCity	**50.0 E**	50.0 E		**8.38%**		8.38%
Total New Zealand portfolio			**1,354.8**	**7.33%**	1,339.0	7.48%
Exchange rate			**1.0869**		1.2613	
Total New Zealand portfolio in A$			**1,246.5**		1,061.6	
Consolidated			**–**		–	
Equity accounted			**1,246.5**		1,061.6	
Total New Zealand portfolio			**1,246.5**	**7.33%**	1,061.6	7.48%

C Consolidated – Centres which are between 20 – 50% held directly and jointly as tenants in common are treated as joint operations. The contractual arrangements establish that the parties share all the liabilities, obligations, costs and expenses in their ownership proportion. The allocation of revenue and expenses is based on the ownership interest in the joint arrangement.

E Equity Accounted – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

NOTE 13(c) DETAILS OF SHOPPING CENTRE INVESTMENTS – UNITED KINGDOM

United Kingdom shopping centres	**Ownership Interest 31 Dec 13 %**	Ownership Interest 31 Dec 12 %	**Carrying Amount 31 Dec 13 £million**	**Estimated Weighted Average Yield 31 Dec 13 %**	Carrying Amount 31 Dec 12 £million	Estimated Weighted Average Yield 31 Dec 12 %
Derby (i)	**66.7 E**	66.7 E		**6.50%**		6.50%
Merry Hill (ii)	**33.3 E**	33.3 E		**5.70%**		5.70%
Sprucefield	**100.0 C**	100.0 C		**6.00%**		6.00%
Stratford City	**50.0 E**	50.0 E		**5.50%**		5.50%
Westfield London	**50.0 C**	50.0 C		**5.50%**		5.50%
Total United Kingdom portfolio			**2,723.5**	**5.63%**	2,613.3	5.63%
Exchange rate			**0.5401**		0.6416	
Total United Kingdom portfolio in A$			**5,042.7**		4,073.1	
Consolidated			**2,371.5**		1,859.4	
Equity accounted			**2,671.2**		2,213.6	
Total United Kingdom portfolio			**5,042.7**	**5.63%**	4,073.0	5.63%

C Consolidated – Centres which are between 20 – 50% held directly and jointly as tenants in common are treated as joint operations. The contractual arrangements establish that the parties share all the liabilities, obligations, costs and expenses in their ownership proportion. The allocation of revenue and expenses is based on the ownership interest in the joint arrangement.

E Equity Accounted – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

(i) The Group's 66.7% economic interest in Derby includes a 16.7% investment held via the Group's one third interest in the Westfield UK Core Shopping Centre Fund. Under the legal arrangements the Group is restricted from exercising control, accordingly it has joint control and the investment in Derby is treated as an equity accounted interest.

(ii) The Group's 33.3% investment in Merry Hill includes an 8.3% investment held via the Group's one third interest in Westfield UK Core Shopping Centre Fund.

NOTE 13(d) DETAILS OF SHOPPING CENTRE INVESTMENTS – UNITED STATES

United States shopping centres	**Ownership Interest 31 Dec 13 %**	Ownership Interest 31 Dec 12 %	**Carrying Amount 31 Dec 13 US$million**	**Estimated Weighted Average Yield 31 Dec 13 %**	Carrying Amount 31 Dec 12 US$million	Estimated Weighted Average Yield 31 Dec 12 %
EAST COAST			**3,493.1**	**6.06%**	3,987.7	6.27%
Annapolis (i)	**55.0 E**	55.0 E		**5.57%**		5.57%
Brandon (ii)	**50.0 E**	100.0 C		**6.22%**		6.27%
Broward (ii)	**50.0 E**	100.0 C		**6.40%**		6.40%
Citrus Park (ii)	**50.0 E**	100.0 C		**6.54%**		6.73%
Connecticut Post	**100.0 C**	100.0 C		**6.81%**		7.00%
Countryside (ii)	**50.0 E**	100.0 C		**6.40%**		6.49%
Eastridge (iv)	**–**	100.0 C		**–**		8.50%
Garden State Plaza (iii)	**50.0 E**	50.0 E		**5.50%**		5.50%
Meriden	**100.0 C**	100.0 C		**7.01%**		7.01%
Montgomery (iii)	**50.0 E**	50.0 E		**5.56%**		5.56%
Sarasota (ii)	**50.0 E**	100.0 C		**6.38%**		6.40%
South Shore (iii)	**100.0 C**	100.0 C		**7.66%**		7.66%
Southgate (ii)	**50.0 E**	100.0 C		**7.02%**		7.10%
Sunrise	**100.0 C**	100.0 C		**6.60%**		6.60%
Trumbull	**100.0 C**	100.0 C		**6.00%**		6.00%
Wheaton	**100.0 C**	100.0 C		**5.94%**		7.26%
MID WEST			**1,075.8**	**5.83%**	1,885.6	6.52%
Belden Village (iv)	**–**	100.0 C		**–**		6.41%
Fox Valley	**100.0 C**	100.0 C		**6.73%**		7.24%
Franklin Park (iv)	**–**	100.0 C		**–**		6.89%
Great Northern (iv)	**–**	100.0 C		**–**		6.80%
Hawthorn	**100.0 C**	100.0 C		**7.00%**		7.00%
Old Orchard	**100.0 C**	100.0 C		**5.15%**		5.99%
Southlake (iv)	**–**	100.0 C		**–**		6.22%

NOTE 13(d) DETAILS OF SHOPPING CENTRE INVESTMENTS – UNITED STATES (CONTINUED)

United States shopping centres	**Ownership Interest 31 Dec 13 %**	Ownership Interest 31 Dec 12 %	**Carrying Amount 31 Dec 13 US$million**	**Estimated Weighted Average Yield 31 Dec 13 %**	Carrying Amount 31 Dec 12 US$million	Estimated Weighted Average Yield 31 Dec 12 %
WEST COAST			**6,847.2**	**5.55%**	7,082.3	5.85%
Capital (iv)	–	100.0 C		–		6.66%
Century City	**100.0 C**	100.0 C		**4.98%**		5.09%
Culver City (i)	**55.0 E**	55.0 E		**5.42%**		5.83%
Fashion Square	**50.0 E**	50.0 E		**5.45%**		5.94%
Galleria at Roseville	**100.0 C**	100.0 C		**5.61%**		5.94%
Horton Plaza (i)	**55.0 E**	55.0 E		**6.26%**		6.26%
Mainplace	**100.0 C**	100.0 C		**7.25%**		7.25%
Mission Valley	**41.7 E**	41.7 E		**6.16%**		6.50%
North County (i)	**55.0 E**	55.0 E		**6.51%**		6.51%
Oakridge (i)	**55.0 E**	55.0 E		**5.35%**		5.86%
Palm Desert	**100.0 C**	100.0 C		**7.74%**		7.74%
Parkway (iv)	–	100.0 C		–		6.36%
Plaza Bonita (i)	**55.0 E**	55.0 E		**6.14%**		6.48%
Plaza Camino Real	**100.0 C**	100.0 C		**7.00%**		7.00%
San Francisco Centre	**100.0 C**	100.0 C		**5.01%**		5.34%
San Francisco Emporium	**50.0 E**	50.0 E		**5.01%**		5.34%
Santa Anita	**49.3 E**	49.3 E		**5.66%**		6.08%
Southcenter (i)	**55.0 E**	55.0 E		**5.49%**		5.57%
Topanga (i)	**55.0 E**	55.0 E		**5.44%**		5.59%
UTC	**50.0 E**	50.0 E		**5.37%**		5.58%
Valencia Town Center	**50.0 E**	50.0 E		**6.00%**		6.00%
Valley Fair	**50.0 E**	50.0 E		**4.60%**		5.20%
Vancouver	**100.0 C**	100.0 C		**6.05%**		6.05%
West Covina (iv)	–	100.0 C		–		5.62%
Total United States portfolio			**11,416.1**	**5.74%**	12,955.6	6.07%
Exchange Rate			**0.8932**		1.0370	
Total United States portfolio in A$			**12,781.1**		12,493.4	
Consolidated			**5,777.5**		7,501.8	
Equity accounted			**7,003.6**		4,991.6	
Total United States portfolio			**12,781.1**	**5.74%**	12,493.4	6.07%

C Consolidated

E Equity Accounted – Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

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

(ii) During the financial period, O'Connor Capital Partners (O'Connor) became a joint venture partner in these assets (Group's ownership: 50.01%, O'Connor's ownership: 49.99%). As a result, these previously consolidated centres are now equity accounted.

(iii) Properties currently under redevelopment.

(iv) During the year, the Group divested these non-core shopping centres.

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	Australia and New Zealand		United Kingdom		United States and Brazil		Total	
	31 Dec 13 $million	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
(a) Details of the Westfield Group's aggregate share of equity accounted entities net profit								
Property revenue	**583.9**	581.2	**178.0**	173.8	**477.5**	369.8	**1,239.4**	1,124.8
Share of after tax profit of equity accounted entities	**503.0**	695.8	**145.5**	130.3	**687.9**	500.0	**1,336.4**	1,326.1

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

	Australia and New Zealand		United Kingdom		United States and Brazil		Total	
	31 Dec 13 $million	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
(b) Details of the Westfield Group's aggregate share of equity accounted entities comprehensive income								
Share of after tax profit of equity accounted entities	**503.0**	695.8	**145.5**	130.3	**687.9**	500.0	**1,336.4**	1,326.1
Other comprehensive income (i)	**81.4**	21.2	**362.0**	37.0	**731.6**	(38.4)	**1,175.0**	19.8
Share of total comprehensive income of equity accounted entities	**584.4**	717.0	**507.5**	167.3	**1,419.5**	461.6	**2,511.4**	1,345.9

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

	Australia and New Zealand (i)		United Kingdom		United States and Brazil		Total	
	31 Dec 13 $million	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
(c) Details of the Westfield Group's aggregate share of equity accounted entities assets and liabilities								
Cash	**21.5**	24.7	**58.1**	43.7	**66.8**	103.8	**146.4**	172.2
Shopping centre investments	**7,145.8**	6,976.8	**2,671.2**	2,213.6	**7,003.6**	5,335.9	**16,820.6**	14,526.3
Development projects and construction in progress	**126.0**	69.0	**201.5**	10.0	**422.2**	247.5	**749.7**	326.5
Other assets	**17.5**	14.6	**39.2**	36.0	**49.2**	31.1	**105.9**	81.7
Total assets	**7,310.8**	7,085.1	**2,970.0**	2,303.3	**7,541.8**	5,718.3	**17,822.6**	15,106.7
Payables	**(112.0)**	(95.9)	**(85.5)**	(62.7)	**(109.5)**	(128.4)	**(307.0)**	(287.0)
Interest bearing liabilities – current	**(0.1)**	(0.1)	**–**	–	**(4.7)**	(114.8)	**(4.8)**	(114.9)
Interest bearing liabilities – non current	**(22.2)**	(19.6)	**(509.2)**	(428.6)	**(1,389.3)**	(840.9)	**(1,920.7)**	(1,289.1)
Total liabilities (excluding potential deferred tax liability in respect of investment properties)	**(134.3)**	(115.6)	**(594.7)**	(491.3)	**(1,503.5)**	(1,084.1)	**(2,232.5)**	(1,691.0)
Net assets (excluding potential deferred tax liability in respect of investment properties) (ii)	**7,176.5**	6,969.5	**2,375.3**	1,812.0	**6,038.3**	4,634.2	**15,590.1**	13,415.7
Carrying value of equity accounted investments	**7,070.3**	6,882.3	**2,375.3**	1,812.0	**6,038.3**	4,667.9	**15,483.9**	13,362.2

(i) The Group's investment in its New Zealand equity accounted entities is represented by contributed equity of $615.2 million (31 December 2012: $527.6 million) and long term loans of $523.7 million (31 December 2012: $445.3 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 which relate to the New Zealand investment properties was $106.2 million (31 December 2012: $153.1 million, $87.2 million relates to New Zealand investment properties and $65.9 million relates to investment properties in Brazil).

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	Committed financing facilities 31 Dec 13 $million	**Total interest bearing liabilities 31 Dec 13 $million**	Committed financing facilities 31 Dec 12 $million	Total interest bearing liabilities 31 Dec 12 $million
(d)(i) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured loans	**–**	**–**	104.0	104.0
Secured mortgages	**1,892.3**	**1,892.3**	1,270.8	1,270.8
Total secured debt	**1,892.3**	**1,892.3**	1,374.8	1,374.8
Finance leases	**33.2**	**33.2**	29.2	29.2
	1,925.5	**1,925.5**	1,404.0	1,404.0
Interest bearing liabilities – current	**4.8**	**4.8**	114.9	114.9
Interest bearing liabilities – non current	**1,920.7**	**1,920.7**	1,289.1	1,289.1
	1,925.5	**1,925.5**	1,404.0	1,404.0
(d)(ii) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2013	**–**	**–**	114.9	114.9
Year ending December 2014	**4.8**	**4.8**	301.5	301.5
Year ending December 2015	**5.1**	**5.1**	5.9	5.9
Year ending December 2016	**5.4**	**5.4**	6.6	6.6
Year ending December 2017	**758.5**	**758.5**	645.6	645.6
Year ending December 2018	**38.8**	**38.8**	8.2	8.2
Year ending December 2019	**8.1**	**8.1**	9.3	9.3
Year ending December 2020	**211.5**	**211.5**	122.7	122.7
Year ending December 2021	**4.0**	**4.0**	9.6	9.6
Year ending December 2022	**113.4**	**113.4**	105.0	105.0
Year ending December 2023	**746.7**	**746.7**	0.4	0.4
Due thereafter	**29.2**	**29.2**	74.3	74.3
	1,925.5	**1,925.5**	1,404.0	1,404.0

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 13 million**	**Total interest bearing liabilities (local currency) 31 Dec 13 million**	Committed financing facilities (local currency) 31 Dec 12 million	Total interest bearing liabilities (local currency) 31 Dec 12 million
(d)(iii) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – Plaza Bonita	11-Jun-13	**–**	**–**	US$41.6	US$41.6
Secured mortgage – Santa Anita [(i)]	11-Jul-13	**–**	**–**	US$75.6	US$75.6
Secured mortgage – Garden State Plaza [(i)]	06-Jun-14	**–**	**–**	US$260.0	US$260.0
Secured mortgage – Mission Valley [(i)]	04-Nov-14	**–**	**–**	US$47.9	US$47.9
Secured mortgage – San Francisco Emporium	11-Jan-17	**US$217.5**	**US$217.5**	US$217.5	US$217.5
Secured mortgage – Stratford City	14-Sep-17	**£275.0**	**£275.0**	£275.0	£275.0
Secured mortgage – Southgate [(ii) (iii)]	09-Jun-18	**US$28.2**	**US$28.2**	–	–
Secured mortgage – Southcenter	11-Jan-20	**US$131.6**	**US$131.6**	US$133.2	US$133.2
Secured mortgage – Brandon [(ii)]	01-Mar-20	**US$74.2**	**US$74.2**	–	–
Secured mortgage – Valencia Town Center	31-Dec-22	**US$97.5**	**US$97.5**	US$97.5	US$97.5
Secured mortgage – Santa Anita	01-Feb-23	**US$142.2**	**US$142.2**	–	–
Secured mortgage – Broward [(ii)]	01-Mar-23	**US$47.5**	**US$47.5**	–	–
Secured mortgage – Citrus Park [(ii)]	01-Jun-23	**US$72.9**	**US$72.9**	–	–
Secured mortgage – Countryside [(ii)]	01-Jun-23	**US$77.5**	**US$77.5**	–	–
Secured mortgage – Sarasota [(ii)]	01-Jun-23	**US$19.0**	**US$19.0**	–	–
Secured mortgage – Mission Valley	01-Oct-23	**US$64.6**	**US$64.6**	–	–
Secured mortgage – Garden State Plaza	31-Dec-23	**US$262.5**	**US$262.5**	–	–
Secured loan – Continente Park [(iv)]	01-Apr-25	**–**	**–**	R$57.8	R$57.8
Secured loan – Blumenau Norte [(iv)]	02-Apr-25	**–**	**–**	R$49.4	R$49.4
Secured loan – Neumarkt [(iv)]	30-May-25	**–**	**–**	R$40.7	R$40.7
Secured loan – Joinville Garten [(iv)]	10-Sep-27	**–**	**–**	R$72.9	R$72.9
Total A$ equivalent of the above		**1,892.3**	**1,892.3**	1,374.8	1,374.8
Add:					
Finance leases		**33.2**	**33.2**	29.2	29.2
		1,925.5	**1,925.5**	1,404.0	1,404.0

(i) During the year, the loan on this property was refinanced

(ii) During the year, O'Connor Capital Partners became a joint venture partner in these properties (Group's ownership: 50.01%, O'Connor's ownership: 49.99%). As a result, new secured financing has been arranged and previously consolidated liabilities are now equity accounted.

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

(iv) During the year, the loan on this property was repaid.

Total equity accounted secured liabilities are $1,892.3 million (31 December 2012: $1,374.8 million). The aggregate net asset value of equity accounted entities with secured borrowings is $3,276.9 million (31 December 2012: $2,682.4 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
(e) Equity accounted gain/(loss) in respect of capital transactions		
Asset dispositions		
– proceeds from asset dispositions	**133.4**	647.0
– less: carrying value of assets disposed and other capital costs	**(113.8)**	(643.0)
	19.6	4.0

	Australia and New Zealand		United Kingdom		United States and Brazil		Total	
	31 Dec 13 $million	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
(f) 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	**403.3**	406.6	**130.2**	118.6	**327.7**	280.9	**861.2**	806.1
Due between one and five years	**953.9**	994.1	**475.3**	461.3	**1,011.2**	876.4	**2,440.4**	2,331.8
Due after five years	**639.8**	673.8	**813.9**	823.4	**722.7**	559.1	**2,176.4**	2,056.3
	1,997.0	2,074.5	**1,419.4**	1,403.3	**2,061.6**	1,716.4	**5,478.0**	5,194.2
(g) 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	**139.2**	7.5	**–**	–	**282.0**	125.2	**421.2**	132.7
Due between one and five years	**–**	–	**–**	–	**225.1**	365.3	**225.1**	365.3
	139.2	7.5	**–**	–	**507.1**	490.5	**646.3**	498.0
(h) Details of the Westfield Group's aggregate share of equity accounted entities contingent liabilities								
Performance guarantees	**3.0**	3.0	**22.0**	18.5	**12.8**	6.0	**37.8**	27.5
	3.0	3.0	**22.0**	18.5	**12.8**	6.0	**37.8**	27.5

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 13	Economic interest 31 Dec 12
(i) Equity accounted entities economic interest				
Australian investments (i)				
Bondi Junction	Trust units	31 Dec	**50.0%**	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 (vii)	Trust units	30 Jun	**–**	16.7%
Knox	Trust units	31 Dec	**25.0%**	25.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Mount Druitt (ii)	Trust units	30 Jun	**25.0%**	25.0%
Mt Gravatt	Trust units	31 Dec	**50.0%**	50.0%
North Rocks	Trust units	31 Dec	**50.0%**	50.0%
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	**25.0%**	25.0%

NOTE 14 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 13	31 Dec 12
(i) Equity accounted entities economic interest (continued)				
New Zealand investments [i]				
Albany	Shares	31 Dec	**50.0%**	50.0%
Chartwell	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%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton	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]				
Croydon	Partnership interest	31 Dec	**50.0%**	–
Derby [iii]	Partnership interest	31 Dec	**66.7%**	66.7%
Merry Hill [iv]	Partnership interest	31 Dec	**33.3%**	33.3%
Stratford City	Partnership interest	31 Dec	**50.0%**	50.0%
Sprucefield [viii]	Shares	31 Dec	**–**	50.0%
United States investments [i]				
Annapolis	Partnership units	31 Dec	**55.0%**	55.0%
Brandon [v]	Membership units	31 Dec	**50.0%**	–
Broward [v]	Membership units	31 Dec	**50.0%**	–
Citrus Park [v]	Membership units	31 Dec	**50.0%**	–
Countryside [v]	Membership units	31 Dec	**50.0%**	–
Culver City	Partnership units	31 Dec	**55.0%**	55.0%
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza	Partnership units	31 Dec	**55.0%**	55.0%
Mission Valley	Partnership units	31 Dec	**41.7%**	41.7%
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County	Partnership units	31 Dec	**55.0%**	55.0%
Oakridge	Partnership units	31 Dec	**55.0%**	55.0%
Plaza Bonita	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota [v]	Membership units	31 Dec	**50.0%**	–
Southcenter	Partnership units	31 Dec	**55.0%**	55.0%
Southgate [v]	Membership units	31 Dec	**50.0%**	–
Topanga	Partnership units	31 Dec	**55.0%**	55.0%
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
World Trade Center	Partnership units	31 Dec	**50.0%**	50.0%
Brazil investments [i]				
Westfield Almeida Junior Shopping Centres S.A. [vi]	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 prepared so as to include the accounts for a period coinciding with the financial year of the Parent Company being 31 December.

(iii) Westfield Group's 66.7% economic interest in Derby includes a 16.7% investment held via Westfield Group's one third interest in Westfield UK Core Shopping Centre Fund.

(iv) The Group's 33.3% investment in Merry Hill includes an 8.3% investment held via the Group's one third interest in Westfield UK Core Shopping Centre Fund.

(v) During the year, the Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 6 properties in Florida, United States (Group's ownership: 50.01%, O'Connor's ownership: 49.99%). As a result, these previously consolidated investments are now equity accounted.

(vi) During the year, the Group sold its 50% interest in Westfield Almeida Junior Shopping Centres S.A..

(vii) During the year, the Group sold its 16.67% interest in Karrinyup.

(viii) During the year, the Group sold its 50% interest in Sprucefield.

	31 Dec 13 $million	31 Dec 12 $million

NOTE 15 OTHER INVESTMENTS

Listed investments	**127.2**	122.0
Unlisted investments	**149.9**	463.6
	277.1	585.6
Movement in other investments		
Balance at the beginning of the year	**585.6**	510.9
Additions	**62.0**	61.1
Disposals	**(439.0)**	–
Net revaluation increment to income statement	**27.7**	21.5
Retranslation of foreign operations	**40.8**	(7.9)
Balance at the end of the year	**277.1**	585.6

NOTE 16 PLANT AND EQUIPMENT

At cost	**361.5**	336.5
Accumulated depreciation	**(217.7)**	(189.6)
Total plant and equipment	**143.8**	146.9
Movement in plant and equipment		
Balance at the beginning of the year	**146.9**	161.0
Additions	**44.2**	23.6
Disposals/transfers	**(17.4)**	(3.0)
Depreciation expense	**(39.6)**	(34.0)
Retranslation of foreign operations and other differences	**9.7**	(0.7)
Balance at the end of the year	**143.8**	146.9

Plant and equipment of $143.8 million (31 December 2012: $146.9 million) comprises the following: aircraft $61.1 million (31 December 2012: $67.9 million); and other plant and equipment $82.7 million (31 December 2012: $79.0 million).

NOTE 17 PAYABLES AND OTHER CREDITORS

Current		
Payables and other creditors	**1,439.8**	1,592.3
Employee benefits	**101.2**	86.6
	1,541.0	1,678.9
Non current		
Sundry creditors and accruals	**65.8**	57.6
Employee benefits	**42.2**	49.7
	108.0	107.3

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 18 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Bank overdraft	25(a)	–	0.7
Finance leases		0.8	0.5
Secured			
Bank loans and mortgages			
– US$ denominated		3.0	367.4
		3.8	368.6
Non current			
Unsecured			
Bank loans			
– US$ denominated		142.2	–
– £ denominated		1,144.2	221.3
– A$ denominated		1,117.0	–
– NZ$ denominated		519.8	442.4
– € denominated		61.7	–
Notes payable			
– US$ denominated		6,157.6	7,052.2
– £ denominated		1,944.1	1,636.5
Finance leases		42.9	38.0
Secured			
Bank loans and mortgages			
– US$ denominated		978.3	1,219.6
– A$ denominated		207.0	199.0
		12,314.8	10,809.0
Total interest bearing liabilities		12,318.6	11,177.6

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

	31 Dec 13 $million	31 Dec 12 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	15,363.1	15,896.3
Total interest bearing liabilities	(12,318.6)	(11,177.6)
Total bank guarantees	(29.6)	(30.3)
Available financing facilities [i]	3,014.9	4,688.4
Cash	1,153.0	1,099.2
Financing resources available at the end of the year	4,167.9	5,787.6

[i] Total available financing facilities at the end of the financial year of $3,014.9 million (31 December 2012: $4,688.4 million) is in excess of the Group's net current liabilities of $18.1 million (31 December 2012: $875.6 million). Net current liabilities comprises current assets less current liabilities.

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

NOTE 18 INTEREST BEARING LIABILITIES (CONTINUED)

	Committed financing facilities 31 Dec 13 $million	**Total interest bearing liabilities 31 Dec 13 $million**	Committed financing facilities 31 Dec 12 $million	Total interest bearing liabilities 31 Dec 12 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2013	**–**	**–**	368.6	368.6
Year ending December 2014	**3.8**	**3.8**	3,106.3	2,146.0
Year ending December 2015	**2,209.8**	**1,722.8**	2,535.0	1,314.6
Year ending December 2016	**4,030.0**	**1,985.5**	3,041.7	1,019.0
Year ending December 2017	**2,278.0**	**1,901.9**	1,458.0	942.7
Year ending December 2018	**2,228.8**	**2,091.9**	1,203.9	1,203.9
Year ending December 2019	**1,404.7**	**1,404.7**	1,214.0	1,214.0
Year ending December 2020	**193.7**	**193.7**	296.9	296.9
Year ending December 2021	**1,120.3**	**1,120.3**	1,054.7	1,054.7
Year ending December 2022	**1,858.3**	**1,858.3**	1,584.4	1,584.4
Year ending December 2023	**0.8**	**0.8**	0.7	0.7
Due thereafter	**34.9**	**34.9**	32.1	32.1
	15,363.1	**12,318.6**	15,896.3	11,177.6

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 13 million**	**Total interest bearing liabilities (local currency) 31 Dec 13 million**	Committed financing facilities (local currency) 31 Dec 12 million	Total interest bearing liabilities (local currency) 31 Dec 12 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Secured mortgage – Broward	19-Feb-13	**–**	**–**	US$52.0	US$52.0
Secured mortgage – Vancouver	11-Jun-13	**–**	**–**	US$54.7	US$54.7
Secured mortgage – Century City	11-Jul-13	**–**	**–**	US$269.8	US$269.8
Unsecured bank loan – bilateral facility [ii]	31-Jan-14	**–**	**–**	A$200.0	NZ$250.0
Unsecured notes payable – bonds [i]	2-Jun-14	**–**	**–**	US$546.7	US$546.7
Unsecured bank loan – bilateral facility [ii]	5-Jul-14	**–**	**–**	US$280.0	–
Unsecured bank loan – bilateral facility [ii]	19-Jul-14	**–**	**–**	A$150.0	NZ$186.0
Unsecured bank loan – bilateral facility [ii]	22-Jul-14	**–**	**–**	US$100.0	–
Unsecured bank loan – bilateral facility [ii]	22-Jul-14	**–**	**–**	US$60.0	–
Unsecured bank loan – bilateral facility [ii]	31-Jul-14	**–**	**–**	A$150.0	–
Unsecured bank loan – bilateral facility [ii]	4-Aug-14	**–**	**–**	A$120.0	–
Unsecured bank loan – bilateral facility [ii]	11-Aug-14	**–**	**–**	US$90.0	–
Unsecured bank loan – bilateral facility [ii]	6-Oct-14	**–**	**–**	A$100.0	–
Unsecured bank loan – bilateral facility [ii]	6-Oct-14	**–**	**–**	A$75.0	–
Unsecured bank loan – bilateral facility [ii]	20-Oct-14	**–**	**–**	£30.0	£30.0
Unsecured notes payable – bonds [i]	15-Nov-14	**–**	**–**	US$1,266.3	US$1,266.3
Unsecured bank loan – bilateral facility	31-Jan-15	**A$250.0**	**NZ$59.0**	A$250.0	–
Unsecured bank loan – bilateral facility	26-Jun-15	**A$100.0**	**A$52.0** **NZ$52.0**	A$100.0 –	NZ$60.0 –
Unsecured bank loan – bilateral facility	29-Jun-15	**US$140.0**	**A$75.0** **US$32.0**	–	–
Unsecured bank loan – bilateral facility [ii]	1-Jul-15	**–**	**–**	US$130.0	–
Unsecured bank loan – bilateral facility	1-Jul-15	**A$250.0**	**£135.0**	A$250.0	–
Secured mortgage – San Francisco Centre	6-Jul-15	**US$120.0**	**US$120.0**	US$120.0	US$120.0
Unsecured bank loan – bilateral facility	6-Jul-15	**A$50.0**	**–**	A$50.0	–
Unsecured bank loan – bilateral facility	6-Jul-15	**A$50.0**	**NZ$55.0**	A$50.0	NZ$62.0
Unsecured bank loan – bilateral facility [ii]	27-Jul-15	**–**	**–**	US$120.0	–
Unsecured bank loan – bilateral facility	31-Jul-15	**A$200.0**	**–**	A$200.0	–
Unsecured bank loan – bilateral facility	31-Jul-15	**A$175.0**	**A$8.0** **£89.0** **NZ$7.0**	A$175.0	£112.0
Unsecured bank loan – bilateral facility [ii]	2-Aug-15	**–**	**–**	US$150.0	–
Unsecured notes payable – bonds	2-Sep-15	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage – Carindale [iii]	6-Sep-15	**–**	**–**	A$230.0	A$199.0
Unsecured bank loan – bilateral facility	27-Mar-16	**A$180.0**	**A$180.0**	A$180.0	–
Unsecured bank loan – bilateral facility	27-Jun-16	**US$140.0**	**A$50.0** **US$83.0**	–	–
Unsecured bank loan – bilateral facility	1-Jul-16	**A$75.0**	**A$50.0** **£12.0**	–	–
Unsecured bank loan – bilateral facility	1-Jul-16	**US$75.0**	**£45.0**	–	–
Unsecured bank loan – bilateral facility	4-Jul-16	**US$110.0**	**–**	US$110.0	–

NOTE 18 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 13 million**	**Total interest bearing liabilities (local currency) 31 Dec 13 million**	Committed financing facilities (local currency) 31 Dec 12 million	Total interest bearing liabilities (local currency) 31 Dec 12 million
(c) Details of consolidated financing facilities and interest bearing liabilities (continued)					
Unsecured bank loan – bilateral facility	4-Jul-16	**US$110.0**	**–**	US$110.0	–
Unsecured bank loan – bilateral facility	11-Jul-16	**£30.0**	**£30.0**	–	–
Unsecured bank loan – bilateral facility	22-Jul-16	**US$90.0**	**–**	US$90.0	–
Unsecured bank loan – bilateral facility	27-Jul-16	**A$75.0**	**–**	A$75.0	–
Unsecured bank loan – bilateral facility	27-Jul-16	**US$250.0**	**–**	US$250.0	–
Unsecured bank loan – bilateral facility	2-Aug-16	**€120.0**	**€40.0**	–	–
Unsecured notes payable – bonds	1-Oct-16	**US$900.0**	**US$900.0**	US$900.0	US$900.0
Unsecured bank loan – bilateral facility	6-Oct-16	**A$85.0**	**–**	A$85.0	–
Secured mortgage – Fox Valley	11-Nov-16	**US$150.0**	**US$150.0**	US$150.0	US$150.0
Unsecured bank loan – syndicated facility	14-Dec-16	**US$1,185.0**	**A$210.0**	US$1,185.0	–
Unsecured bank loan – bilateral facility	26-Jun-17	**A$250.0**	**A$250.0**	A$250.0	–
Unsecured notes payable – bonds	27-Jun-17	**£600.0**	**£600.0**	£600.0	£600.0
Unsecured bank loan – bilateral facility	1-Jul-17	**US$120.0**	**–**	US$120.0	–
Unsecured bank loan – bilateral facility	1-Jul-17	**US$65.0**	**–**	US$65.0	–
Unsecured bank loan – bilateral facility	3-Jul-17	**US$90.0**	**A$88.0** **US$9.0**	US$90.0	–
Unsecured bank loan – bilateral facility	3-Jul-17	**US$100.0**	**A$5.0** **£57.0**	–	–
Unsecured bank loan – bilateral facility	3-Jul-17	**US$130.0**	**A$29.0** **£62.5**	–	–
Unsecured bank loan – bilateral facility	3-Jul-17	**US$100.0**	**£18.5** **NZ$15.0**	–	–
Unsecured bank loan – bilateral facility	11-Jul-17	**US$90.0**	**–**	–	–
Unsecured bank loan – bilateral facility	11-Jul-17	**US$120.0**	**£71.0** **US$3.0**	–	–
Secured mortgage – Southlake (iv)	11-Jan-18	**–**	**–**	US$140.0	US$140.0
Unsecured notes payable – bonds	15-Apr-18	**US$1,100.0**	**US$1,100.0**	US$1,100.0	US$1,100.0
Unsecured bank loan – bilateral facility	29-Jun-18	**A$200.0**	**NZ$208.5**	–	–
Unsecured bank loan – bilateral facility	2-Jul-18	**US$60.0**	**£36.0**	–	–
Unsecured bank loan – bilateral facility	2-Jul-18	**A$75.0**	**£40.0**	–	–
Unsecured bank loan – bilateral facility	2-Jul-18	**A$120.0**	**A$120.0**	–	–
Unsecured bank loan – bilateral facility	11-Jul-18	**A$150.0**	**£22.0**	–	–
Unsecured bank loan – bilateral facility	11-Jul-18	**A$150.0**	**NZ$168.5**	–	–
Secured mortgage – Carindale	30-Oct-18	**A$230.0**	**A$207.0**	–	–
Unsecured notes payable – bonds	2-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Brandon (iii)	1-Mar-20	**–**	**–**	US$150.3	US$150.3
Secured mortgage – Old Orchard	1-Mar-20	**US$191.4**	**US$191.4**	US$193.9	US$193.9
Unsecured notes payable – bonds	10-May-21	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – Belden Village (iv)	1-Jul-21	**–**	**–**	US$100.0	US$100.0
Secured mortgage – Galleria at Roseville	1-Jun-22	**US$275.0**	**US$275.0**	US$275.0	US$275.0
Secured mortgage – Mainplace	1-Jun-22	**US$140.0**	**US$140.0**	US$140.0	US$140.0
Unsecured notes payable – bonds	11-Jul-22	**£450.0**	**£450.0**	£450.0	£450.0
Unsecured notes payable – bonds	3-Oct-22	**US$500.0**	**US$500.0**	US$500.0	US$500.0
Total A$ equivalent of the above		**15,319.4**	**12,274.9**	15,857.1	11,138.4
Add:					
Finance leases		**43.7**	**43.7**	38.5	38.5
Bank overdraft		**–**	**–**	0.7	0.7
Consolidated financing facilities and interest bearing liabilities		**15,363.1**	**12,318.6**	15,896.3	11,177.6

(i) During the year, notice was given to repurchase and cancel US$1,813.0 million (US$546.7 million and US$1,266.3 million) of bonds for US$1,924.3 million. These were settled on 16 July 2013.

(ii) During the year, these bilateral facilities were refinanced.

(iii) During the year, O'Connor Capital Partners became a joint venture partner in this property (Group's ownership: 50.01%, O'Connor's ownership: 49.99%). As a result, the loan on this property is now equity accounted.

(iv) During the year, the Group divested these properties.

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

Total secured liabilities are $1,188.3 million (31 December 2012: $1,786.0 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of $3.2 billion (31 December 2012: $4.8 billion). These properties and development projects are noted above.

The terms of the debt facilities require the Group to comply with certain minimum financial requirements and preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 19 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(b)	**2.2**	2.3
Other redeemable preference shares/units	(c)	**153.4**	100.1
		155.6	102.4
Non current			
Property linked notes	(a)	**1,371.4**	1,341.4
Convertible redeemable preference shares/units	(b)	**104.0**	102.9
Other redeemable preference shares/units	(c)	**129.5**	109.6
		1,604.9	1,553.9
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**155.6**	102.4
Non current – after one year		**1,604.9**	1,553.9
		1,760.5	1,656.3

(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 and property partnerships and (v) WEA common shares.

(i) As at 31 December 2013, the Jacobs Group holds 1,529,467 (31 December 2012: 1,564,399) 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 2013, the previous owners of the Sunrise Mall holds Series I units 1,401,426 (31 December 2012: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2013, 1,538,481 (31 December 2012: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

(v) As at 31 December 2013, 764,205 (31 December 2012: 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-2 Partnership Preferred Units (Series H-2 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-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

NOTE 19 OTHER FINANCIAL LIABILITIES (CONTINUED)

(c) Other redeemable preference units (continued)

(iii) 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.

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

	31 Dec 13 $million	31 Dec 12 $million
NOTE 20 DERIVATIVE LIABILITIES		
Current		
Payables on currency derivatives	**14.5**	56.6
Payables on interest rate derivatives	**1.6**	2.7
	16.1	59.3
Non current		
Payables on currency derivatives	**65.3**	234.3
Payables on interest rate derivatives	**102.0**	157.1
	167.3	391.4

The Group presents the fair value mark to market of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2013, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $183.4 million are reduced by $97.6 million to the net amount of $85.8 million (31 December 2012: derivative liabilities of $450.7 million reduced by $185.9 million to the net amount of $264.8 million).

	Securities	Securities
NOTE 21 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,222,533,937**	2,303,119,114
Buy-back and cancellation of securities	**(150,313,676)**	(80,585,177)
Balance at the end of the year (i)	**2,072,220,261**	2,222,533,937

(i) The Westfield Executive Share Option Plan Trust holds 5,869,425 (31 December 2012: 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.

	$million	$million
(b) Amount of contributed equity		
of WHL	**1,342.6**	1,448.2
of WT and WAT	**13,396.8**	14,957.0
of the Group	**14,739.4**	16,405.2
Movement in contributed equity attributable to members of the Group (i)		
Balance at the beginning of the year	**16,405.2**	17,181.2
Buy-back and cancellation of securities	**(1,662.1)**	(770.2)
Cost associated with the buy-back of securities	**(1.2)**	(1.8)
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(2.5)**	(4.0)
Balance at the end of the year (i)	**14,739.4**	16,405.2

(i) In December 2010, the Westfield Group established the Westfield Retail Trust by a capital distribution to Westfield Group security holders of $7,280.7 million of net assets (book value). The contributed equity of the Westfield Group prior to the restructure was $20,171.8 million. When the capital distribution is deducted from $20,171.8 million, the residual amount of contributed equity is $12,891.1 million.

For the year ended 31 December 2011, the Westfield Group's FFO in excess of dividends/distributions for the period was $377.6 million. The residual amount of contributed equity at 31 December 2011 is $13,268.7 million.

For the year ended 31 December 2012, the Westfield Group's FFO in excess of dividends/distributions for the period was $365.7 million. In addition, the Group bought back/reduced $776.0 million of equity during the year. The residual amount of contributed equity at 31 December 2012 is $12,858.4 million.

For the year ended 31 December 2013, the Westfield Group's FFO in excess of dividends/distributions for the period was $358.2 million. In addition, the Group bought back/reduced $1,665.8 million of equity during the period. The residual amount of contributed equity at 31 December 2013 is $11,550.8 million.

NOTE 22 SHARE BASED PAYMENTS

	Note	Number of rights 31 Dec 13	Weighted average exercise price $ 31 Dec 13	Number of rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12
(a) Rights over Westfield Group stapled securities					
– Executive performance rights	22(b)(i)	**12,146,826**	**–**	8,830,931	–
– Partnership incentive rights	22(b)(ii)	**3,597,990**	**–**	2,390,823	–
		15,744,816	**–**	11,221,754	–
Movement in rights on issue					
Balance at the beginning of the year		**11,221,754**	**–**	4,573,405	–
Movement in Executive performance rights					
Rights issued during the year		**3,736,532**	**–**	5,929,556	–
Rights exercised during the year		**(83,586)**	**–**	(583,679)	–
Rights forfeited during the year		**(337,051)**	**–**	(1,102)	–
Movement in Partnership incentive rights					
Rights issued during the year		**1,631,666**	**–**	1,966,324	–
Rights exercised during the year		**(424,499)**	**–**	(662,750)	–
Balance at the end of the year [(i)]		**15,744,816**	**–**	11,221,754	–

(i) At 31 December 2013, the rights 15,744,816 (31 December 2012: 11,221,754 rights) on issue are convertible to 15,744,816 (31 December 2012: 11,221,754) Westfield Group stapled securities.

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

	Number of rights 31 Dec 13	Number of rights 31 Dec 12
Movement in Executive Performance Rights		
Balance at the beginning of the year	**8,830,931**	3,486,156
Rights issued during the year	**3,736,532**	5,929,556
Rights exercised during the year	**(83,586)**	(583,679)
Rights forfeited during the year	**(337,051)**	(1,102)
Balance at the end of the year	**12,146,826**	8,830,931

Vesting profile	Fair value granted $million 31 Dec 13	Number of rights at [(i)] 31 Dec 13	Fair value granted $million 31 Dec 12	Number of rights at [(i)] 31 Dec 12
2013	**–**	**–**	0.6	83,586
2014	**26.4**	**3,867,901**	28.4	4,169,708
2015	**48.3**	**5,872,181**	23.7	3,190,947
2016	**9.7**	**1,539,244**	8.3	1,386,690
2017	**4.2**	**512,524**	–	–
2018	**3.2**	**354,976**	–	–
	91.8	**12,146,826**	61.0	8,830,931

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

NOTE 22 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. As noted in previous years, until 2012, the Co-Chief Executive Officers did not participate in the EPR 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 1 of Appendix A to Remuneration Report of the Directors' Report.

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

	Number of rights 31 Dec 13	Number of rights 31 Dec 12
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**2,390,823**	1,087,249
Rights issued during the year [i]	**1,631,666**	1,966,324
Rights exercised during the year	**(424,499)**	(662,750)
Balance at the end of the year	**3,597,990**	2,390,823

[i] As outlined in section 8.4(c) of the Directors' Report, certain performance hurdles must be met in order for participants to be entitled to awards under the PIR Plan. For 2013, vesting against the FFO hurdles was achieved at Target level or 66.6% of the Maximum level of vesting achievable against this hurdle. The ROCE hurdle used in the PIR Plan operates on a graduated scale. Full details of performance against the ROCE hurdle applicable to awards granted in 2013 will be published at the end of the 4 year qualifying period.

Vesting profile	Fair value granted $million 31 Dec 13	Number of rights at[i] 31 Dec 13	Fair value granted $million 31 Dec 12	Number of rights at[i] 31 Dec 12
2013	**–**	**–**	2.1	424,499
2014	**–**	**–**	–	–
2015	**5.9**	**930,213**	5.9	930,213
2016	**12.9**	**1,799,034**	6.1	1,016,558
2017	**7.0**	**850,994**	0.1	19,553
2018	**0.2**	**17,749**	–	–
	26.0	**3,597,990**	14.2	2,390,823

[i] The exercise price for the PIR Plan is nil.

The senior leadership team of the Westfield Group participate in the PIR Plan. As noted in previous years, until 2012, the Co-Chief Executive Officers did not participate in the PIR Plan. However, the Co-Chief Executive Officers participate in the PIP Plan (refer to Note 22c(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 meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2013 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of Appendix A to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $30.4 million (31 December 2012: charge of $21.1 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 22 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 13	Number of award securities 31 Dec 12
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**4,664,140**	8,078,145
Awards issued during the year	**–**	–
Distribution reinvested as awards during the year	**8,628**	15,044
Awards exercised during the year	**(3,014,733)**	(3,081,242)
Awards lapsed during the year	**(239,415)**	(347,807)
Balance at the end of the year	**1,418,620**	4,664,140

Vesting profile	**Cumulative value granted $million 31 Dec 13**	**Number of award securities 31 Dec 13**	Cumulative value granted $million 31 Dec 12	Number of award securities 31 Dec 12
2013	**–**	**–**	31.2	3,245,520
2014	**2.5**	**257,986**	2.5	257,986
2015	**11.1**	**1,160,634**	11.1	1,160,634
	13.6	**1,418,620**	44.8	4,664,140

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

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

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

	Number of award securities 31 Dec 13	Number of award securities 31 Dec 12
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**4,064,864**	4,870,623
Awards issued during the year	**–**	–
Distribution reinvested as awards during the year	**–**	14,408
Awards exercised during the year	**(1,530,784)**	(820,167)
Balance at the end of the year	**2,534,080**	4,064,864

Vesting profile	**Cumulative value granted $million 31 Dec 13**	**Number of award securities $million 31 Dec 13**	Cumulative value granted $million 31 Dec 12	Number of award securities $million 31 Dec 12
2013	**–**	**–**	13.5	1,530,784
2014	**16.7**	**1,753,264**	16.7	1,753,264
2015	**7.6**	**780,816**	7.6	780,816
	24.3	**2,534,080**	37.8	4,064,864

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 PIP Plan operates in much the same manner as the PIR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

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

Accounting for cash settled Share Based Payments

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

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Group's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period (and at the date of settlement) the awards are adjusted to fair market value with any adjustments in fair value recognised in the profit or loss.

During the year, $20.2 million (31 December 2012: $32.4 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 23 RESERVES		
of WHL	**(386.5)**	(805.1)
of WT and WAT	**(20.9)**	(548.8)
of the Westfield Group	**(407.4)**	(1,353.9)
Total reserves of the Group		
Foreign currency translation reserve	**(474.9)**	(1,395.7)
Employee share plan benefits reserve	**66.7**	38.5
Equity share plan swaps reserve	**0.8**	3.3
Balance at the end of the year	**(407.4)**	(1,353.9)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(1,395.7)**	(1,391.4)
Foreign exchange movement		
– realised and unrealised differences on the translation of investment in foreign entities, currency loans and asset hedging derivatives which qualify for hedge accounting	**823.2**	(2.3)
– deferred tax effect	**9.5**	(2.0)
– accumulated exchange differences transferred to retained earnings on realisation of net investment in foreign operations	**88.1**	–
Balance at the end of the year	**(474.9)**	(1,395.7)
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	**38.5**	28.9
– movement in equity settled share based payment	**28.2**	9.6
Balance at the end of the year	**66.7**	38.5
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	**3.3**	(5.2)
– gain/(loss) on employee share plan swaps	**(8.6)**	26.2
– amount transferred to income statement	**5.0**	(14.1)
– deferred tax effect on employee share plan swaps	**1.1**	(3.6)
Balance at the end of the year	**0.8**	3.3
NOTE 24 RETAINED PROFITS		
of WHL	**663.6**	172.9
of WT and WAT	**115.9**	105.3
of the Group	**779.5**	278.2
Movement in retained profits		
Balance at the beginning of the year	**278.2**	(324.5)
Profit after tax for the period	**1,602.7**	1,718.1
Dividend/distribution paid	**(1,101.4)**	(1,115.4)
Balance at the end of the year	**779.5**	278.2

	Note	31 Dec 13 $million	31 Dec 12 $million

NOTE 25 CASH AND CASH EQUIVALENTS

	Note	31 Dec 13 $million	31 Dec 12 $million
(a) Components of cash and cash equivalents			
Cash		**1,153.0**	1,099.2
Bank overdrafts	18	**–**	(0.7)
Total cash and cash equivalents		**1,153.0**	1,098.5
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**1,621.3**	1,758.9
Property revaluations		**(365.7)**	(249.1)
Share of equity accounted profit in excess of dividend/distribution		**(706.6)**	(682.8)
Deferred tax		**199.1**	125.7
Net fair value loss of forward exchange contracts		**59.8**	20.6
Borrowing costs		**795.4**	830.0
Interest income		**(26.5)**	(57.4)
(Gain)/loss from capital transactions		**146.1**	45.2
(Increase)/decrease in working capital attributable to operating activities		**(71.6)**	252.8
Net cash flows from operating activities		**1,651.3**	2,043.9

NOTE 26 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, Australia, 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, the statutory format is in line with IFRS. 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 26 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

	Operational				
31 December 2013	Property investments $million	Property and project management $million	**Development** $million	**Corporate** $million	**Total** $million
Revenue					
Property revenue	2,649.3	–	22.5	2.4	2,674.2
Property development and project management revenue	–	761.9	–	–	761.9
Property management income	–	188.4	–	–	188.4
	2,649.3	**950.3**	**22.5**	**2.4**	**3,624.5**
Expenses					
Property expenses, outgoings and other costs	(744.8)	–	(12.1)	–	(756.9)
Property development and project management costs	–	(558.2)	–	–	(558.2)
Property management costs	–	(47.8)	–	–	(47.8)
Overheads	(100.1)	–	(74.7)	(32.9)	(207.7)
	(844.9)	**(606.0)**	**(86.8)**	**(32.9)**	**(1,570.6)**
Segment result	**1,804.4**	**344.3**	**(64.3)**	**(30.5)**	**2,053.9**
Segment revaluations					
Revaluation of properties and development projects	365.7	–	–	–	365.7
Equity accounted – revaluation of properties and development projects	498.2	–	–	–	498.2
	863.9	**–**	**–**	**–**	**863.9**
Inter-segmental transactions					
Transfer of completed developments			224.0		224.0
Carrying value of developments transferred			(224.0)		(224.0)
	–	**–**	**–**	**–**	**–**
Currency gain/(loss)					(30.8)
Gain/(loss) in respect of capital transactions					
– asset dispositions					14.2
– financing costs in respect of capital transactions					(140.7)
Interest income					30.1
Financing costs					(861.7)
Tax expense					(307.6)
External non controlling interests					(18.6)
Net profit attributable to members of the Westfield Group [(i)]					**1,602.7**

(i) Net profit attributable to members of the Westfield Group was $1,602.7 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of $18.6 million was $1,621.3 million.

(b) Assets and liabilities

	Property investments	Property and project management	Development	Corporate	Total
Total segment assets	**34,523.8**	**165.8**	**1,806.1**	**751.0**	**37,246.7**
Total segment liabilities	**1,822.2**	**14.1**	**43.0**	**20,026.7**	**21,906.0**
Total segment net assets	**32,701.6**	**151.7**	**1,763.1**	**(19,275.7)**	**15,340.7**
Equity accounted associates included in – segment assets	17,072.8	–	749.8	–	17,822.6
Equity accounted associates included in – segment liabilities (excluding deferred tax liabilities)	307.0	–	–	1,925.5	2,232.5
Additions to segment non current assets during the year	285.1	–	608.0	–	893.1

NOTE 26 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

31 December 2013	Australia and New Zealand $million	United Kingdom $million	United States & Brazil $million	Total $million
Property revenue – operating	1,157.5	301.9	1,189.9	2,649.3
Property revenue – development	3.2	6.3	13.0	22.5
Property development and project management revenue	579.8	71.4	110.7	761.9
Property management revenue	124.5	15.8	48.1	188.4
Other	–	2.4	–	2.4
Total revenue	**1,865.0**	**397.8**	**1,361.7**	**3,624.5**

(d) Geographic information – Net property income

Shopping centre base rent and other property income	1,182.1	315.8	1,258.8	2,756.7
Amortisation of tenant allowances	(21.4)	(5.2)	(55.9)	(82.5)
Property revenue	1,160.7	310.6	1,202.9	2,674.2
Property expenses, outgoings and other costs	(271.6)	(99.1)	(386.2)	(756.9)
Net property income	**889.1**	**211.5**	**816.7**	**1,917.3**

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

Property investments assets	**14,779.5**	**5,334.3**	**14,410.0**	**34,523.8**
Non current assets	14,710.5	5,375.7	12,403.5	32,489.7
Group non current assets				422.4
Total non current assets	**14,710.5**	**5,375.7**	**12,403.5**	**32,912.1**

NOTE 26 SEGMENT REPORTING (CONTINUED)

(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 2013	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,434.8	1,239.4	2,674.2
Property development and project management revenue	761.9	–	761.9
Property management income	188.4	–	188.4
	2,385.1	**1,239.4**	**3,624.5**
Expenses			
Property expenses, outgoings and other costs	(421.2)	(335.7)	(756.9)
Property development and project management costs	(558.2)	–	(558.2)
Property management costs	(47.8)	–	(47.8)
Overheads	(207.7)	–	(207.7)
	(1,234.9)	**(335.7)**	**(1,570.6)**
Segment result	**1,150.2**	**903.7**	**2,053.9**
Segment revaluations			
Revaluation of properties and development projects	365.7	–	365.7
Equity accounted-revaluation of properties and development projects	–	498.2	498.2
	365.7	**498.2**	**863.9**
Currency gain/(loss)	(30.8)	–	(30.8)
Gain/(loss) in respect of capital transactions			
– asset dispositions	(5.4)	19.6	14.2
– financing costs in respect of capital transactions	(140.7)	–	(140.7)
Interest income	26.5	3.6	30.1
Financing costs	(795.4)	(66.3)	(861.7)
Tax expense	(285.2)	(22.4)	(307.6)
External non controlling interests	(18.6)	–	(18.6)
Net profit attributable to members of the Westfield Group	**266.3**	**1,336.4**	**1,602.7**
Cash	1,153.0	146.4	1,299.4
Shopping centre investments	15,405.7	16,820.6	32,226.3
Development projects and construction in progress	1,056.3	749.7	1,806.0
Inventories	83.8	–	83.8
Other assets	1,725.3	105.9	1,831.2
Total segment assets	**19,424.1**	**17,822.6**	**37,246.7**
Interest bearing liabilities	12,318.6	1,925.5	14,244.1
Other financial liabilities	1,760.5	–	1,760.5
Deferred tax liabilities	3,358.3	106.2	3,464.5
Other liabilities	2,129.9	307.0	2,436.9
Total segment liabilities	**19,567.3**	**2,338.7**	**21,906.0**
Total segment net assets	**(143.2)**	**15,483.9**	**15,340.7**

NOTE 26 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2012	Operational Property investments $million	 Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	2,673.8	–	42.9	2.6	2,719.3
Property development and project management revenue	–	451.9	–	–	451.9
Property management income	–	173.8	–	–	173.8
	2,673.8	**625.7**	**42.9**	**2.6**	**3,345.0**
Expenses					
Property expenses, outgoings and other costs	(769.7)	–	(16.8)	–	(786.5)
Property development and project management costs	–	(258.4)	–	–	(258.4)
Property management costs	–	(45.6)	–	–	(45.6)
Overheads	(79.5)	(23.0)	(89.0)	(32.7)	(224.2)
	(849.2)	**(327.0)**	**(105.8)**	**(32.7)**	**(1,314.7)**
Segment result	**1,824.6**	**298.7**	**(62.9)**	**(30.1)**	**2,030.3**
Segment revaluations					
Revaluation of properties and development projects	155.1	–	94.0	–	249.1
Equity accounted – revaluation of properties and development projects	481.7	–	89.5	–	571.2
	636.8	**–**	**183.5**	**–**	**820.3**
Inter-segmental transactions					
Transfer of completed developments			499.8		499.8
Carrying value of developments transferred			(499.8)		(499.8)
	–	**–**	**–**	**–**	**–**
Currency gain/(loss)					3.7
Gain/(loss) in respect of capital transactions					
– asset dispositions					(14.1)
– financing costs in respect of capital transactions					(27.1)
Interest income					66.3
Financing costs					(915.9)
Tax expense					(204.6)
External non controlling interests					(40.8)
Net profit attributable to members of the Westfield Group [i]					**1,718.1**

[i] Net profit attributable to members of the Westfield Group was $1,718.1 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of $40.8 million was $1,758.9 million.

(b) Assets and liabilities

	Property investments $million	Property and project management $million	Development $million	Corporate $million	Total $million
Total segment assets	**33,162.6**	**137.1**	**1,229.2**	**1,063.6**	**35,592.5**
Total segment liabilities	**1,987.6**	**16.6**	**41.1**	**17,996.5**	**20,041.8**
Total segment net assets	**31,175.0**	**120.5**	**1,188.1**	**(16,932.9)**	**15,550.7**
Equity accounted associates included in segment assets	14,780.2	–	326.5	–	15,106.7
Equity accounted associates included in – segment liabilities (excluding deferred tax liabilities)	287.0	–	–	1,404.0	1,691.0
Additions to segment non current assets during the year	367.1	–	841.1	–	1,208.2

NOTE 26 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

31 December 2012	Australia and New Zealand $million	United Kingdom $million	United States & Brazil $million	Total $million
Property revenue – operating	1,110.6	302.0	1,261.3	2,673.9
Property revenue – development	22.0	–	20.8	42.8
Property development and project management revenue	346.9	51.2	53.8	451.9
Property management revenue	119.1	13.3	41.4	173.8
Other	–	2.6	–	2.6
Total revenue	**1,598.6**	**369.1**	**1,377.3**	**3,345.0**

(d) Geographic information – Net property income

Shopping centre base rent and other property income	1,149.9	311.3	1,332.9	2,794.1
Amortisation of tenant allowances	(19.9)	(4.1)	(50.8)	(74.8)
Property revenue	1,130.0	307.2	1,282.1	2,719.3
Property expenses, outgoings and other costs	(266.1)	(108.5)	(411.9)	(786.5)
Net property income	**863.9**	**198.7**	**870.2**	**1,932.8**

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

Property investments assets	15,092.0	4,325.0	13,745.6	33,162.6
Non current assets	14,307.8	4,063.3	13,094.4	31,465.5
Group non current assets				716.3
Total non current assets	**14,307.8**	**4,063.3**	**13,094.4**	**32,181.8**

NOTE 26 SEGMENT REPORTING (CONTINUED)

(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 2012	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,594.5	1,124.8	2,719.3
Property development and project management revenue	451.9	–	451.9
Property management income	173.8	–	173.8
	2,220.2	**1,124.8**	**3,345.0**
Expenses			
Property expenses, outgoings and other costs	(490.5)	(296.0)	(786.5)
Property development and project management costs	(258.4)	–	(258.4)
Property management costs	(45.6)	–	(45.6)
Overheads	(224.2)	–	(224.2)
	(1,018.7)	**(296.0)**	**(1,314.7)**
Segment result	**1,201.5**	**828.8**	**2,030.3**
Segment revaluations			
Revaluation of properties and development projects	249.1	–	249.1
Equity accounted-revaluation of properties and development projects	–	571.2	571.2
	249.1	**571.2**	**820.3**
Currency gain/(loss)	3.7	–	3.7
Gain/(loss) in respect of capital transactions			
– asset dispositions	(18.1)	4.0	(14.1)
– financing costs in respect of capital transactions	(27.1)	–	(27.1)
Interest income	57.4	8.9	66.3
Financing costs	(830.0)	(85.9)	(915.9)
Tax expense	(203.7)	(0.9)	(204.6)
External non controlling interests	(40.8)	–	(40.8)
Net profit attributable to members of the Westfield Group	**392.0**	**1,326.1**	**1,718.1**
Cash	1,099.2	172.2	1,271.4
Shopping centre investments	16,438.6	14,526.3	30,964.9
Development projects and construction in progress	902.7	326.5	1,229.2
Inventories	91.6	–	91.6
Other assets	1,953.7	81.7	2,035.4
Total segment assets	**20,485.8**	**15,106.7**	**35,592.5**
Interest bearing liabilities	11,177.6	1,404.0	12,581.6
Other financial liabilities	1,656.3	–	1,656.3
Deferred tax liabilities	2,893.9	153.1	3,047.0
Other liabilities	2,569.5	187.4	2,756.9
Total segment liabilities	**18,297.3**	**1,744.5**	**20,041.8**
Total segment net assets	**2,188.5**	**13,362.2**	**15,550.7**

	31 Dec 13 cents	31 Dec 12 cents

NOTE 27 EARNINGS PER SECURITY

(a) Summary of earnings per security

	31 Dec 13 cents	31 Dec 12 cents
Basic earnings per stapled security attributable to members of the Westfield Group	**74.13**	75.79
Diluted earnings per stapled security attributable to members of the Westfield Group	**73.58**	75.38

(b) Income and security data

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

	31 Dec 13 $million	31 Dec 12 $million
Earnings used in calculating basic earnings per stapled security [(i)]	**1,602.7**	1,718.1
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**1,602.7**	1,718.1

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

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings per stapled security [(i)]	**2,162,078,305**	2,266,955,861
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**16,116,032**	12,308,654
Adjusted weighted average number of ordinary securities used in calculating diluted earnings per stapled security [(iii)]	**2,178,194,337**	2,279,264,515

(i) 2,162.1 million (31 December 2012: 2,267.0 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.

(ii) At 31 December 2013 15,744,816 actual employee award scheme security options were on hand (31 December 2012: 11,221,754).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 679,540 (31 December 2012: 1,189,175).

(c) Conversions, calls, subscription or issues after 31 December 2013

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.

	31 Dec 13 $million	31 Dec 12 $million

NOTE 28 DIVIDENDS/DISTRIBUTIONS

(a) Final dividend/distribution paid

	31 Dec 13 $million	31 Dec 12 $million
Dividend/distribution in respect of the 6 months to 31 December 2013 – to be paid on 28 February 2014		
Parent Company: 7.92 cents per share, 100% franked	**164.1**	–
WT: 9.74 cents per unit, 0% estimated tax deferred	**201.8**	–
WAT: 7.84 cents per unit, 27% estimated tax deferred	**162.5**	–
Dividend/distribution in respect of the 6 months to 31 December 2012 – paid on 28 February 2013		
WT: 21.45 cents per unit, 17% tax deferred (wholly capital gains tax concession)	**–**	476.7
WAT: 3.30 cents per unit, fully taxable	**–**	73.3
Westfield Group 25.50 cents per stapled security (31 Dec 12: 24.75 cents)	**528.4**	550.0

Interim dividend/distributions of 25.50 cents were paid on 30 August 2013. Final dividend/distributions will be paid on 28 February 2014. The record date for the final dividends/distributions was 5pm, 13 February 2014. The Westfield Group Distribution Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP will not be in operation for the distribution payment on 28 February 2014.

(b) Dividends/distributions paid during the year

	31 Dec 13 $million	31 Dec 12 $million
Dividend/distribution in respect of the 6 months to 30 June 2013		
WT: 4.00 cents per unit, 0% estimated tax deferred	**86.5**	–
WAT: 21.50 cents per unit, 27% estimated tax deferred	**464.9**	–
Dividend/distribution in respect of the 6 months to 31 December 2012		
WT: 21.45 cents per unit, 17% tax deferred (wholly capital gains tax concession)	**476.7**	–
WAT: 3.30 cents per unit, fully taxable	**73.3**	–
Dividend/distribution in respect of the 6 months to 30 June 2012		
WT: 12.37 cents per unit, 17% tax deferred (wholly capital gains tax concession)	**–**	278.9
WAT: 12.38 cents per unit, fully taxable	**–**	279.1
Dividend/distribution in respect of the 6 months to 31 December 2011		
WT: 17.45 cents per unit, 65% tax deferred (includes 31% capital gains tax concession)	**–**	401.9
WAT: 6.75 cents per unit, 55% tax deferred	**–**	155.5
	1,101.4	1,115.4

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

(c) Franking credit balance of the Parent Company

	31 Dec 13 $million	31 Dec 12 $million
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%	**117.4**	5.7
– franking credits arising from the payment of income tax provided in this financial report	**35.9**	49.8
Franking credits available for distribution	**153.3**	55.5
– reduction in franking credits that arise from the payment of the final dividend	**(70.5)**	–
Franking credits available for future distributions	**82.8**	55.5

NOTE 29 NET TANGIBLE ASSET BACKING

	31 Dec 13 $	31 Dec 12 $
Net tangible asset backing per security	**7.29**	6.90

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 2,072,220,261 (31 December 2012: 2,222,533,937).

	31 Dec 13 $million	31 Dec 12 $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 13 $million	31 Dec 12 $million
Future minimum rental revenues under non cancellable operating retail property leases		
Due within one year	**794.5**	904.6
Due between one and five years	**2,259.7**	2,642.8
Due after five years	**1,461.6**	1,770.1
	4,515.8	5,317.5

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 13 $million	31 Dec 12 $million
Expenditure contracted but not provided for		
Due within one year	**12.5**	12.1
Due between one and five years	**57.8**	44.3
Due after five years	**107.2**	81.6
	177.5	138.0

NOTE 31 CAPITAL EXPENDITURE COMMITMENTS

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

	31 Dec 13 $million	31 Dec 12 $million
Due within one year	**1,004.0**	260.8
Due between one and five years	**238.1**	–
Due after five years	**–**	–
	1,242.1	260.8

NOTE 32 CONTINGENT LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Performance guarantees	**124.6**	95.7
Special tax assessment municipal bonds	**–**	31.3
	124.6	127.0

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 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, Treasury Finance 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 13 $million**	31 Dec 12 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	18	**3.8**	368.6
Non current interest bearing liabilities	18	**12,314.8**	10,809.0
Share of equity accounted entities interest bearing liabilities	14(d)(i)	**1,925.5**	1,404.0
Cross currency swaps			
– A$	36(ii)	**1,175.8**	1,175.8
– £nil (31 December 2012: £160.0 million)	36(i)	**–**	249.4
– £215.0 million (31 December 2012: £365.0 million)	36(iv)	**398.1**	568.9
– US$833.0 million (31 December 2012: US$1,602.0 million)	36(iv)	**932.6**	1,544.8
Foreign currency swaps			
– A$	36(ii)	**310.9**	442.7
– £nil (31 December 2012: £373.1 million)	36(ii)	**–**	581.5
Principal amounts subject to interest rate payable exposure		**17,061.5**	17,144.7
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	36(iv)	**1,664.1**	3,081.2
– US$1,000.0 million (31 December 2012: US$1,253.0 million)	36(i),36(ii)	**1,119.6**	1,208.3
Foreign currency swaps			
– £171.0 million (31 December 2012: £288.0 million)	36(ii)	**316.6**	448.9
– US$nil (31 December 2012: US$601.8 million)	36(ii)	**–**	580.3
Cash	25(a)	**1,153.0**	1,099.2
Share of equity accounted entities cash	14(c)	**146.4**	172.2
Principal amounts subject to interest rate receivable exposure		**4,399.7**	6,590.1
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**12,661.8**	10,554.6

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 13 $million	31 Dec 12 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– £1,050.0 million (31 December 2012: £1,050.0 million)	35(ii)	**1,944.1**	1,636.5
– US$7,520.1 million (31 December 2012: US$9,717.3 million)	35(ii)	**8,419.3**	9,370.6
Fixed rate derivatives			
– A$	35(ii)	**928.0**	678.0
– £225.0 million (31 December 2012: £225.0 million)	35(ii)	**416.6**	350.7
– US$2,750.0 million (31 December 2012: US$2,750.0 million)	35(ii)	**3,078.8**	2,651.9
– NZ$410.0 million (31 December 2012: NZ$260.0 million)	35(ii)	**377.2**	206.1
Interest rate options			
– A$	35(iii)	**200.0**	200.0
– NZ$70.0 million (31 December 2012: NZ$70.0 million)	35(iii)	**64.4**	55.5
– US$27.4 million (31 December 2012: nil)	35(iii)	**30.7**	–
Foreign currency swaps			
– A$	36(ii)	**310.9**	442.7
– £nil (31 December 2012: £373.1 million)	36(ii)	**–**	581.5
Principal amounts on which interest rate payable exposure has been hedged		**15,770.0**	16,173.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	35(ii)	**1,150.0**	3,086.0
– US$5,064.5 million (31 December 2012: US$2,450.0 million)	35(ii)	**5,670.1**	2,362.6
Foreign currency swaps			
– £171.0 million (31 December 2012: £288.0 million)	36(ii)	**316.6**	448.9
– US$nil (31 December 2012: US$601.8 million)	36(ii)	**–**	580.3
Principal amounts on which interest rate receivable exposure has been hedged		**7,136.7**	6,477.8
Principal amounts on which net interest rate payable exposure has been hedged		**8,633.3**	9,695.7

At 31 December 2013, the Group has hedged 68% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 32% is exposed to floating rates on a principal payable of $4,028.5 million, at an average interest rate of 2.4%, including margin (31 December 2012: 92% hedged with floating exposure of $858.9 million at an average rate of 1.9%). Changes to derivatives due to interest rate movements are set out in Notes 35(ii) and 35(iii).

Interest rate sensitivity		31 Dec 13 $million	31 Dec 12 $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%	**80.6**	17.2
	–1.0%	**40.3**	8.6
	–0.5%	**20.1**	4.3
	0.5%	**(20.1)**	(4.3)
	1.0%	**(40.3)**	(8.6)
	2.0%	**(80.6)**	(17.2)

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 13 Notional principal amount million**	**31 Dec 13 Average rate**	**31 Dec 13 Principal amount million**	**31 Dec 13 Average rate including margin**	31 Dec 12 Notional principal amount million	31 Dec 12 Average rate	31 Dec 12 Principal amount million	31 Dec 12 Average rate including margin
A$ payable								
31 December 2012	**–**	**–**	**–**	**–**	A$(678.0)	4.04%	–	–
31 December 2013	**A$(928.0)**	**4.38%**	**–**	**–**	A$(928.0)	4.38%	–	–
31 December 2014	**A$(1,124.0)**	**4.20%**	**–**	**–**	A$(924.0)	4.37%	–	–
31 December 2015	**A$(1,044.5)**	**4.21%**	**–**	**–**	A$(844.5)	4.40%	–	–
31 December 2016	**A$(689.5)**	**3.93%**	**–**	**–**	A$(489.5)	4.14%	–	–
31 December 2017	**A$(203.5)**	**3.47%**	**–**	**–**	–	–	–	–
£ payable								
31 December 2012	**–**	**–**	**–**	**–**	£(225.0)	1.82%	£(1,050.0)	4.87%
31 December 2013	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(1,050.0)	4.87%
31 December 2014	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(1,050.0)	4.87%
31 December 2015	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(1,050.0)	4.87%
31 December 2016	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(1,050.0)	4.87%
31 December 2017	**–**	**–**	**£(450.0)**	**4.18%**	–	–	£(450.0)	4.18%
31 December 2018	**–**	**–**	**£(450.0)**	**4.18%**	–	–	£(450.0)	4.18%
31 December 2019	**–**	**–**	**£(450.0)**	**4.18%**	–	–	£(450.0)	4.18%
31 December 2020	**–**	**–**	**£(450.0)**	**4.18%**	–	–	£(450.0)	4.18%
31 December 2021	**–**	**–**	**£(450.0)**	**4.18%**	–	–	£(450.0)	4.18%
US$ payable								
31 December 2012	**–**	**–**	**–**	**–**	US$(2,750.0)	1.82%	US$(9,717.3)	5.69%
31 December 2013	**US$(2,750.0)**	**1.82%**	**US$(7,520.1)**	**5.56%**	US$(2,750.0)	1.82%	US$(9,277.1)	5.70%
31 December 2014	**US$(2,750.0)**	**1.82%**	**US$(7,513.5)**	**5.56%**	US$(2,750.0)	1.82%	US$(7,149.8)	5.73%
31 December 2015	**–**	**–**	**US$(6,641.7)**	**5.55%**	–	–	US$(6,278.2)	5.74%
31 December 2016	**–**	**–**	**US$(5,592.6)**	**5.54%**	–	–	US$(5,228.6)	5.76%
31 December 2017	**–**	**–**	**US$(5,367.2)**	**5.52%**	US$(1,000.0)	3.94%	US$(5,002.0)	5.75%
31 December 2018	**–**	**–**	**US$(4,258.1)**	**5.11%**	US$(1,000.0)	3.94%	US$(3,752.2)	5.34%
31 December 2019	**–**	**–**	**US$(2,997.8)**	**4.45%**	–	–	US$(2,491.7)	4.66%
31 December 2020	**–**	**–**	**US$(2,649.2)**	**4.14%**	–	–	US$(2,082.5)	4.23%
31 December 2021	**–**	**–**	**US$(1,646.2)**	**3.86%**	–	–	US$(989.4)	3.77%
31 December 2022	**–**	**–**	**US$(659.0)**	**3.98%**	–	–	–	–
NZ$ payable								
31 December 2012	**–**	**–**	**–**	**–**	NZ$(260.0)	4.07%	–	–
31 December 2013	**NZ$(410.0)**	**3.67%**	**–**	**–**	NZ$(260.0)	4.07%	–	–
31 December 2014	**NZ$(250.0)**	**3.97%**	**–**	**–**	NZ$(180.0)	4.23%	–	–
31 December 2015	**NZ$(125.0)**	**4.27%**	**–**	**–**	NZ$(105.0)	4.38%	–	–
31 December 2016	**NZ$(55.0)**	**4.22%**	**–**	**–**	NZ$(35.0)	4.53%	–	–
31 December 2017	**NZ$(20.0)**	**3.70%**	**–**	**–**	–	–	–	–

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)

	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 13 Notional principal amount million**	**31 Dec 13 Average rate**	**31 Dec 13 Principal amount million**	**31 Dec 13 Average rate including margin**	31 Dec 12 Notional principal amount million	31 Dec 12 Average rate	31 Dec 12 Principal amount million	31 Dec 12 Average rate including margin
A$ receivable								
31 December 2012	**–**	**–**	**–**	**–**	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$200.0	6.77%	–	–
US$ receivable								
31 December 2012	**–**	**–**	**–**	**–**	US$2,450.0	3.42%	–	–
31 December 2013	**US$5,064.5**	**3.02%**	**–**	**–**	US$5,000.0	3.71%	–	–
31 December 2014	**US$4,214.5**	**2.74%**	**–**	**–**	US$4,150.0	3.57%	–	–
31 December 2015	**US$3,464.5**	**2.79%**	**–**	**–**	US$650.0	3.22%	–	–
31 December 2016	**US$3,464.5**	**2.79%**	**–**	**–**	US$650.0	3.22%	–	–
31 December 2017	**US$714.5**	**3.19%**	**–**	**–**	US$650.0	3.22%	–	–
31 December 2018	**US$714.5**	**3.19%**	**–**	**–**	US$650.0	3.22%	–	–
31 December 2019	**US$714.5**	**3.19%**	**–**	**–**	US$650.0	3.22%	–	–
31 December 2020	**US$214.5**	**2.05%**	**–**	**–**	US$150.0	1.65%	–	–
31 December 2021	**US$214.5**	**2.05%**	**–**	**–**	US$150.0	1.65%	–	–
31 December 2022	**US$64.5**	**2.96%**	**–**	**–**	–	–	–	–
£ receivable								
31 December 2014	**£125.0**	**1.12%**	**–**	**–**	£125.0	1.12%	–	–
31 December 2015	**£250.0**	**1.18%**	**–**	**–**	£250.0	1.18%	–	–
31 December 2016	**£250.0**	**1.18%**	**–**	**–**	£250.0	1.18%	–	–

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 2013, the aggregate fair value is a receivable of $207.1 million (31 December 2012: $294.9 million). The change in fair value for the year ended 31 December 2013 was $87.8 million (31 December 2012: $77.5 million).

Fair value sensitivity		**31 Dec 13 $million**	31 Dec 12 $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%	**237.9**	126.3
	–1.0%	**115.3**	62.1
	–0.5%	**56.5**	30.8
	0.5%	**(54.8)**	(29.8)
	1.0%	**(108.2)**	(59.0)
	2.0%	**(210.3)**	(115.2)

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 options

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

	Interest rate options		Interest rate options	
Interest rate contracted as at the reporting date and outstanding at	**31 Dec 13 Notional principal amount million**	**31 Dec 13 Average strike rates**	31 Dec 12 Notional principal amount million	31 Dec 12 Average strike rate
A$ payable caps				
31 December 2012	**–**	**–**	A$(150.0)	3.75%
31 December 2013	**A$(150.0)**	**3.75%**	A$(150.0)	3.75%
US$ payable caps				
31 December 2013	**US$(27.4)**	**3.50%**	–	–
31 December 2014	**US$(27.4)**	**3.50%**	–	–
NZ$ payable caps				
31 December 2012	**–**	**–**	NZ$(70.0)	3.95%
A$ payable collar				
31 December 2012	**–**	**–**	A$(50.0)	2.53% – 4.00%
31 December 2013	**A$(50.0)**	**2.53% – 4.00%**	A$(50.0)	2.53% – 4.00%
31 December 2014	**A$(50.0)**	**2.53% – 4.00%**	A$(50.0)	2.53% – 4.00%
NZ$ payable collar				
31 December 2013	**NZ$(70.0)**	**4.45% – 5.25%**	–	–
31 December 2014	**NZ$(70.0)**	**4.45% – 5.25%**	–	–
31 December 2015	**NZ$(70.0)**	**3.39% – 5.25%**	–	–
31 December 2016	**NZ$(70.0)**	**3.39% – 5.25%**	–	–
31 December 2017	**NZ$(70.0)**	**3.39% – 5.25%**	–	–
31 December 2018	**NZ$(70.0)**	**3.39% – 5.25%**	–	–

The Group's interest rate options do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2013, the aggregate fair value is a receivable of $0.04 million (31 December 2012: a payable of $1.2 million). The change in fair value for the year ended 31 December 2013 was $1.2 million (31 December 2012: $1.5 million).

Fair value sensitivity		**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of fair value of interest rate options to changes in interest rates is as follows:	Interest rate movement	(Increase)/decrease in interest expense	
	–2.0%	**(4.8)**	(1.7)
	–1.0%	**(2.3)**	(0.8)
	–0.5%	**(1.1)**	(0.4)
	0.5%	**1.1**	0.4
	1.0%	**2.2**	1.1
	2.0%	**4.9**	3.4

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 13 million**	31 Dec 12 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$9,227.3**	US$10,680.3
US$ borrowings		**US$(7,782.0)**	US$(9,877.8)
US$ currency swaps	36(i),36(ii)	**US$1,000.0**	US$1,854.8
US$ denominated net assets		**US$2,445.3**	US$2,657.3
New Zealand Dollar			
NZ$ net assets		**NZ$1,266.5**	NZ$1,262.4
NZ$ borrowings		**NZ$(582.7)**	NZ$(575.8)
NZ$ denominated net assets		**NZ$683.8**	NZ$686.6
British Pound			
£ net assets		**£3,054.1**	£2,840.0
£ borrowings		**£(1,943.0)**	£(1,467.0)
£ cross currency swaps	36(i)	**–**	£(160.0)
£ currency swaps	36(ii)	**£171.0**	£(85.1)
£ denominated net assets		**£1,282.1**	£1,127.9
Brazilian Real			
R$ net assets		**–**	R$922.4
R$ borrowings		**–**	R$(220.8)
R$ denominated net assets		**–**	R$701.6

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 translation of the Group's foreign currency denominated net assets, and, where applicable, associated hedging instruments, where the Group has satisfied the accounting requirements to qualify for hedge accounting treatment, are reflected in the foreign currency translation reserve.

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

Foreign currency sensitivity		**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of US$ denominated net assets to changes in the year end A$/US$0.8932 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	– 20 cents	**738.8**	472.4	**47.5**	132.1
	– 10 cents	**322.8**	211.0	**20.3**	58.8
	– 5 cents	**151.8**	100.1	**9.2**	27.8
	+ 5 cents	**(135.7)**	(90.9)	**(8.3)**	(25.3)
	+ 10 cents	**(257.8)**	(173.9)	**(15.7)**	(48.5)
	+ 20 cents	**(468.5)**	(319.6)	**(28.4)**	(88.8)
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0869 rate is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	– 20 cents	**141.9**	102.6	**–**	–
	– 10 cents	**63.7**	46.9	**–**	–
	– 5 cents	**30.3**	22.5	**–**	–
	+ 5 cents	**(27.7)**	(20.8)	**–**	–
	+ 10 cents	**(53.0)**	(40.0)	**–**	–
	+ 20 cents	**(97.8)**	(74.5)	**–**	–
The sensitivity of £ denominated net assets to changes in the year end A$/£0.5401 rate is as follows:	A$/£ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	– 20 pence	**1,209.8**	856.2	**185.8**	(59.9)
	– 10 pence	**467.5**	349.1	**71.8**	(24.5)
	– 5 pence	**209.9**	159.8	**32.2**	(11.2)
	+ 5 pence	**(174.3)**	(136.7)	**(26.7)**	9.6
	+ 10 pence	**(321.4)**	(254.9)	**(49.2)**	18.0
	+ 20 pence	**(556.0)**	(449.3)	**(85.1)**	31.7
The sensitivity of R$ denominated net assets to changes in the year end A$/R$2.1099 rate is as follows:	A$/R$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	– 20 centavos	**–**	34.3	**–**	–
	– 10 centavos	**–**	16.3	**–**	–
	– 5 centavos	**–**	8.0	**–**	–
	+ 5 centavos	**–**	(7.6)	**–**	–
	+ 10 centavos	**–**	(14.9)	**–**	–
	+ 20 centavos	**–**	(28.4)	**–**	–

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, other than as noted below.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate **31 Dec 13**	Weighted average exchange rate 31 Dec 12	Amount receivable/(payable) **31 Dec 13 million**	Amount receivable/(payable) **31 Dec 13 million**	Amount receivable/(payable) 31 Dec 12 million	Amount receivable/(payable) 31 Dec 12 million
Contracts to receive US$ [i] and pay £						
31 December 2012	–	1.5810	–	–	US$253.0	£(160.0)

[i] The receive US$ exposure does not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement.

The pay £ exposure is an effective net investment hedge and is recorded directly in the foreign currency translation reserve. At 31 December 2013, the aggregate fair value is nil (31 December 2012: a payable of $8.7 million). The change in fair value for the year ended 31 December 2013 was $8.7 million (31 December 2012: $142.5 million).

Foreign currency sensitivity		**31 Dec 13 $million**	31 Dec 12 $million	**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of cross currency swaps to changes in the year end A$/US$0.8932 rate is as follows:	A$/US$ Currency movement		Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement
	– 20 cents	–	–	–	58.9
	– 10 cents	–	–	–	26.3
	– 5 cents	–	–	–	12.4
	+ 5 cents	–	–	–	(11.3)
	+ 10 cents	–	–	–	(21.6)
	+ 20 cents	–	–	–	(39.6)
The sensitivity of cross currency swaps to changes in the year end A$/£0.5401 rate is as follows:	A$/£ Currency movement		Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement
	– 20 pence	–	(112.9)	–	–
	– 10 pence	–	(46.0)	–	–
	– 5 pence	–	(21.0)	–	–
	+ 5 pence	–	18.1	–	–
	+ 10 pence	–	33.7	–	–
	+ 20 pence	–	59.3	–	–

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 13**	**Weighted average exchange rate** 31 Dec 12	**Amount receivable/(payable) 31 Dec 13 million**	**Amount receivable/(payable) 31 Dec 13 million**	Amount receivable/(payable) 31 Dec 12 million	Amount receivable/(payable) 31 Dec 12 million
Contracts to buy £ and sell A$						
31 December 2013	**–**	0.6505	**–**	**–**	£288.0	A$(442.7)
31 December 2014	**0.5500**	–	**£171.0**	**A$(310.9)**	–	–
Contracts to buy US$ and sell £						
31 December 2013	**–**	1.6131	**–**	**–**	US$601.8	£(373.1)
Cross currency swaps contracted as at the reporting date and outstanding at						
Contracts to receive US$ and pay A$						
31 December 2012	**–**	0.8505	**–**	**–**	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 2013, 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 2013, the aggregate fair value is a payable of $47.8 million (31 December 2012: $195.6 million). The change in fair value for the year ended 31 December 2013 was $147.8 million (31 December 2012: $47.7 million).

Foreign currency sensitivity		**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of currency swaps to changes in the year end A$/US$0.8932 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**319.5**	221.6
	– 10 cents	**139.1**	98.8
	– 5 cents	**65.1**	46.9
	+ 5 cents	**(58.3)**	(42.9)
	+ 10 cents	**(110.6)**	(81.5)
	+ 20 cents	**(200.9)**	(149.7)
The sensitivity of currency swaps to changes in the year end A$/£0.5401 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	– 20 pence	**185.8**	203.5
	– 10 pence	**71.8**	82.9
	– 5 pence	**32.2**	37.9
	+ 5 pence	**(26.7)**	(32.4)
	+ 10 pence	**(49.2)**	(60.4)
	+ 20 pence	**(85.1)**	(106.5)
The sensitivity of currency swaps to changes in the year end £/US$1.6538 rate is as follows:	£/US$ Currency movement	Gain/(loss) to income statement	
	– 20 pence/– 20 cents	**–**	(124.3)
	– 10 pence/– 10 cents	**–**	(45.3)
	– 5 pence/– 5 cents	**–**	(19.7)
	+ 5 pence/+ 5 cents	**–**	15.3
	+ 10 pence/+ 10 cents	**–**	27.2
	+ 20 pence/+ 20 cents	**–**	44.2

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 and are considered ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate **31 Dec 13**	31 Dec 12	Amount receivable/(payable) **31 Dec 13 million**	**31 Dec 13 million**	31 Dec 12 million	31 Dec 12 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2013	–	1.2245	–	–	A$78.2	NZ$(95.7)
	–	1.2563	–	–	A$(76.2)	NZ$95.7
US$						
Contracts to buy A$ and sell US$						
31 December 2013	–	0.8136	–	–	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	0.9139	**A$(80.3)**	**US$73.4**	A$(80.3)	US$73.4

At 31 December 2013, 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 2013, the aggregate fair value is a receivable of $22.4 million (31 December 2012: $52.8 million). The change in fair value for the year ended 31 December 2013 was $30.4 million (31 December 2012: $15.7 million).

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

(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 13**	31 Dec 12	Amount receivable/(payable) **31 Dec 13 million**	**31 Dec 13 million**	31 Dec 12 million	31 Dec 12 million
US$						
Contracts to receive A$ and pay US$						
31 December 2012	–	0.7199	–	–	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 2012	–	0.4264	–	–	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 2013, 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 2013, the aggregate fair value is a receivable of $16.0 million (31 December 2012: $78.3 million). The change in fair value for the year ended 31 December 2013 was $62.3 million (31 December 2012: $133.9 million).

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

Foreign currency sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of cross currency interest rate swaps to changes in the year end A$/US$0.8932 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	– 20 cents	**(0.3)**	(1.1)
	– 10 cents	**(0.1)**	(0.5)
	– 5 cents	**(0.0)**	(0.3)
	+ 5 cents	**0.1**	0.2
	+ 10 cents	**0.1**	0.4
	+ 20 cents	**0.2**	0.7
The sensitivity of cross currency interest rate swaps to changes in the year end A$/£0.5401 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	– 20 pence	**(1.9)**	(2.7)
	– 10 pence	**(0.7)**	(1.1)
	– 5 pence	**(0.3)**	(0.5)
	+ 5 pence	**0.3**	0.5
	+ 10 pence	**0.5**	0.8
	+ 20 pence	**0.9**	1.5

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 2013, the aggregate credit risk in respect of cash and cash equivalents is $1,153.0 million (31 December 2012: $1,099.2 million).

At 31 December 2013, the aggregate credit risk in respect of derivative financial instruments is $385.0 million (31 December 2012: $683.9 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 53% (31 December 2012: 38%) of its aggregate credit risk spread over four counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher.

The Group undertakes active liquidity and funding risk management to enable it to have sufficient funds available to meet its financial obligations as and when they fall due, working capital and expected committed capital expenditure requirements. The Group prepares and monitors rolling forecasts of liquidity requirements on the basis of expected cash flow.

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 18.

NOTE 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)
   - shall not exceed 65%

b) Secured debt ratio (secured debt to total assets)
   - shall not exceed 40% (and not exceed 45% on certain facilities)

c) Interest cover ratio (EBITDA to interest expense excluding gains or losses from mark to market)
   - at least 1.5 times

d) Unencumbered leverage ratio (unencumbered assets to unsecured debt)
   - at least 150% (and at least 125% on certain facilities)

At and during the years ended 31 December 2013 and 2012, 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 13 $million	31 Dec 12 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 18) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(589.9)**	(956.3)
Due between one and five years	**(9,405.0)**	(7,113.3)
Due after five years	**(5,056.7)**	(6,038.9)
	(15,051.6)	(14,108.5)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(12,318.6)**	(11,177.6)
– aggregate future estimated nominal interest	**(2,733.0)**	(2,930.9)
	(15,051.6)	(14,108.5)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**138.8**	271.2
Due between one and five years	**149.3**	5.6
Due after five years	**39.7**	39.8
	327.8	316.6

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 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million
Consolidated assets				
Cash	**1,153.0**	1,099.2	**1,153.0**	1,099.2
Trade receivables (i)	**30.8**	31.0	**30.8**	31.0
Receivables (i)	**640.0**	230.2	**640.0**	230.2
Other investments (ii)	**277.1**	585.6	**277.1**	585.6
Derivative assets (ii)	**385.0**	683.9	**385.0**	683.9
Consolidated liabilities				
Payables (i)	**1,790.4**	1,951.9	**1,790.4**	1,951.9
Interest bearing liabilities (ii)				
– Fixed rate debt	**9,980.1**	11,558.9	**9,083.0**	10,225.5
– Floating rate debt	**3,236.1**	951.9	**3,235.6**	952.1
Other financial liabilities (ii)	**1,760.5**	1,656.3	**1,760.5**	1,656.3
Derivative liabilities (ii)	**183.4**	450.7	**183.4**	450.7

(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 13 $million	**Level 1 $million**	**Level 2 $million**	**Level 3 $million**
Consolidated assets measured at fair value				
Other investments				
– Listed investments	**149.9**	149.9	–	–
– Unlisted investments	**127.2**	–	–	127.2
Derivative assets				
– Interest rate derivatives	**331.3**	–	331.3	–
– Currency derivatives	**49.8**	–	49.8	–
– Equity share plan swaps	**3.9**	–	3.9	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**9,980.1**	–	9,980.1	–
– Floating rate debt	**3,236.1**	–	3,236.1	–
Other financial liabilities				
– Property linked notes	**1,371.4**	–	–	1,371.4
– Redeemable preference shares/units	**389.1**	–	–	389.1
Derivative liabilities				
– Currency derivatives	**79.8**	–	79.8	–
– Interest rate derivatives	**103.6**	–	103.6	–

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

	31 Dec 12 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	122.0	122.0	–	–
– Unlisted investments	463.6	–	–	463.6
Derivative assets				
– Interest rate derivatives	531.8	–	531.8	–
– Currency derivatives	139.5	–	139.5	–
– Equity share plan swaps	12.6	–	12.6	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	11,558.9	–	11,558.9	–
– Floating rate debt	951.9	–	951.9	–
Other financial liabilities				
– Property linked notes	1,341.4	–	–	1,341.4
– Redeemable preference shares/units	314.9	–	–	314.9
Derivative liabilities				
– Currency derivatives	290.9	–	290.9	–
– Interest rate derivatives	159.8	–	159.8	–

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 13 $million	**Property linked notes[(ii)] 31 Dec 13 $million**	**Redeemable preference shares/units[(iii)] 31 Dec 13 $million**	Unlisted investments[(i)] 31 Dec 12 $million	Property linked notes[(ii)] 31 Dec 12 $million	Redeemable preference shares/units[(iii)] 31 Dec 12 $million
Level 3 fair value movement						
Balance at the beginning of the year	**463.6**	**1,341.4**	**314.9**	410.4	1,328.0	495.6
Additions	**61.4**	**–**	**–**	61.1	–	–
Disposals	**(439.0)**	**–**	**–**	–	–	(187.9)
Net revaluation increment/(decrement) to income statement	**–**	**30.0**	**41.8**	–	13.4	16.8
Retranslation of foreign operations	**41.2**	**–**	**32.4**	(7.9)	–	(9.6)
Balance at the end of the year	**127.2**	**1,371.4**	**389.1**	463.6	1,341.4	314.9

(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 19(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 2013, an increment of 1% to the earnings yield would result in an additional gain of $51.1 million (31 December 2012: $44.7 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $71.9 million (31 December 2012: $64.1 million) in the income statement.

Investment properties are considered Level 3, refer to Note 13: Details of shopping centre investments for relevant fair value disclosures.

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 13 $million	31 Dec 12 $million
(a) Assets		
Current assets	**60.1**	18.9
Non current assets	**2,583.9**	2,214.5
Total assets	**2,644.0**	2,233.4
(b) Liabilities		
Current liabilities	**961.4**	1,090.4
Non current liabilities	**55.4**	–
Total liabilities	**1,016.8**	1,090.4
(c) Total equity		
Contributed equity	**1,407.9**	1,510.7
Employee share plan benefits reserve	**2.7**	2.1
Reserves [(i)]	**175.0**	–
Retained profits	**41.6**	(369.8)
Total equity	**1,627.2**	1,143.0
(d) Comprehensive income		
Profit/(loss) after tax for the period	**586.4**	(53.4)
Other comprehensive income	**–**	–
Total comprehensive income for the period	**586.4**	(53.4)
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**9,993.6**	9,521.8
Guaranteed borrowings of subsidiaries	**2,464.5**	1,172.0
	12,458.1	10,693.8

(i) The Directors of Westfield Holdings Limited (Company) have approved the transfer of $175 million of the company's profit for the 2013 financial year to Reserves.

NOTE 42 SUBSIDIARIES

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

Westfield Trust

As at 31 December 2013, WT held current assets of $2.2 billion, non current assets of $16.1 billion, current liabilities of $1.9 billion and non current liabilities of $5.3 billion (31 December 2012: current assets of $2.4 billion, non current assets of $15.2 billion, current liabilities of $0.6 billion and non current liabilities of $5.2 billion).

As at 31 December 2013, the total equity held by WT was $11.0 billion (31 December 2012: $11.7 billion).

The profit after tax for the period was $561.1 million and total comprehensive income was $1,113.8 million (31 December 2012: profit after tax for the period was $895.6 million, total comprehensive income was $911.7 million). The property revenue for the period was $564.3 million (31 December 2012: $537.3 million).

Westfield America Trust

As at 31 December 2013, WAT held current assets of $2.2 billion, non current assets of $12.7 billion, current liabilities of $1.9 billion and non current liabilities of $10.4 billion (31 December 2012: current assets of $1.0 billion, non current assets of $13.7 billion, current liabilities of $1.7 billion and non current liabilities of $10.4 billion).

As at 31 December 2013, the total equity held by WAT was $2.5 billion (31 December 2012: $2.6 billion).

The profit after tax for the period was $562.6 million and total comprehensive income was $818.7 million (31 December 2012: profit after tax for the period was $137.3 million, total comprehensive income was $113.1 million). The revenue for the period was $876.8 million (31 December 2012: $995.8 million).

NOTE 43 AUDITOR'S REMUNERATION

	31 Dec 13 $000	31 Dec 12 $000
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	**5,535**	5,680
– Assurance and compliance services	**192**	201
– Taxation advice and compliance	**78**	75
– Technical accounting advice and services	**29**	283
– Due diligence services	**647**	325
	6,481	6,564
Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:		
– Audit or review of the financial reports	**4,064**	3,783
– Assurance and compliance services	**8**	6
– Taxation advice and compliance	**595**	221
– Technical accounting advice and services	**–**	–
– Due diligence services	**–**	–
	4,667	4,010
	11,148	10,574

NOTE 44 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 45 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 47.

LFG International 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.

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

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

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for 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. During the financial year, LFG utilised 264 hours (31 December 2012: 104 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, are at arm's length.

The Group incurred costs in the financial year amounting to $746,237 (31 December 2012: $589,423) 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 the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year, the Group charged LFG $1,251,785 (31 December 2012: $817,834) in relation to the provision of aircrew, aircraft maintenance, aircraft services and use of the hangar facility, which amounts were payable on seven day terms. During the financial year the Group did not incur any charges for use of aircraft crew employed by LFG (31 December 2012: $122,864).

LFG subleased premises from the Group at Westfield Towers. During the period $2,431 (31 December 2012: $45,127) 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 commenced in 2012 and is on commercial arm's length terms. The Group's 50% share of rental for the Westfield Sydney lease was $831,113 (31 December 2012: $743,503).

During the financial year, the Group did not provide design and construction services to LFG. In the previous financial year ended 31 December 2012 the Group provided design and construction services on arm's length terms and conditions amounting to $416,607.

During the financial year the Group did not provide design and construction services to The Lowy Institute. During the previous financial year ended 31 December 2012 the Group charged The Lowy Institute amounts totalling $54,103 for design and construction services on arm's length terms and conditions.

During the financial year, the Group charged The Lowy Institute $4,762 (31 December 2012: $20,000) for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

During the financial year, the Group charged LFG $1,068,888 (31 December 2012: $697,189) for service costs in relation to the provision of communication and security services on arm's length terms and conditions.

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	**2013 $**	2012 $
Owing to LFG	Current payable	**nil**	nil
Owing from LFG	Current receivable	**nil**	nil

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

NOTE 46 REMUNERATION, OPTIONS, RIGHTS 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. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the 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 [i] $	Other post employment benefits $	Amortisation of cash and equity settled share based payments [ii] $	$
Key Management Personnel – Directors							
31 December 2013	**9,002,735**	**7,493,160**	**–**	**(92,910)**	**–**	**10,452,553**	**26,855,538**
31 December 2012	8,961,214	8,643,556	–	(16,126)	–	12,380,435	29,969,079
Key Management Personnel – Non Directors							
31 December 2013	**2,800,000**	**2,800,000**	**93,900**	**3,615**	**44,598**	**6,290,775**	**12,032,888**
31 December 2012	2,800,000	2,800,000	191,762	89,437	42,578	6,371,060	12,294,837
Total Key Management Personnel							
31 December 2013	**11,802,735**	**10,293,160**	**93,900**	**(89,295)**	**44,598**	**16,743,328**	**38,888,426**
31 December 2012	11,761,214	11,443,556	191,762	73,311	42,578	18,751,495	42,263,916

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

(ii) 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.

(b) Options and Rights – Holdings of Key Management Personnel

During the financial year and prior 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 in the Directors' Report.

(c) Shareholdings of Key Management Personnel and their associates (including holdings by close members of the family of that person)

Stapled securities held in the Group (number)	Balance at 1 January 2013	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2013
Frank Lowy, Peter Lowy, Steven Lowy [i]	179,598,386				179,598,386
Peter Allen	519,572	75,122			594,694
Ilana Atlas	5,000				5,000
Roy Furman	50,000				50,000
Peter Goldsmith	5,000				5,000
Fred Hilmer [ii]	238,512				238,512
Stephen Johns [iii]	1,552,476				1,552,476
Mark G. Johnson [iv]	–			6,425	6,425
Mark R. Johnson	62,000				62,000
John McFarlane	51,951				51,951
Brian Schwartz	21,110				21,110
Judith Sloan	3,000				3,000
Michael Gutman	250,957	39,814			290,771
Robert Jordan	1,057,473	75,122			1,132,595
Total	**183,415,437**	**190,058**	**–**	**6,425**	**183,611,920**

(i) The aggregate interest of the Lowy Directors includes family holdings and interests held by Perpetual Trustee Company Limited and Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust. The Lowy Directors did not dispose of any stapled securities.

(ii) Professor Fred Hilmer retired from the Board on 29 May 2013. This represents Professor Hilmer's (and close members of his family) holding of stapled securities at the date of his retirement.

(iii) Mr Stephen Johns retired from the Board on 29 May 2013. This represents Mr Johns' (and close members of his family) holding of stapled securities at the date of his retirement.

(iv) Mr Mark G. Johnson was appointed as a Director to the Board by members on 29 May 2013.

NOTE 46 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 45.

(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 47 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST

(a) 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 acts in most cases as the property manager;
- the Group acts in most cases as the property developer;
- the Group and WRT co-operates to source new investment opportunities in Australia and New Zealand;
- the Group owns the WRT responsible entities and WRT has access to the Westfield brand; and
- the Group provides corporate services to WRT.

Various agreements have been entered into in order to manage and develop this relationship. 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 provides 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.

(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. The cost for these services is payable in quarterly instalments as agreed between the parties. During the financial year, the Group charged WRT a corporate service fee of $20.0 million (31 December 2012: $23.0 million). 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 was completed in the prior year. The total investment by WRT was $1.340 billion on completion of the redevelopment. Stage one of the redevelopment was completed in October 2010 and the overall redevelopment was completed in April 2012.

WRT entered into a Project Design and Construction Agreement for the completion of the Westfield Sydney redevelopment.

The Group has provided 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.

(b) 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 fees of $52.3 million (31 December 2012: $48.8 million).

Tenancy coordination fee

During the financial year, the Group charged WRT tenancy coordination fees of $5.6 million (31 December 2012: $5.4 million).

Reimbursement of expenses

During the financial year, the Group charged WRT $18.8 million (31 December 2012: $19.0 million) 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 service fees of $20.0 million (31 December 2012: $23.0 million).

Development framework agreements

During the financial year, the Group charged WRT property development progress billings and fees of $155.0 million (31 December 2012: $132.7 million).

NOTE 47 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST (CONTINUED)

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

Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee paid during the year for the period from April 2012 to March 2013 to WRT by the Group under the income guarantee arrangements amounted to $10.0 million (31 December 2012: nil).

For the year ended 31 December 2013, amounts charged by the Group for progress billings under the Project Design and Construction Agreement (as described in Note 47(a)) were nil (31 December 2012: $118.0 million) (excluding GST).

In April 2012, WRT repaid $1,397.4 million to the Group representing all amounts outstanding on the Westfield Sydney Facility loan, progress billings, and accumulated interest (excluding GST).

Interest on loans under the Westfield Sydney Facility Agreement and on progress billings (included in interest income in the income statement) for the period ended 31 December 2012 amounted to $13.9 million.

Other

During the financial year, the Group charged WRT $0.2 million (31 December 2012: $0.2 million) for the lease of office space.

During the financial year, the Group paid WRT $5.5 million (31 December 2012: $5.3 million) for the lease of office space.

Net property related advertising and promotional income collected by the Group on behalf of WRT for the period ended 31 December 2013 amounted to $9.4 million (31 December 2012: $8.6 million).

At 31 December 2013 the following amounts were recorded in the Group's balance sheet as payable/receivable with WRT:

– $2.3 million (31 December 2012: $24.3 million) receivable for property development progress billings and fees.
– $5.0 million (31 December 2012: $5.2 million) receivable relating to property management fees, tenancy coordination fee and reimbursement of shopping centre indirect expenses.
– $6.4 million (31 December 2012: $3.8 million) payable relating to property related advertising and promotional income collected by the Group on behalf of WRT.

NOTE 48 SIGNIFICANT TRANSACTIONS

a) During the year, the Group disposed of its 50% interest in Westfield Almeida Junior Shopping Centres S.A..

b) The Group entered into transactions which culminated in a joint venture with O'Connor Capital Partners (O'Connor) in respect of 6 properties in Florida, United States (Group's ownership: 50.01%, O'Connor's ownership: 49.99%). Such transactions, taken as a whole, give rise to treatment as an asset disposition under IFRS. The Group has retained the property management and development rights over those centres on terms consistent with the Group and other joint ventures.

c) During the year, the Group divested seven non-core shopping centres in the US to a Starwood Capital Group controlled affiliate for US$1.64 billion.

d) During the year, the Group agreed to acquire a 50% interest in the World Trade Center retail premises from the Port Authority for US$800 million. Following the acquisition, the Group will own 100% of the retail project.

NOTE 49 PROPOSED RESTRUCTURE

On 4 December 2013, Westfield Group (in a joint announcement to the ASX with Westfield Retail Trust) announced a proposed restructuring of the Group, under which Westfield Group's Australian and New Zealand business including its vertically integrated retail operating platform, held through Westfield Holdings Limited and Westfield Trust, is separated from the Group's international business and merged with Westfield Retail Trust to create two new listed groups:

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

(b) Westfield Corporation – comprising Westfield Group's international business.

The announcement can be accessed on the Group's website at www.westfield.com/corporate

The proposal, which is subject to regulatory approval and securityholder approval, will be implemented primarily by a court ordered scheme of arrangement of Westfield Holdings Limited and amendments to the constitutions of the Westfield Group and those of Westfield Retail Trust. The conditions precedent to implementation of the proposal are set out in the announcement dated 4 December 2013.

Securityholder booklets in relation to the proposal including independent experts' reports, together with notices of meetings of Westfield Group are expected to be sent to members in late April for meetings in late May to consider the proposal.

NOTE 50 SUBSEQUENT EVENTS

Since the end of the financial year, there are no subsequent events to report.

NOTE 51 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 13 – Interest Beneficial[(i)] Parent Company %	31 Dec 13 – Interest Beneficial[(i)] Westfield Group %	31 Dec 13 – Interest Consolidated or Equity accounted %	31 Dec 12 – Interest Beneficial[(i)] Parent Company %	31 Dec 12 – Interest Beneficial[(i)] Westfield Group %	31 Dec 12 – 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
Westfield UK & Europe Finance PLC	100.0	100.0	100.0	100.0	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES						
Consolidated Controlled Entities						
Westfield America, Inc.	17.4	100.0	100.0	17.4	100.0	100.0
WCI Finance, LLC	17.4	100.0	100.0	17.4	100.0	100.0
WEA Finance, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield, LLC	17.0	100.0	100.0	17.0	100.0	100.0
Westfield America, LP	17.0	100.0	100.0	17.0	100.0	100.0
Westfield Head, LP	17.4	100.0	100.0	17.4	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 26 February 2014 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

26 February 2014

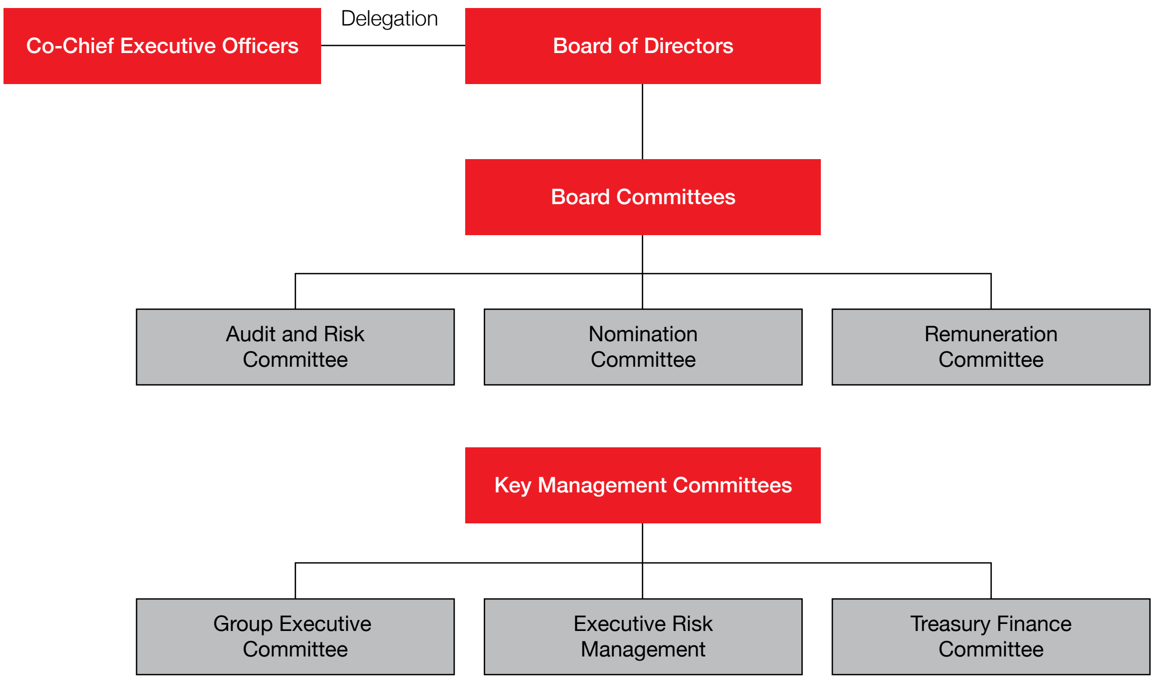
Corporate Governance Statement

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) (the Recommendations).

If the Proposed Restructuring of the Westfield Group is approved by members at the meetings to be held in May 2014, each of Westfield Corporation and Scentre Group will have separate systems of governance and will separately report against the Corporate Governance Principles and Recommendations. Details of the proposed governance structures of both new groups will be contained in the securityholders booklets to be sent to members in April 2014. As noted above, this statement relates to the Westfield Group's systems of governance and compliance during the Financial Year.

As at 31 December 2013, the Westfield Group complied with the Recommendations in all respects other than the requirement for an independent Chairman and for the Nomination Committee to be chaired by an independent Director. Corporate governance documentation, including board and committee charters and relevant corporate policies and codes referred to in this statement, can be found on the westfield.com/corporate website in the corporate governance section.

GOVERNANCE FRAMEWORK



1. WESTFIELD GROUP BOARD

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

The Boards of Westfield Holdings Limited (Company), Westfield Management Limited (Westfield Management) (the responsible entity of Westfield Trust) and Westfield America Management Limited (Westfield America Management) (the 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.

1.1 Board Charter and Board Responsibility

The Board Charter sets out the primary objectives of the Board and includes the practices and processes the Board has adopted to discharge its responsibilities including matters that are reserved for the Board and the delegation of authority 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, 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 and senior executive team.
- 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.

1.2 Delegation to Management

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

Day to day management of the business and operations of the Westfield Group is delegated by the Board to management through the Co-Chief Executive Officers subject to the agreed authority limits applicable to the senior executive management team.

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 in the Group's business.
- *Selection of senior management:* making recommendations for the appointment of senior executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for senior management.

[1] Unless otherwise specified, the Board of the individual entities comprising the Westfield Group sit as the Westfield Group Board. In this statement, the Westfield Group Board is referred to as the Board.

1.3 Board Composition

The membership of the Board is reviewed by the full Board, from time to time, having regard to the ongoing needs of 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 between the Nomination Committee and the Board. New Directors are initially appointed 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 three years. The notice of meeting for the AGM contains a statement by the Board as to whether it supports the proposed candidates.

Board renewal and succession planning continues to form a key part of the Group's overall governance program. The Board is committed to a membership that includes a combination of executive and non-executive members with exceptional track records and reputations at the highest levels of business and commerce generally.

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

When considering new appointments, the Board considers a range of candidates having regard to a number of factors including specific skills, knowledge and experience, gender and geographic location. The views of professional intermediaries may be sought in identifying or assessing new candidates.

In recent years, the Board has undergone substantial renewal through the retirement of long standing directors and the appointment of new Board members. Notably in May 2011, Mr Frank Lowy assumed the role of non-executive Chairman.

Most recently, during the Financial Year, Mr Stephen Johns and Professor Fred Hilmer retired from the Board and Mr Mark G. Johnson was appointed by members to the Board at the Annual General Meeting in May 2013. Following the retirement of Mr Johns and Professor Hilmer, the following changes to the composition of the Board Committees were made:

(a) The Audit and Compliance Committee and the Board Risk Management Committee merged to form the Audit and Risk Committee;

(b) Mr Brian Schwartz was appointed Chairman of the Audit and Risk Committee. Professor Judith Sloan and Mr Mark G. Johnson were appointed to the Audit and Risk Committee as members;

(c) Mr Mark R. Johnson was appointed Chairman of the Remuneration Committee, with Ms Ilana Atlas appointed as a member to that Committee; and

(d) Mr Mark R. Johnson was also appointed as a member of the Nomination Committee, with Professor Judith Sloan stepping down from that Committee.

All changes to the Committees took effect from 30 May 2013.

The current 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 31/12/13
Frank Lowy	Chairman/ Non-Executive Director	N	1960	1979	1996	53 years 11 months[1]
Brian Schwartz	Deputy Chairman/ Non-Executive Director	Y	2009	2009	2009	4 years 7 months
Peter Allen	Group Chief Financial Officer/ Executive Director	N	2011	2011	2011	2 years 7 months
Ilana Atlas	Non-Executive Director	Y	2011	2011	2011	2 years 7 months
Roy Furman	Non-Executive Director	Y	2004	2004	2004	9 years 5 months
Peter Goldsmith	Non-Executive Director	Y	2008	2008	2008	5 years 4 months
Mark G. Johnson	Non-Executive Director	Y	2013	2013	2013	7 months
Mark R. Johnson	Non-Executive Director	Y	2010	2010	2010	3 years 7 months
Peter Lowy	Co-Chief Executive Officer/ Executive Director	N	1987	1986	1996	26 years 2 months
Steven Lowy	Co-Chief Executive Officer/ Executive Director	N	1989	1989	1996	24 years 6 months
John McFarlane	Non-Executive Director	Y	2008	2008	2008	5 years 10 months
Judith Sloan	Non-Executive Director	Y	2008	2008	2008	5 years 10 months

(1) This includes Mr Frank Lowy's service on the Boards of predecessor vehicles.

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

1.4 Code of Conduct

The Directors' Code of Conduct 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.

As part of the Code of Conduct, Directors of the Westfield Group undertake to, amongst other things:

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

Directors are required to separate personal and business dealings from the performance of their duties as a Director of the Group and any matter which may give rise to an actual or perceived conflict of interest must be fully disclosed to the Board at all times.

A Director must not use his or her position as a Director or the name of the Group to further that Director's personal or business interests.

All commercial dealings by Directors with the Group in a personal capacity must be at arm's length and on normal commercial terms or otherwise approved by members.

Directors are required to ensure that all confidential information, whether relating to the business operations or assets of the Group or its retailers or customers, received by them in the course of performing their duties, will not be disclosed to third parties except in circumstances where disclosure has been authorised by the Group or is otherwise required by law.

1.5 Directors' Independence

The Board currently comprises 12 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 regularly assesses the independence of each Director in accordance with the terms of the Board Charter, the interests they have disclosed and such other factors as the Board determines are appropriate to take into account.

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 3 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 3 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 3 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, Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Lord Peter Goldsmith, Mr Mark G. Johnson, Mr Mark R. Johnson, Mr John McFarlane and Professor Judith Sloan are all considered to be independent Directors.

In determining the independence of Lord Goldsmith, the Board has noted that Lord Goldsmith is the European Chair of Litigation at Debevoise & Plimpton LLP (Debevoise) based in London. Debevoise is one of 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. In view of that, 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.

Finally, 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 8 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.

1.6 Chairperson and Independence

The Westfield Group notes the ASX Corporate Governance Council's 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 earlier, Mr Frank Lowy assumed the role of non-executive Chairman in May 2011, with Mr Peter Lowy and Mr Steven Lowy 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:

– there is a majority of independent Directors serving on the Board (8 out of the 12 Directors on the Board);
– 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; and
– 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.

The lead independent Director may, in discharging his role, convene a meeting of the independent Non-Executive Directors for the purpose of discussing any issue of interest to the independent Non-Executive Directors. If required, the Company Secretary will provide such assistance as may be required in order to convene that meeting and attend and take minutes of proceedings.

1.7 The Company Secretary

The Company Secretary is appointed and removed by the Board. The Company Secretary works with the Chairman, the Board and the Board Committees on all governance related issues. All Directors have access to the Company Secretary for the purpose of obtaining information or advice. The Company Secretary may also retain the services of independent advisory bodies 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, papers and minutes are available to all members of the Board.

The Company Secretary is accountable to the Board, through the Chairman, on all governance matters.

1.8 Board Self-Assessment and Performance

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 as well as views on the composition of the Board and the range of skills of Board members.

A survey was conducted by Mr Brian Schwartz, Deputy Chairman and Lead Independent Director, during the Financial Year. Following the survey the Board remains satisfied that the composition of the Board continues to reflect the required mix of skills, experience and perspectives.

1.9 Process for Evaluating the Performance of Senior Executives, including Executive Directors

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.

During the Financial Year, each member of the senior executive team, including the Executive Directors, was subject to a performance review as described above. Details of the performance criteria against which the Executive Directors were assessed are set out in section 8.4 of the Remuneration Report.

2. BOARD COMMITTEES

The Board has delegated certain responsibilities to standing committees which operate in accordance with charters approved by the Board. Currently, there are 3 standing Board Committees, namely the Audit and Risk Committee, the Remuneration Committee and the Nomination Committee.

The composition of the Board Committees 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.

Each Committee is authorised to investigate any activity or function of the Group in accordance with its charter. The Committee is authorised to make recommendations to the Board regarding appropriate action resulting from such investigations.

Each Board Committee has unrestricted access to executive management, all employees and all Westfield Group records, tax and other financial advisers, legal advisers, and internal and external auditors, as required.

Each Board Committee or any member of the Committee is authorised (at the cost of the Group) to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under its charter.

The Chair of each Board Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities. The minutes of each Board Committee meeting are provided to the Board.

2.1 Audit and Risk Committee

Background

As set out earlier in this statement, following changes to the Board in May 2013, the Audit and Compliance Committee and the Board Risk Management Committee merged to form the Audit and Risk Committee.

Prior to the formation of the Audit and Risk Committee, the Audit and Compliance Committee comprised the following members:

Name	Position held	Status
Fred Hilmer*	Chairman	Independent Director
Stephen Johns*	Member	Independent Director
Brian Schwartz	Member	Independent Director

* Retired from the Board, effective 29 May 2013.

The membership of the Committee comprised Non-Executive Directors, a majority of whom were independent Directors (as determined by the Board). All members of the Committee were financially literate with significant relevant financial and/or accounting experience and understanding of the Group's business.

The Committee met twice between 1 January 2013 and 30 May 2013. The full Committee was in attendance at all meetings.

Prior to the formation of the Audit and Risk Committee, the Board Risk Committee comprised the following members:

Name	Position held	Status
Stephen Johns*	Chairman	Non-executive Director
Ilana Atlas	Member	Independent Director
Judith Sloan	Member	Independent Director

* Retired from the Board, effective 29 May 2013.

The Committee met twice between 1 January 2013 and 30 May 2013. The full Committee attended all meetings.

Composition of Audit and Risk Committee

The primary function of the Westfield Group's Audit and Risk Committee is to oversee and monitor the integrity of consolidated financial reports and statements of the listed entities within the Group and the Group's systems of risk management, internal controls and legal compliance.

The Committee is assisted in its role and responsibilities by the Executive Risk Management Committee, details of which are outlined below.

The Committee is also assisted by the independent assurance function provided by the Group's Business Review and Audit department (internal auditors) and the external auditors.

From its formation in May 2013, the Audit and Risk Committee comprised the following members:

Name	Position held	Status
Brian Schwartz	Chairman	Independent Director
Mark G. Johnson	Member	Independent Director
Judith Sloan	Member	Independent Director

All members of the Committee are independent Non-Executive Directors. All members of the Committee are financially literate with significant relevant financial and/or accounting experience and understanding of the Group's business.

Since its formation in May 2013, the Committee met 3 times during the Financial Year. The full Committee was in attendance at all meetings.

Role and responsibilities of the Audit and Risk Committee

The objective of the Audit and Risk Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

(a) monitoring and reviewing:
  - the integrity and reliability of financial reports and statements of listed entities of the Group;
  - the effectiveness of the systems of internal controls, risk management and legal compliance;
  - the objectivity and effectiveness of the internal audit function;
  - the independence, objectivity and effectiveness of the external audit function,

(b) overseeing the processes for:
  - identifying the significant risks faced by the Group;
  - the Group's compliance with applicable laws and regulations; and
  - implementing appropriate and adequate control, monitoring and reporting systems.

(c) making recommendation to the Board in relation to the appointment of the external auditors and approving the remuneration and terms of the engagement.

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 Risk Committee on those matters.

The Audit and Risk Committee meets with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. Both the internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Risk Committee or the Chairman of the Board. The Audit and Risk Committee reports to the Board after each Committee meeting and the minutes of each Audit and Risk Committee meeting provided to the Board.

The internal and external auditors, the Deputy Group Chief Financial Officer and the Group Compliance Officer are invited to attend Audit and Risk Committee meetings at the discretion of the Committee. At least annually, the Audit and Risk Committee meets with the internal auditor and external auditors without management being present.

Non-Audit Services Protocol

The Board has a Non-Audit Services Protocol which is designed 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 Protocol 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 Group recognises that a high quality, independent statutory audit is fundamental to the maintenance of good corporate governance, and to the proper functioning of the capital markets. It forms an integral part of the process of providing members with clear, comprehensive and reliable financial information. The Protocol reflects the Group's desire to preserve the independence of the statutory audit process.

Under the terms of the Protocol, the lead audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every 5 years. A succession plan is required to be presented by the external auditor to the Committee for its approval, at least one year before the rotation is due to occur.

The Non-Audit Services Protocol 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 Group, without impacting the actual or perceived independence of the external auditor. The Protocol also requires an annual confirmation by the external auditor regarding compliance with the terms of the Charter and a number of other matters which impact the actual and perceived independence of the external auditor. The Protocol is reviewed in the context of ongoing changes in the legal, accounting and governance requirements applicable to the Group so that it remains relevant and consistent with the high standards of independence as well as market and member expectations.

2.2 Compliance Sub 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.

During the Financial Year, the Compliance Sub-Committee assisted the Audit and Risk Committee by monitoring the Group's compliance with the Compliance Plan. 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 Risk Committee and the Board.

The Sub-Committee met 3 times during the Financial Year.

2.3 Executive Risk Management Committee

In addition to the Audit and Risk Committee, the Board has delegated specific risk related responsibilities to the Executive Risk Management Committee which comprises the Chief Risk Officer, the Group Chief Financial Officer, the Group General Counsel, the Deputy Group Chief Financial Officer, the Managing Directors and the Chief Operating Officer, US.

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 by management of the Group's policies and procedures 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 between the Group's management in the various jurisdictions; and

(d) implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of 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 Audit and Risk Management Committee, on the effectiveness of the Group's management of its material risks.

As part of Principle 7, 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 and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Risk Committee.

2.4 Remuneration Committee

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 and Key Management Personnel of the Group are also set out in the Remuneration Report section of the Directors' Report.

During the Financial Year, the composition of the Remuneration Committee was as follows:

Name	Position held	Status
Fred Hilmer	Chairman	Independent Director (retired 29 May 2013)
Mark R. Johnson	Chairman	Independent Director (appointed Chairman 30 May 2013)
Ilana Atlas	Member	Independent Director (appointed 30 May 2013)
Roy Furman	Member	Independent Director

All members of the Committee are independent Non-Executive Directors, as determined by the Board. The Committee met 3 times during the Financial Year. 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 members of the senior executive team 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) ensuring that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;

(e) reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place;

(f) reviewing and approving the policy for participation by senior executives in equity linked plans;

(g) reviewing and approving management's recommendations of the total proposed awards to be issued under each plan;

(h) administering the equity linked plans as required in accordance with the rules of the plans.

Notably, the Remuneration Committee must approve the following prior to implementation:

- any changes to the remuneration of contract terms of Executive Directors;
- the design of a new executive incentive plan and any amendments to existing plans;
- the total level of award proposed from the executive incentive plans; and
- termination payments to Executive Directors and other members of the senior executive team.

In discharging its responsibilities, the Remuneration Committee must review and note, annually, the remuneration trends (including any major changes in employee benefit structure) across the Group in its various markets.

A comprehensive review of the remuneration of the Directors and Key Management Personnel of the Group is contained in the Remuneration Report which forms part of the Directors' Report.

2.5 Nomination Committee

The objective of the Nomination Committee is to support and advise the Board on 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 Nomination Committee comprised the following members:

Name	Position held	Status
Frank Lowy*	Chairman	Non-Executive Director
Mark R. Johnson**	Member	Independent Director
Brian Schwartz	Member	Independent Director
Judith Sloan**	Member	Independent Director

* The Board recognises the Recommendation provide that the Nomination Committee should be chaired by an independent director. Mr Lowy assumed the role of Non-Executive Chairman on 25 May 2011.

** Mr Mark R. Johnson was appointed Chairman to the Committee, effective 30 May 2013. Professor Sloan resigned from the Committee on 30 May 2013.

The Committee met twice during the Financial Year. The full Committee was in attendance at all meetings.

Broadly, the responsibilities of the Nomination Committee include:

– having regard to the strategic direction of the Group, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties;

– 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;

– annually reviewing the performance of the Board; and

– ensuring the existence of proper succession planning processes and plans for the Board.

Specifically, the Nomination Committee monitors and reviews and, where appropriate, makes recommendations to the Board on:

– the Group's Diversity Policy (which is set out later in this Statement);

– the measurable objective adopted by the Group and the initiatives to support those objectives;

– the progress made towards achieving the measurable objectives; and

– the representation of women and men at all levels and divisions within the Group.

Diversity within the Group is discussed later in this Statement.

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 are made by the Nomination Committee and considered by the Board having regard to:

– the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;

– the current strategic direction of 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 business and operations of the Group, and to meet and discuss all aspects of the Group's operations with key members of the senior executive team. As part of the induction program, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required. This typically includes briefings with every member of the senior executive team to provide the new Director with a deeper understanding of the main issues and strategic direction of each key business unit within the Group.

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, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles, tax and accounting developments and other matters of interest. In addition, management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues.

3. CORPORATE RESPONSIBILITY

3.1 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.

3.2 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.

Each employee acknowledges that he or she has read, understood and agrees to abide by the standards and duties set out in the Employee Handbook.

3.3 Compliance Manuals
The Westfield Group has developed compliance manuals to provide 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. Management seminars are also conducted to help employees understand the legal requirements with which the Group's business must comply.

By way of example, the Australian compliance manual deals with issues such as:

– work health and safety;
– trade practices;
– employment;
– retail tenancy legislation;
– environmental compliance;
– Corporations Act and ASX Listing Rules requirements; and
– complaints handling procedures.

The Employee Handbook, which is provided to, and acknowledged by, all employees who join Westfield, and the compliance manuals 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.

3.4 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 Risk Committee summarising the whistleblower activities for the period.

3.5 Diversity at Westfield
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 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.

The Managing Director of Australia, New Zealand & the United States and the Managing Director of the United Kingdom and Europe have developed 3 year plans to address diversity initiatives. These plans, which are reviewed and updated on an annual basis, include processes to:

– embed organisational structural changes, including succession planning processes;
– review opportunities for women in non-traditional roles and target areas to ensure the representation of women in the applicant pool;
– increase the percentage of women in senior management roles through targeting the participation of women in development programs and succession planning sessions.

In 2013, four key areas were identified as needing focus in progressing the Group's diversity initiatives. These are:

– Recruitment practices.
– Leadership and development programs.
– Pay equity and flexible work practices.
– Senior leadership education.

To assist the Managing Directors, a global diversity committee was established in 2013. One focus of the committee for 2013 was to identify and support the implementation of programs and initiatives to enhance knowledge of and encourage the understanding of the benefits of diversity. Membership of the committee in 2013 comprised executives from Human Resources.

As noted above, if the Proposed Restructuring of the Westfield Group is approved by members at the meetings to be held in May 2014, each of Westfield Corporation and Scentre Group will have systems of governance and will separately report against the Corporate Governance Principles and Recommendations including diversity objectives. This report relates to the Westfield Group's diversity commitments and measurable objectives for the Financial Year.

A summary of the Group's commitments for 2013 and a report on the Group's progress is set out below.

<table>
<tr><th>Focus area</th><th>Commitment</th><th>What we achieved in 2013</th></tr>
<tr><td>Recruitment</td><td>The introduction of global practices to ensure that a diverse candidate pool is recommended particularly in relation to senior management positions and non-traditional roles.</td><td>➢ The Group undertook a review of opportunities in non-traditional roles (for example: engineers, construction project managers and IT specialists), with a view to, where possible and practicable, to have at least one women on the recruitment short list.
➢ External search firms have been briefed on this goal which will be formalised in consultancy contracts as and when they are renewed.
➢ The tracking of candidate pools in Australia indicate that, on an annual average basis, 52% of candidates who were shortlisted were women and 42% of those candidates were employed.</td></tr>
<tr><td></td><td>The introduction of training programs for key people on recruitment and interviewing skills to build greater awareness of possible unconscious bias.</td><td>Training programs for managers have been enhanced to build awareness of unconscious or personal bias in the interviewing process. In particular:
➢ In Australia training program on recruitment and interviewing was first introduced in 2010. This program includes a section on personal bias and how this may impact on an objective assessment of a candidate's abilities.
➢ In the United States, training was targeted at managers to assist them in developing interviewing skills and techniques to create awareness of personal bias in interview and selection processes.
➢ In the United Kingdom and New Zealand People Manager Induction Programs, (first established in 2012 in the UK and 2011 in NZ respectively) continued to be rolled out. The Program includes a section focussed on diversity as part of the Group's recruitment policy.</td></tr>
<tr><td></td><td>Tracking of the representation of women in internal management roles to identify opportunities for women to move into key roles.</td><td>The Group undertook an assessment of women in management roles as well as the Group's succession planning processes.
The succession planning process is run at least annually with a review of the tiered management structure from junior professional to mid and senior management and executive roles. A global review of these processes is undertaken by the Group Executive Committee on an annual basis.
In Australia and New Zealand, the focus on succession planning practices saw an increase from 16.0% to 18.6% of women represented at a senior management level.</td></tr>
<tr><td>Leadership and development programs</td><td>The extension of the "Connect" group globally so as to provide mentoring and skill building opportunities for junior female managers across all regions.</td><td>Connect is a networking group within Westfield which was originally established in Australia in 2009.
Connect was extended to the New Zealand business in 2012 with local events as well as the opportunity for members to attend Australian Connect events.
In the United States, a new mentoring program was established in 2013 designed for senior women in the U.S business. A key focus of the mentoring group is to assist members in the development of skills to succeed in senior executive roles.
In the United Kingdom, a "Connect" group will be formally launched in 2014.</td></tr>
<tr><td></td><td>The continued offering of development and mentoring programs designed to support women progress their careers into senior management roles in line with our target goal of 40% representation by the end of 2013.</td><td>In Australia, New Zealand and the United Kingdom, management and development programs continued to be rolled out with an emphasis on encouraging participation by women.
These programs include:
➢ Westfield Foundational Management Program (Management Fundamentals in the UK). This program is targeted at new or junior managers and focuses on the development of leadership skills. In Australia, the percentage of women to total participants in the program was 52% and in the United Kingdom, 50%
➢ Westfield Foundational Leadership Program. This program is targeted at more experienced managers and departmental leaders. In Australia, the percentage of women to total participants in the program was 41% and in the United Kingdom, 25%.
In 2013, a new program was introduced in Australia – the Westfield Thought Leadership Program. This program has been designed to build collaborative senior leadership teams. The program was offered to 57 executives mainly in General Manager roles. 10 women (or 17% of the participants) were women.
In the United States, the focus was on the development of the mentoring program as well as an executive development program with UCLA which will be launched in 2014.</td></tr>
<tr><td></td><td>Focus groups will be held with female employees to identify actions that would help support retention of women.</td><td>In Australia and New Zealand the Connect program facilitates the discussion of actions that would support the retention of women in the business.
In 2013 a survey was undertaken of 300 employees (men and women in Australia and New Zealand) to identify barriers to retention. Career development and flexible work arrangements were identified as impediments to retention, particularly in relation to women returning from maternity leave.
In the United States, focus groups with female employees have been hosted every 6-8 weeks by senior executives and chaired by the Chief Operating Officer. Issues identified in these forums will form part of future retention initiatives.
In the United Kingdom, the launch of Connect in 2014 will create the opportunity to conduct focus group research on any barriers to the retention of women.</td></tr>
</table>

Corporate Governance Statement (continued)

Focus area	Commitment	What we achieved in 2013
Pay equity and flexible work practices	Pay equity – following a global review of pay equity in 2012, a global committee will be established to further address and identified remuneration gaps.	As noted above a global diversity committee was established in 2013. The committee's role included the monitoring of remuneration practices with particular focus on pay equity confirming the Group's commitment to ensuring that gender based pay discrimination is not part of its remuneration practices.
	The global committee will also review the Group's flexible work practices to ensure a consistent approach and foster flexible work practices across each region through targeted initiatives.	The development of consistent flexible work practices was also a focus of the committee. Initiatives are in the process of being developed following the survey findings and the results of discussions with focus groups.
	The extension of programs to keep employees in touch while they are on parental leave and foster a successful return to the workforce.	This continues to be a focus of the Group and in Australia a "Keep in Touch" program has been developed under which employees on parental or extended leave receive business and social updates. Across all countries, managers are encouraged to keep in contact with employees on parental or extended leave with a view to facilitating a successful return to the workplace.
Senior leadership	On-going education of senior management to increase awareness, ensure sponsorship of key initiatives and monitoring of the Managing Directors' plans in each region in which the Group operates.	In each country in which the Group operates, Leadership Councils have been established to oversee senior succession plans, leadership development and the development and implementation of diversity initiatives.

2014 Objectives

Diversity initiatives form part of the Group's short and long term objectives in promoting and achieving a diverse and flexible workplace. The Financial Year saw considerable progress in the Group's recruitment practices as well as its goal to ensure pay equity.

The Group continues to be committed to ensuring that its organisational structures and processes do not impede female employees' access to work-based training, promotions or flexible working arrangements. As part of this commitment, leadership and development programs designed to support women progress their careers into senior management roles will continue to be a key focus area for the Group. Flexible work practices will also continue to be a key focus area for the Group.

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	48.5%	51.5%
Senior executives	17.7%	82.3%

If the Proposed Restructuring is approved by members each of Westfield Corporation and Scentre Group will have diversity policies focused on the needs of the separate groups and will publish those policies following implementation of the Proposed Restructuring.

4. DISCLOSURE AND COMMUNICATION

4.1 Continuous Disclosure and Communications Policy

The 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 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.

4.2 Communications with Members

The Group utilises a broad 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 Westfield Group corporate website forms a key part of the Group's communication to members and the broader investment community. A section of this website is dedicated to Westfield's members. 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 posted on the Group's corporate website immediately after they have been released to the market. In addition, the Group maintains an archive of announcements, presentations and reports on the website. Members can elect to be placed on an email mailing list and receive notifications of certain corporate information as soon as the information is released to the market.

Also available for review on the Group's corporate website are notices of members' meetings and explanatory documents issued by the Group in respect of those meetings. These are retained on the website for at least 3 years.

The Group's Annual General Meetings 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 Group's remuneration report. The external auditor attends the AGM and is available to answer questions on the Group's financial statements. If members are not able to attend the AGM, they may appoint proxies electronically through the westfield.com/corporate website.

To assist with the Group's commitment to the environment (as well as being more cost efficient), members are strongly encouraged to access the annual reports online. A printed copy of the Annual Financial 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 Financial is available to be accessed online at the westfield.com/corporate website.

On an ongoing basis, the Group works closely with its share registry to monitor and review the opportunities available to the Group to increase the use of electronic means of communicating with its investors.

ASX CORPORATE GOVERNANCE COUNCIL

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Corporate Governance Statement – sections 1.1 and 1.2	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Corporate Governance Statement – section 1.9	Y
1.3	Companies should provide the following information:		
	– 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 1.9	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 1.5	Y
2.2	The chairperson should be an independent director.	Corporate Governance Statement – section 1.6	N
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Corporate Governance Statement – sections 1.3 and 1.6	Y
2.4	The board should establish a nomination committee.	Corporate Governance Statement – section 2.5	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 3 members.		Y
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Corporate Governance Statement – sections 1.8 and 1.9	Y
2.6	The following material should be included in the corporate governance statement in the annual report:		
	– 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 1.3 – 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;	Sections 1.3 and 1.5	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 1.5	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	Y
	– a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;	Section 1.3	Y
	– the period of office held by each director in office at the date of the annual report;	Section 1.3	Y
	– the names of members of the nomination committee and their attendance at meetings of the committee;	Section 2.5	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 1.8 and 1.9	Y
	– an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	Sections 1.3 and 1.6	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 description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; – the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; – the board's policy for the nomination and appointment of directors.	The charter of the Nomination Committee can be found at westfield.com/corporate Also refer section 1.3 of the Corporate Governance Statement	Y

Corporate Governance Statement (continued)

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 3: Promote ethical and responsible decision making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Corporate Governance Statement – section 1.4 The Directors' Code of Conduct can be found at westfield.com/corporate	Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board In accordance with the diversity policy and progress towards achieving them.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.5	Companies should provide an explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – any applicable code of conduct or a summary; and – the diversity policy or a summary of its main provisions.	N/A The Directors Code of Conduct and the Diversity policy can be found at westfield.com/corporate	 Y
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee.	Corporate Governance Statement – section 2.1	Y
4.2	The audit committee should be structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the board; has at least 3 members.	Corporate Governance Statement – section 2.1	Y
4.3	The audit committee should have a formal charter.	Corporate Governance Statement – section 2.1	Y
4.4	Companies should provide the following information: – the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee; – the number of meetings of the audit committee; – explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – the audit committee charter; – information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	Corporate Governance Statement – section 2.1. – Cross reference to Directors' biographies Section 2.1 N/A The Audit and Risk Committee Charter and the Charter of Non-Audit Services can be found at westfield.com/corporate	Y Y Y Y
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Corporate Governance Statement – section 4.1	Y
5.2	An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report. The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	N/A The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	 Y

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Corporate Governance Statement – section 4.2	Y
6.2	An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.	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 2.3	Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Corporate Governance Statement – section 2.3	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system or risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Corporate Governance Statement – section 2.3	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 – section 2.3	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 2.4	Y
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent directors; – is chaired by an independent director; – has a least 3 members.	Corporate Governance Statement – section 2.4	Y
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Corporate Governance Statement – section 2.4 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 2.4	Y
	– the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors;	Remuneration Report	Y
	– 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; – 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.	The Charter of the Remuneration Committee and the Hedging of Executive Awards and Performance Rights Policy can be found at westfield.com/corporate	Y

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.

Westfield Group Website – Site Map

– About Westfield Group
– Corporate News
– Property Portfolio
– Investor Services

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.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 2013 year distributions are provided in the table below. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from *http://corporate.westfield.com/investors/security-holder-forms* 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* and by clicking on "Access your online account".

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 *http://corporate.westfield.com/investors/security-holder-forms* 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 2013	51.0
Interim dividend/distribution for the six months ended 30 June 2013 paid on 31 August 2013	**25.50**
Dividend in respect of a Westfield Holdings share	n/a
Distribution in respect of a Westfield Trust unit	4.00
Distribution in respect of a Westfield America Trust unit	21.50
Final dividend/distribution for the six months ended 31 December 2013 paid on 28 February 2014	**25.50**
Dividend in respect of a Westfield Holdings share	7.92
Distribution in respect of a Westfield Trust unit	9.74
Distribution in respect of a Westfield America Trust unit	7.84

Note: The DRP was suspended for the June 2013 and December 2013 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* and by clicking on "Access your online account".

Annual Tax Statement and 2014 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 that $100 held in an account that has been inactive for at least 6 years. If you believe you have unpresented cheques please 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 money.

Australian Capital Gains T ax 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 13	31 Dec 13
Westfield Holdings	6.72%	10.70%
Westfield Trust	73.82%	71.88%
Westfield America Trust	19.46%	17.42%

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 *http://corporate.westfield.com/investors/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* and by clicking on "Access your online account".

Principal Share Registry

Computershare Investor Services P/L GPO Box 2975
Melbourne VIC 3001
Telephone 1300 132 211
International +61 3 9415 4070
Facsimile +61 3 9473 2500
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
GP0 Box 4004
Sydney NSW 2001
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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

Twenty Largest Holders of Stapled Securities in Westfield Group*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	590,694,711	28.42
2.	J P Morgan Nominees Australia Limited	355,932,037	17.13
3.	National Nominees Limited	269,394,877	12.96
4.	Cordera Holdings Pty Limited	145,835,168	7.02
5.	Citicorp Nominees Pty Limited	118,393,862	5.70
6.	BNP Paribas Noms Pty Ltd <DRP>	73,843,498	3.55
7.	J P Morgan Nominees Australia Limited <Cash Income A/C>	42,116,730	2.03
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	41,982,555	2.02
9.	AMP Life Limited	29,351,324	1.41
10.	RBC Investor Services Australia Nominees Pty Limited <PI Pooled A/C>	26,139,549	1.26
11.	Mr Frank P Lowy	14,107,391	0.68
12.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	8,806,864	0.42
13.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	6,634,482	0.32
14.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.28
15.	UBS Nominees Pty Ltd	5,822,154	0.28
16.	Bond Street Custodians Limited <ENH Property Securities A/C>	5,678,453	0.27
17.	Share Direct Nominees Pty Ltd <10026 A/C>	5,440,420	0.26
18.	Bainpro Nominees Pty Limited	5,428,053	0.26
19.	UBS Wealth Management Australia Nominees Pty Ltd	5,172,317	0.25
20.	Lowy Foundation Pty Ltd	5,086,016	0.24
		1,761,729,886	84.76

* 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	24,452,099	50,738	1.18
1,001 – 5,000	0	0	96,447,759	43,682	4.64
5,001 – 10,000	0	0	36,631,582	5,250	1.76
10,001 – 100,000	52,500	1	60,482,036	2,676	2.91
100,001 and over	27,608,709	3	1,860,076,210	203	89.51
Total	27,661,209	4	2,078,089,686	102,549	100.00

As at 14 February 2014, 3,899 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

* Westfield America Trust has on issue options to subsidiaries of the Group which predate the stapling transaction. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities. Due to the stapled structure of the Group these options could not be exercised by the subsidiaries. The total number of options on issue at 14 February 2014 is 27,661,209.

** There are 15,770,703 performance rights on issue to a total of 367 Westfield Group employees. These rights may be satisfied by either the transfer or issue of Westfield Group securities to employees, or settled by way of cash payout which amount is calculated by reference to the market price of Westfield Group securities at the time of vesting. Under the stapling arrangement, in the case of the issue of securities, 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)

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Facsimile: +44 20 7061 1401

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Maureen T McGrath

Auditors
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Sydney NSW 2000

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Website: www.westfield.com/corporate

Principal Share Registry
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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
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Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

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