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27 March 2014

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

Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
WESTFIELD TRUST AND WESTFIELD AMERICA TRUST 2013 ANNUAL FINANCIAL REPORTS

On 26 February 2014, the Group announced its 2013 results and released its 2013 Annual Financial Report. The Westfield Group Annual Financial Report is being despatched to members.

Attached are the 2013 Annual Financial Reports for each of Westfield Trust and Westfield America Trust. The results of the Trusts are consolidated into the Group's accounts and, given that the Group operates as one co-ordinated economic entity, reference should be made to the Group's accounts for an understanding of the results and operations of the Group as a whole.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

Westfield Holdings Limited ABN 66 001 671 496

Westfield Management Limited ABN 41 001 670 579 AFS Licence 230329
as responsible entity of **Westfield Trust** ABN 55 191 750 378 ARSN 090 849 746

Westfield America Management Limited ABN 66 072 780 619 AFS Licence 230324
as responsible entity of **Westfield America Trust** ABN 27 374 714 905 ARSN 092 058 449

Westfield Trust
Annual Financial Report
31 December 2013

Westfield Management Limited ABN 41 001 670 579
AFSL No. 230329 as responsible entity of **Westfield Trust** ARSN 090 849 746

Directory

Westfield Group
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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)

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Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

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Annual Financial Report

WESTFIELD TRUST
For the financial year ended 31 December 2013

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Revenue			
Property revenue	3	**564.3**	537.3
		564.3	537.3
Share of after tax profits of equity accounted entities			
Property revenue		**575.3**	573.4
Property revaluations		**58.8**	208.9
Property expenses, outgoings and other costs		**(157.4)**	(152.0)
Gain in respect of capital transactions		**19.6**	4.0
Net interest income/(expense)		**0.2**	(1.3)
Tax expense		**(20.9)**	(16.8)
	11(a)	**475.6**	616.2
Expenses			
Property expenses, outgoings and other costs		**(155.2)**	(142.6)
Property and funds management costs		**(11.7)**	(13.6)
Corporate costs		**(2.8)**	(3.0)
		(169.7)	(159.2)
Interest income	4(a)	**82.5**	112.4
Currency loss		**(93.3)**	(12.0)
Financing costs	4(b)	**(445.8)**	(468.7)
Dividends from other investments		**2.8**	2.8
Property revaluations		**145.3**	266.8
Profit before tax for the period		**561.7**	895.6
Tax expense	5	**(0.6)**	–
Profit after tax for the period		**561.1**	895.6
Profit after tax for the period attributable to:			
– Members of Westfield Trust		**542.5**	854.8
– External non controlling interests		**18.6**	40.8
Profit after tax for the period		**561.1**	895.6

		cents	cents
Basic earnings per unit	6	**25.02**	37.61
Diluted earnings per unit	6	**24.33**	36.83

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	**561.1**	895.6
Other comprehensive income/(loss)		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**88.2**	21.1
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	**(6.4)**	–
Movement in asset revaluation reserve		
– Revaluation increment/(decrement)	**470.9**	(5.0)
Total comprehensive income for the period	**1,113.8**	911.7
Total comprehensive income attributable to:		
– Members of Westfield Trust	**1,095.2**	870.9
– External non controlling interests	**18.6**	40.8
Total comprehensive income for the period	**1,113.8**	911.7

Balance Sheet

AS AT 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Current assets			
Cash and cash equivalents	21(a)	**77.7**	726.9
Trade debtors		**1.2**	1.8
Derivative assets	7	**15.2**	10.0
Receivables	8	**2,041.0**	1,598.4
Prepayments and deferred costs	9	**15.2**	20.1
Total current assets		**2,150.3**	2,357.2
Non current assets			
Investment properties	10	**7,368.5**	7,180.3
Equity accounted investments	11(c)	**7,074.4**	6,880.8
Other investments	12	**1,623.4**	1,125.1
Derivative assets	7	**31.5**	27.8
Prepayments and deferred costs	9	**14.9**	17.8
Total non current assets		**16,112.7**	15,231.8
Total assets		**18,263.0**	17,589.0
Current liabilities			
Trade creditors		**50.2**	54.9
Payables and other creditors	13	**212.6**	250.9
Interest bearing liabilities	14	**1,646.5**	304.1
Derivative liabilities	16	**1.6**	2.5
Total current liabilities		**1,910.9**	612.4
Non current liabilities			
Interest bearing liabilities	14	**3,852.2**	3,274.4
Other financial liabilities	15	**1,371.4**	1,341.4
Derivative liabilities	16	**100.4**	632.4
Total non current liabilities		**5,324.0**	5,248.2
Total liabilities		**7,234.9**	5,860.6
Net assets		**11,028.1**	11,728.4
Equity attributable to members of Westfield Trust			
Contributed equity	17(b)	**5,777.5**	7,016.4
Reserves	19	**918.2**	365.5
Retained profits	20	**4,103.2**	4,125.3
Total equity attributable to members of Westfield Trust		**10,798.9**	11,507.2
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		**11,028.1**	11,728.4

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	Comprehensive Income *31 Dec 13* *$million*	*Equity and Reserves* *31 Dec 13* *$million*	**Total** **31 Dec 13** **$million**	Total 31 Dec 12 $million
Changes in equity attributable to members of Westfield Trust				
Opening balance of contributed equity	–	7,016.4	**7,016.4**	7,568.0
– Movement in contributed equity	–	(1,238.9)	**(1,238.9)**	(551.6)
Closing balance of contributed equity	–	5,777.5	**5,777.5**	7,016.4
Opening balance of reserves	–	365.5	**365.5**	349.4
– Movement in foreign currency translation reserve [(i),(ii)]	81.8	–	**81.8**	21.1
– Movement in asset revaluation reserve [(i)]	470.9	–	**470.9**	(5.0)
Closing balance of reserves	552.7	365.5	**918.2**	365.5
Opening balance of retained profits	–	4,125.3	**4,125.3**	3,953.0
– Profit after tax for the period [(i)]	542.5	–	**542.5**	854.8
– Distributions paid	–	(564.6)	**(564.6)**	(682.5)
Closing balance of retained profits	542.5	3,560.7	**4,103.2**	4,125.3
Closing balance of equity attributable to members of Westfield Trust	1,095.2	9,703.7	**10,798.9**	11,507.2
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 [(i)]	18.6	–	**18.6**	40.8
– Distributions 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	1,113.8	9,914.3	**11,028.1**	11,728.4

(i) Total comprehensive income for the period amounts to a gain of $1,113.8 million (31 December 2012: $911.7 million).

(ii) During the year $6.4 million (31 December 2012: nil) of accumulated exchange gain was transferred to the income statement (included in currency loss) 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 Goods and Services Tax (GST))		**632.7**	610.5
Payments in the course of operations (including GST)		**(177.8)**	(168.3)
Settlement of income hedging currency derivatives		**2.0**	5.6
Distributions/dividends received from equity accounted entities and other investments		**354.1**	368.3
Interest received from equity accounted entities		**19.5**	24.3
Income and withholding taxes paid		**(0.6)**	(1.2)
GST paid		**(41.9)**	(48.5)
Net cash flows from operating activities	21(b)	**788.0**	790.7
Cash flows from investing activities			
Capital expenditure on property investments		**(98.0)**	(142.4)
Proceeds from realisation of unlisted investments in group entities		**–**	8.4
Proceeds from Westfield Retail Trust for the repayment of the Westfield Sydney Facility		**–**	942.0
Net inflows from investments in and loans to equity accounted entities		**72.7**	184.7
Settlement of asset hedging currency derivatives		**–**	12.9
Financing costs capitalised to qualifying development projects and construction in progress		**(7.3)**	(16.6)
Net cash flows (used in)/from investing activities		**(32.6)**	989.0
Cash flows used in financing activities			
Buy–back of units		**(1,238.9)**	(551.6)
Financing costs excluding interest capitalised to qualifying development projects and construction in progress		**(394.9)**	(398.8)
Termination costs in relation to the repayment of fixed rate borrowings		**(64.0)**	(18.2)
Net repayments of interest bearing liabilities		**(79.9)**	(616.1)
Loans received from/(advanced to) related entities		**858.9**	1,040.3
Interest received		**89.3**	157.5
Distributions paid		**(564.6)**	(682.5)
Distributions paid by controlled entities to external non controlling interests		**(10.5)**	(9.7)
Net cash flows used in financing activities		**(1,404.6)**	(1,079.1)
Net (decrease)/increase in cash and cash equivalents held		**(649.2)**	700.6
Add opening cash and cash equivalents brought forward		**726.9**	26.3
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**–**	–
Cash and cash equivalents at the end of the year	21(a)	**77.7**	726.9

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield Trust (WT) and its controlled entities (collectively the Trust) for the year ended 31 December 2013 was approved in accordance with a resolution of The Board of Directors of Westfield Management Limited as responsible entity of WT (Responsible Entity) on 18 March 2014.

The nature of the operations and principal activities of the Trust 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 Trust 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.

– 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 is accounted for by recognising the share of those assets and obligations. This standard did not have a significant impact on the Trust's financial results and Balance Sheet.

– AASB 12 Disclosure of Interests in Other Entities

The 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 of the Westfield Group's Annual Financial Report.

– AASB 13 Fair value measurement

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

The Trust 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 Trust.

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

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

– AASB 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, other investments 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 10: Investment properties and Note 33: Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Trust's financial results or its 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) Listed Property Trust Units

The Westfield Group was established in July 2004 by the stapling of securities of each of Westfield Holdings Limited (WHL), Westfield America Trust (WAT) and WT. 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".

(b) Consolidation and classification

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

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 5 November 2001, made by the Australian Securities and Investment Commission (ASIC) pursuant to subsection 340(1) of the Act, the Directors of the Responsible Entity 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 Entity.

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

ii) Joint arrangements

Joint operations

The Trust 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 Trust 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 Trust 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 Trust 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 Trust's share of net assets of the joint ventures. The consolidated income statement reflects the Trust's share of the results of operations of the joint ventures.

iii) Associates

Where the Trust exerts significant influence but not control, equity accounting is applied. The Trust and its associates use consistent accounting policies. Investment in associates are carried in the consolidated balance sheet at cost plus post–acquisition changes in the Trust's share of net assets of the associates. The consolidated income statement reflects the Trust's share of the results of operations of the associate. Where there has been a change recognised directly in the associate's equity, the Trust 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.

(c) Investment properties

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

i) Shopping centre investments

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

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in the 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 of the Westfield Group's Annual Financial Report for estimated yield for each property. It is the Trust's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

ii) Development projects and construction in progress

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Other investments

i) Listed investments

Listed investments are designated as assets held at fair value through the income statement. Listed investments in entities are stated at fair values based on their quoted market values. Movements in fair value subsequent to initial recognition are reported as revaluation gains or losses in the income statement.

ii) Unlisted investments

Unlisted investments are designated investments available for sale and are stated at fair value of the Trust's interest in the underlying assets which approximate fair value. Fair values for unlisted investments 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. Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement as revaluation gains or losses.

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currencies of the Parent Entity and its Australian subsidiaries is Australian dollars. The functional currency of the New Zealand entities is New Zealand dollars. The presentation currency of the overseas entities is Australian dollars to enable the consolidated financial statements of the Trust 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 entities are translated at exchange rates ruling at balance date and the income statement of foreign subsidiaries and equity accounted entities are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted entities 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 entities 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 Trust 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.

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.

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

The Trust 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) Under current Australian income tax legislation Australian Trusts forming part of the Trust are 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. The Trust'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 Westfield Group may be entitled to receive a foreign income tax offset for New Zealand withholding tax deducted from dividends paid by WT's New Zealand controlled entities to WT.

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

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

(i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST (or equivalent tax in overseas locations) except where the GST incurred on purchase of goods and services is not recoverable from the tax authority, in which case the GST 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 GST included.

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

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

(j) Financing costs

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

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

(k) 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Leases (continued)

(ii) Finance leases

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

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

(l) Contributed equity

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

(m) Derivative and other financial instruments

The Trust 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 Trust 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 Trust'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, derivatives instruments, other than cross currency swaps that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

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

Gains or losses arising from 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 Trust 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 Trust prior to the end of the financial year that are unpaid and arise when the Trust 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 Trust's interest bearing borrowings as disclosed in Note 33 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 cashflows using rates that approximate the Trust'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. The fair value of property linked notes is determined by reference to the fair value of the underlying linked property investments.

(n) Recoverable amount of assets

At each reporting date, the Trust assesses whether there is any indication that an asset may be impaired. Where an indicator of the impairment exists, the Trust 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.

(o) Earnings per unit

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

(p) 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.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	**574.6**	546.5
Amortisation of tenant allowances and leasing costs	**(10.3)**	(9.2)
	564.3	537.3

NOTE 4 INTEREST INCOME AND FINANCING COSTS

	31 Dec 13 $million	31 Dec 12 $million
(a) Interest income		
Interest income	**7.3**	29.9
Interest income from related entities	**75.2**	82.5
	82.5	112.4
(b) Financing costs		
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		
– External	**(258.9)**	(271.8)
– Related entities	**(41.8)**	(77.0)
Financing costs capitalised to qualifying development projects and construction in progress	**7.3**	16.6
Financing costs	**(293.4)**	(332.2)
Termination costs in relation to the repayment of fixed rate borrowings	**(64.0)**	(18.2)
Finance leases interest expense	**(0.4)**	(0.2)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting	**19.5**	(28.4)
Interest expense on other financial liabilities	**(77.5)**	(76.3)
Net fair value loss on other financial liabilities	**(30.0)**	(13.4)
	(445.8)	(468.7)

NOTE 5 TAXATION

	31 Dec 13 $million	31 Dec 12 $million
Tax expense		
Current – underlying tax	**(0.6)**	–
	(0.6)	–
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	**561.7**	895.6
Prima facie tax expense at 30%	**(168.5)**	(268.7)
Income not assessable	**110.4**	136.1
Property revaluation not assessable	**61.2**	137.2
Tax rate differential on New Zealand foreign income	**1.8**	1.9
Tax on intra-group transactions	**(5.5)**	(6.5)
Tax expense	**(0.6)**	–

	Note	31 Dec 13 cents	31 Dec 12 cents

NOTE 6 EARNINGS PER UNIT

(a) Summary of earnings per unit

Basic earnings per unit		**25.02**	37.61
Diluted earnings per unit		**24.33**	36.83

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit (i)	**2,167,947,730**	2,272,825,286
Bonus element of options which if issued, would be dilutive	**61,449,049**	48,167,347
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit (ii)	**2,229,396,779**	2,320,992,633

	$million	$million
Earnings used in calculating basic earnings per unit	**542.5**	854.8
Adjustment to earnings relating to options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**542.5**	854.8

(i) 2,167.9 million (31 December 2012: 2,272.8 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(ii) The weighted average number of converted, lapsed or cancelled potential ordinary units used in calculating diluted earnings per unit was nil (31 December 2012: nil).

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

	Note	31 Dec 13 $million	31 Dec 12 $million

NOTE 7 DERIVATIVE ASSETS

Current			
Receivables on currency derivatives		**15.2**	10.0
		15.2	10.0
Non current			
Receivables on interest rate derivatives		**31.5**	27.8
		31.5	27.8
Total derivative assets		**46.7**	37.8

The Trust 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 $46.7 million are reduced by $41.4 million to the net amount of $5.3 million (31 December 2012: derivative assets of $37.8 million reduced by $35.1 million to the net amount of $2.7 million).

NOTE 8 RECEIVABLES

Current			
Interest bearing loans receivable from related entities		**2,003.7**	1,555.2
Sundry debtors	36(b)	**37.3**	43.2
		2,041.0	1,598.4

NOTE 9 PREPAYMENTS AND DEFERRED COSTS

Current			
Prepayments and deposits		**7.9**	9.9
Deferred costs – other		**7.3**	10.2
		15.2	20.1
Non current			
Deferred costs – other		**14.9**	17.8
		14.9	17.8

	31 Dec 13 $million	31 Dec 12 $million
NOTE 10 INVESTMENT PROPERTIES		
Shopping centre investments	**7,256.7**	7,077.4
Development projects and construction in progress	**111.8**	102.9
	7,368.5	7,180.3
Movement in total investment properties		
Balance at the beginning of the year	**7,180.3**	6,767.1
Redevelopment costs	**70.3**	164.8
Net revaluation increment	**117.9**	248.4
Balance at the end of the year (i)	**7,368.5**	7,180.3

(i) The fair value of investment properties at the end of the year of $7,368.5 million (31 December 2012: $7,180.3 million) comprises of investment properties at market value of $7,363.2 million (31 December 2012: $7,177.1 million) and ground leases included as finance leases of $5.3 million (31 December 2012: $3.2 million).

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 lease, 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. The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated weighted average yield, net operating income and the growth rate. Significant movement in each of these assumptions in isolation would result in a higher/(lower) fair value of the properties. The property capitalisation rates for the year ended 31 December 2013 range from 5.25% to 8.38%. Refer to Note 13(a) and (b) of the Westfield Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

The following qualified independent valuers were appointed by the Westfield 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

	31 Dec 13 $million	31 Dec 12 $million
NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS		
(a) Details of the Trust's aggregate share of equity accounted entities net profit		
Property revenue	**575.3**	573.4
Share of after tax profit of equity accounted entities	**475.6**	616.2
(b) Details of the Trust's aggregate share of equity accounted entities comprehensive income		
Share of after tax profit of equity accounted entities	**475.6**	616.2
Other comprehensive income (i)	**81.4**	21.2
Share of total comprehensive income of equity accounted entities	**557.0**	637.4

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

	31 Dec 13 $million	31 Dec 12 $million
(c) Details of the Trust's aggregate share of equity accounted entities assets and liabilities		
Cash	**21.5**	24.7
Receivables	**14.1**	8.5
Shopping centre investments	**7,145.8**	6,976.8
Development projects and construction in progress	**144.4**	69.8
Other assets	**3.0**	6.9
Total assets	**7,328.8**	7,086.7
Payables	**(126.0)**	(98.9)
Interest bearing liabilities	**(22.2)**	(19.8)
Deferred tax liabilities	**(106.2)**	(87.2)
Total liabilities	**(254.4)**	(205.9)
Net assets	**7,074.4**	6,880.8

The Trust's investment in its New Zealand equity accounted entities is represented by 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).

NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(d) Equity accounted entities tax expense

	31 Dec 13 $million	31 Dec 12 $million
Current – underlying tax	**(14.6)**	(14.9)
Deferred tax	**(6.3)**	(1.9)
	(20.9)	(16.8)

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

	31 Dec 13 $million	31 Dec 12 $million
Profit before income tax	**496.5**	633.0
Prima facie tax expense at 30%	**(149.0)**	(189.9)
Australian trust income not assessable	**104.1**	98.9
Property revaluations not assessable	**17.6**	62.7
Tax rate differential on New Zealand foreign income	**1.8**	1.9
Tax on intra–group transactions	**5.5**	6.3
Prior year (under)/over provision	**(0.8)**	1.5
Other items	**(0.1)**	1.8
Tax expense	**(20.9)**	(16.8)

(e) Details of the Trust's aggregate share of equity accounted operating lease receivables

Future minimum rental revenues under non–cancellable operating retail property leases

	31 Dec 13 $million	31 Dec 12 $million
Due within one year	**403.3**	406.6
Due between one and five years	**953.9**	994.1
Due after five years	**639.8**	673.8
	1,997.0	2,074.5

(f) Details of the Trust's aggregate share of equity accounted entities capital expenditure commitments

Estimated capital expenditure committed in relation to development projects:

	31 Dec 13 $million	31 Dec 12 $million
Due within one year	**139.2**	7.5
	139.2	7.5

(g) Details of the Trust's aggregate share of equity accounted entities contingent liabilities

	31 Dec 13 $million	31 Dec 12 $million
Performance guarantees	**3.0**	3.0
	3.0	3.0

(h) Equity accounted gain in respect of capital transactions

Asset sales and capital costs

	31 Dec 13 $million	31 Dec 12 $million
– 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

NOTE 11 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

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 [(ii),(iii)]	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%
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%

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

(ii) Notwithstanding that the financial year of these investments ends on 30 June, the consolidated financial statements have been made out so as to include the accounts for a period coinciding with the financial year of the Parent Entity being 31 December.

(iii) In 2013, the Trust sold its 16.7% interest in Karrinyup.

NOTE 12 OTHER INVESTMENTS

	31 Dec 13 $million	31 Dec 12 $million
Unlisted investments	**1,494.0**	1,023.1
Listed investments	**129.4**	102.0
	1,623.4	1,125.1
Movement in other investments		
Balance at the beginning of the year	**1,125.1**	1,120.1
Realisation of unlisted investments in group entities	**–**	(8.4)
Net revaluation increment	**498.3**	13.4
Balance at the end of the year	**1,623.4**	1,125.1

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 13 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**212.6**	250.9
		212.6	250.9
NOTE 14 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Finance leases		**0.2**	0.2
Loans payable to related entities	36(b)	**1,646.3**	303.9
		1,646.5	304.1
Non current			
Unsecured			
Bank loans (i)			
– US$ denominated		**122.0**	–
– A$ denominated		**1,008.0**	–
– NZ$ denominated		**519.9**	442.4
Notes payable			
– US$ denominated (ii)		**1,175.5**	1,944.2
– £ denominated (iii)		**814.7**	685.8
Finance leases		**5.1**	3.0
Secured			
Bank loans (iv)			
– A$ denominated		**207.0**	199.0
		3,852.2	3,274.4
Total interest bearing liabilities		**5,498.7**	3,578.5
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**1,646.5**	304.1
Due between one and five years		**3,512.2**	2,981.9
Due after five years		**340.0**	292.5
		5,498.7	3,578.5

The Trust maintains a range of interest bearing liabilities. The sources of funding are spread over various counterparties to minimise credit risk and the terms of the instruments are negotiated to achieve a balance between capital availability and the cost of debt. Refer Note 29 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

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

(ii) Notes payable – US$

Guaranteed Senior Notes of US$5,500.0 million were on issue in the US 144A bond market by the Westfield Group. The issues comprised US$750.0 million, US$900.0 million, US$1,100.0 million, US$1,250.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2015, 2016, 2018, 2019, 2021 and 2022 respectively. The Trust was assigned US$1,050.0 million comprising US$750.0 million, US$100.0 million and US$200.0 million of fixed rate notes maturing 2015, 2019 and 2022 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iii) Notes payable – £

Guaranteed Notes of £600.0 million were on issue in the European bond market by the Westfield Group. The issue comprised £600.0 million of fixed rate notes maturing 2017 of which the Trust was assigned £440.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iv) Secured liabilities

Non current secured liabilities are $207.0 million (31 December 2012: $199.0 million). Secured liabilities are borrowings secured by mortgages and loans over the Carindale property and development project with a fair value of $685.1 million (31 December 2012: $671.8 million).

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 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
Financing facilities		
Committed financing facilities available to the Trust:		
Total financing facilities at the end of the year	**8,083.0**	8,273.2
Total interest bearing liabilities	**(5,498.7)**	(3,578.5)
Total bank guarantees	**(6.3)**	(6.3)
Available financing facilities	**2,578.0**	4,688.4
Cash	**77.7**	726.9
Financing resources available at the end of the year	**2,655.7**	5,415.3
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**1,646.5**	304.1
Due between one year and five years	**6,096.5**	7,676.6
Due after five years	**340.0**	292.5
	8,083.0	8,273.2

These facilities comprise 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 Westfield Group to comply with specific minimum financial requirements. These facilities exclude property linked notes set out in Note 15. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The Trust as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $2,578.0 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

NOTE 15 OTHER FINANCIAL LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Non current		
Property linked notes	**1,371.4**	1,341.4
	1,371.4	1,341.4

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 Trust. The Notes are guaranteed (on a subordinated basis) by WHL 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.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 16 DERIVATIVE LIABILITIES		
Current		
Payables on currency derivatives	**–**	0.2
Payables on interest rate derivatives	**1.6**	2.3
	1.6	2.5
Non current		
Payables on currency derivatives	**65.3**	202.5
Payables on currency derivatives with related entities	**–**	379.7
Payables on interest rate derivatives	**35.1**	35.8
Payables on interest rate derivatives with related entities	**–**	14.4
	100.4	632.4
Total derivative liabilities	**102.0**	634.9

The Trust 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 $102.0 million are reduced by $41.4 million to the net amount of $60.6 million (31 December 2012: derivative liabilities of $634.9 million reduced by $35.1 million to the net amount of $599.8 million).

	31 Dec 13 No. of units	31 Dec 12 No. of units
NOTE 17 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,228,403,362**	2,308,988,539
Buy–back and cancellation of units	**(150,313,676)**	(80,585,177)
Balance at the end of the year	**2,078,089,686**	2,228,403,362

Westfield Group stapled securities have the right to receive declared dividends from WHL and distributions from WAT and WT and, in the event of winding up WHL, WAT and WT, 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 Westfield Group stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WHL, WAT and WT (as the case may be). The Westfield Group stapled securities have no par value.

	31 Dec 13 $million	31 Dec 12 $million
(b) Movement in contributed equity attributable to Members of WT		
Balance at the beginning of the year	**7,016.4**	7,568.0
Buy–back and cancellation of units	**(1,238.0)**	(550.3)
Cost associated with the buy–back of units	**(0.9)**	(1.3)
Balance at the end of the year	**5,777.5**	7,016.4

	Note	No. of options and rights 31 Dec 13	Weighted average exercise price $ 31 Dec 13	No. of options and rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12
NOTE 18 SHARE BASED PAYMENTS					
Options and rights on issue					
– Series F Special options [i]	18(i)	**52,500**	**2.30**	52,500	2.34
– Series G1 Special options [i]	18(ii)	**277,778**	**1.28**	277,778	1.54
– Series H Special options [i]	18(iii)	**11,805,862**	**1.45**	11,805,862	1.75
– Series I Special options [i]	18(iv)	**13,260,859**	**1.40**	13,260,859	1.69
– Executive Performance and Partnership Incentive Rights	18(v)	**15,744,816**		11,221,754	–
		41,141,815	**1.49**	36,618,753	1.76
Movement in options and rights on issue					
Balance at the beginning of the year		**36,618,753**	**1.76**	29,970,404	1.96
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 [ii]		**41,141,815**	**1.49**	36,618,753	1.76

(i) These special options are issued to WHL entities.

(ii) At 31 December 2013, the 41,141,815 options and rights (31 December 2012: 36,618,753 options and rights) on issue are convertible to 111,556,672 (31 December 2012: 107,033,610) Westfield Group stapled securities.

(i) Series F Special Options

The WAT Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. Each Series F Special Option entitles the holder the right to be issued 157.35 fully paid Westfield Group stapled securities in exchange for either US$1,000 ($1,119.57) or 1 Series F preferred share in WEA. As at 31 December 2013 and 31 December 2012, there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 Westfield Group stapled securities.

WT and WHL have each granted 52,500 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group stapled securities to the holder of the Series F Options on exercise of those options. Where the exercise of a Series F Special Option is satisfied by delivery of US$1,000, WAT must pay WT US$375.00 (37.5% of the exercise price). Where the exercise price of the Series F Option is satisfied by the delivery of a Series F Preferred Share, WAT must pay WT US$375.00 being 37.5% of US$1,000 (being the value of the Series F Preferred Share under the Option).

(ii) Series G1 Special Options

The WAT Series G1 Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G1 Special Option entitles the holder to deliver a Series D CPS (or the number of common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 Westfield Group stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2013 and 31 December 2012, there were 277,778 Series G1 Special Options on issue which are exchangeable for 9,628,674 Westfield Group stapled securities.

WT and WHL have each granted 277,778 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group stapled securities to the holder of the Series G1 Special Options on exercise of those options. Where the exercise of a Series G1 Special Option is satisfied by delivery of a Series D CPS (or common WEA shares into which the Series D CPS has been converted) WAT must pay WT 37.5% of the value of a Series D CPS (or WEA common shares into which the Preferred Share has been converted) at the time of exercise.

(iii) Series H Special Options

The WAT Series H Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise, the holder of a Series H Special Option will receive 3.049065 Westfield Group stapled securities. As at 31 December 2013 and 31 December 2012 there were 11,805,862 Series H Special Options on issue which are exchangeable for 35,996,841 Westfield Group stapled securities.

WT and WHL have each granted 11,805,862 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver Westfield Group stapled securities to the holder of the Series H Special Options on exercise of those options. Where the exercise of a Series H Special Option is satisfied by delivery of a WEA common share WAT must pay WT 37.5% of the value of a WEA common share at the time of exercise.

(iv) Series I Special Options

The WAT Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of WAT. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.161595 Westfield Group stapled securities. As at 31 December 2013 and 31 December 2012, there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 Westfield Group stapled securities.

WT and WHL have each granted 13,260,859 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group stapled securities to the holder of the Series I Special Options on exercise of those options. Where the exercise of a Series I Special Option is satisfied by delivery of a WEA common share WAT must pay WT 37.5% of the value of a WEA common share at the time of exercise.

NOTE 18 SHARE BASED PAYMENTS (CONTINUED)

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

As at 31 December 2013, there were 15,744,816 (31 December 2012: 11,221,754) Executive Performance and Partnership Incentive Rights issued to employees of related parties of the Westfield Group. Under the stapling arrangement each of WT, WHL and WAT are required to issue securities/units on the vesting of an Executive Performance and Partnership Incentive Rights. At 31 December 2013, the 15,744,816 (31 December 2012: 11,221,754) Executive Performance and Partnership Incentive Rights issued to employees of related parties were convertible to 15,744,816 (31 December 2012: 11,221,754) Westfield Group stapled securities.

	Note	**31 Dec 13 No. of rights**	31 Dec 12 No. of rights
Vesting profile – Executive Performance & Partnership Incentive Rights (Issued to employees of related parties)			
2013		**–**	508,085
2014		**3,867,901**	4,169,708
2015		**6,802,394**	4,121,160
2016		**3,338,278**	2,403,248
2017		**1,363,518**	19,553
2018		**372,725**	–
		15,744,816	11,221,754

	Note	**$million**	$million
NOTE 19 RESERVES			
Foreign currency translation reserve		**108.2**	26.4
Asset revaluation reserve		**810.0**	339.1
		918.2	365.5
(a) 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		**26.4**	5.3
Foreign exchange movement			
– translation of investment in foreign entities		**88.2**	21.1
– accumulated exchange differences transferred to the income statement on realisation of net investment in foreign operations		**(6.4)**	–
Balance at the end of the year		**108.2**	26.4
(b) Movement in asset revaluation reserve			
The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.			
Balance at the beginning of the year		**339.1**	344.1
Revaluation of unlisted investments in group entities		**470.9**	(5.0)
Balance at the end of the year		**810.0**	339.1

NOTE 20 RETAINED PROFITS

	Note	**$million**	$million
Movements in retained profits			
Balance at the beginning of the year		**4,125.3**	3,953.0
Profit after tax for the period		**542.5**	854.8
Distributions paid	22(b)	**(564.6)**	(682.5)
Balance at the end of the year		**4,103.2**	4,125.3

	31 Dec 13 $million	31 Dec 12 $million
NOTE 21 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**77.7**	726.9
Total cash and cash equivalents	**77.7**	726.9
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**561.1**	895.6
Property revaluations	**(145.3)**	(266.8)
Financing costs	**445.8**	468.7
Interest income	**(82.5)**	(112.4)
Currency loss	**93.3**	12.0
Share of after tax profits of equity accounted entities' in excess of distributions/dividends received	**(124.3)**	(250.7)
Interest received from equity accounted entities	**19.5**	24.3
Settlement of income hedging currency derivatives	**2.0**	5.6
Change in working capital attributable to operating activities	**18.4**	14.4
Net cash flows from operating activities	**788.0**	790.7
NOTE 22 DISTRIBUTIONS		
(a) Final distribution paid		
9.74 cents per unit, 0% estimated tax deferred (31 December 2012: 21.45 cents per unit, 17% tax deferred (wholly capital gains tax concession)	**202.4**	478.0
	202.4	478.0

Interim distributions of 4.00 cents were paid on 30 August 2013. Final distributions were paid on 28 February 2014. The record date for the final distributions was 5pm, 13 February 2014.

The Westfield Group Distribution Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP was not in operation for the distribution payment on 28 February 2014.

	31 Dec 13 $million	31 Dec 12 $million
(b) Distributions paid during the year		
Distribution in respect of the 6 months to 30 June 2013	**86.7**	–
Distribution in respect of the 6 months to 31 December 2012	**477.9**	–
Distribution in respect of the 6 months to 30 June 2012	**–**	279.6
Distribution in respect of the 6 months to 31 December 2011	**–**	402.9
Total distributions paid	**564.6**	682.5
NOTE 23 OPERATING LEASE RECEIVABLES		
Substantially all of the properties owned and leased by the Trust is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue. Future minimum rental revenues under non–cancellable operating retail property leases:		
Due within one year	**425.7**	419.9
Due between one and five years	**1,129.4**	1,193.6
Due after five years	**634.6**	730.7
	2,189.7	2,344.2

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.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 24 CAPITAL EXPENDITURE COMMITMENTS		
Estimated capital expenditure committed at balance date but not provided for in relation to development projects:		
Due within one year	**74.2**	34.5
Due between one and five years	**19.0**	–
Due after five years	**–**	–
	93.2	34.5

	31 Dec 13 $million	31 Dec 12 $million
NOTE 25 CONTINGENT LIABILITIES		
Performance guarantees	**0.1**	0.1
Guaranteed borrowings of associates of the Responsible Entity	**7,446.6**	6,280.0
	7,446.7	6,280.1

The Trust's obligation in respect of performance guarantees may be called on at anytime dependent upon the performance or non performance of certain third parties. From time to time, in the normal course of business, the Trust 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 Trust.

NOTE 26 SEGMENT REPORTING

Geographic segments

The Trust has investments in a portfolio of shopping centres across Australia and New Zealand.

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

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

(a) Income and expenses

	Australia		New Zealand		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
Revenue						
Property revenue	**1,014.6**	985.2	**125.0**	125.5	**1,139.6**	1,110.7
	1,014.6	985.2	**125.0**	125.5	**1,139.6**	1,110.7
Expenses						
Property expenses, outgoings and other costs	**(278.1)**	(259.5)	**(34.5)**	(35.1)	**(312.6)**	(294.6)
Property and funds management costs	**(11.7)**	(13.6)	**–**	–	**(11.7)**	(13.6)
Corporate costs	**(2.8)**	(3.0)	**–**	–	**(2.8)**	(3.0)
	(292.6)	(276.1)	**(34.5)**	(35.1)	**(327.1)**	(311.2)
Realised gains on income hedging currency derivatives	**–**	–	**2.0**	5.6	**2.0**	5.6
Segment result	**722.0**	709.1	**92.5**	96.0	**814.5**	805.1
Segment revaluations						
– Consolidated	**145.3**	266.8	–	–	**145.3**	266.8
– Equity accounted	**44.7**	205.3	**14.1**	3.6	**58.8**	208.9
	190.0	472.1	**14.1**	3.6	**204.1**	475.7
Currency loss					**(95.3)**	(17.6)
Gain in respect of capital transactions					**19.6**	4.0
Interest income					**83.5**	113.2
Financing costs					**(446.6)**	(470.8)
Dividends from other investments					**2.8**	2.8
Current – underlying tax					**(15.2)**	(14.9)
Deferred tax					**(6.3)**	(1.9)
External non controlling interests					**(18.6)**	(40.8)
Net profit attributable to members of WT					**542.5**	854.8

(b) Assets and liabilities

	Australia 31 Dec 13 $million	Australia 31 Dec 12 $million	New Zealand 31 Dec 13 $million	New Zealand 31 Dec 12 $million	Total 31 Dec 13 $million	Total 31 Dec 12 $million
Total segment assets	**17,209.7**	16,683.0	**1,307.7**	1,111.9	**18,517.4**	17,794.9
Total segment liabilities	**6,798.0**	5,485.4	**691.3**	581.1	**7,489.3**	6,066.5
Total segment net assets	**10,411.7**	11,197.6	**616.4**	530.8	**11,028.1**	11,728.4
Equity accounted investments included in segment assets	**6,023.9**	5,977.6	**1,304.9**	1,109.1	**7,328.8**	7,086.7
Equity accounted investments included in segment liabilities	**(88.4)**	(69.7)	**(166.0)**	(136.2)	**(254.4)**	(205.9)
Additions to segment non current assets during the year	**179.4**	656.7	**11.1**	8.7	**190.5**	665.4

NOTE 26 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results

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

31 December 2013	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	564.3	575.3	**1,139.6**
	564.3	575.3	**1,139.6**
Expenses			
Property expenses, outgoings and other costs	(155.2)	(157.4)	**(312.6)**
Property and funds management costs	(11.7)	–	**(11.7)**
Corporate costs	(2.8)	–	**(2.8)**
	(169.7)	(157.4)	**(327.1)**
Realised gains on income hedging currency derivatives	2.0	–	**2.0**
Segment result	396.6	417.9	**814.5**
Segment revaluations			
Property revaluations	145.3	58.8	**204.1**
	145.3	58.8	**204.1**
Currency loss	(95.3)	–	**(95.3)**
Gain in respect of capital transactions	–	19.6	**19.6**
Interest income	82.5	1.0	**83.5**
Financing costs	(445.8)	(0.8)	**(446.6)**
Dividends from other investments	2.8	–	**2.8**
Current – underlying tax	(0.6)	(14.6)	**(15.2)**
Deferred tax	–	(6.3)	**(6.3)**
External non controlling interests	(18.6)	–	**(18.6)**
Net profit attributable to members of WT	66.9	475.6	**542.5**
Cash	77.7	21.5	**99.2**
Receivables	2,042.2	14.1	**2,056.3**
Shopping centre investments	7,256.7	7,145.8	**14,402.5**
Development projects and construction in progress	111.8	144.4	**256.2**
Other investments	1,623.4	–	**1,623.4**
Other assets	76.8	3.0	**79.8**
Total segment assets	11,188.6	7,328.8	**18,517.4**
Interest bearing liabilities	5,498.7	22.2	**5,520.9**
Other financial liabilities	1,371.4	–	**1,371.4**
Deferred tax liabilities	–	106.2	**106.2**
Payables and other liabilities	364.8	126.0	**490.8**
Total segment liabilities	7,234.9	254.4	**7,489.3**
Total segment net assets	3,953.7	7,074.4	**11,028.1**

NOTE 26 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results (continued)

31 December 2012	Consolidated $million	Equity Accounted $million	**Total $million**
Revenue			
Property revenue	537.3	573.4	**1,110.7**
	537.3	573.4	**1,110.7**
Expenses			
Property expenses, outgoings and other costs	(142.6)	(152.0)	**(294.6)**
Property and funds management costs	(13.6)	–	**(13.6)**
Corporate costs	(3.0)	–	**(3.0)**
	(159.2)	(152.0)	**(311.2)**
Realised gains on income hedging currency derivatives	5.6	–	**5.6**
Segment result	383.7	421.4	**805.1**
Segment revaluations			
Property revaluations	266.8	208.9	**475.7**
	266.8	208.9	**475.7**
Currency loss	(17.6)	–	**(17.6)**
Gain in respect of capital transactions	–	4.0	**4.0**
Interest income	112.4	0.8	**113.2**
Financing costs	(468.7)	(2.1)	**(470.8)**
Dividends from other investments	2.8	–	**2.8**
Current – underlying tax	–	(14.9)	**(14.9)**
Deferred tax	–	(1.9)	**(1.9)**
External non controlling interests	(40.8)	–	**(40.8)**
Net profit attributable to members of WT	238.6	616.2	**854.8**
Cash	726.9	24.7	**751.6**
Receivables	1,600.2	8.5	**1,608.7**
Shopping centre investments	7,077.4	6,976.8	**14,054.2**
Development projects and construction in progress	102.9	69.8	**172.7**
Other investments	1,125.1	–	**1,125.1**
Other assets	75.7	6.9	**82.6**
Total segment assets	10,708.2	7,086.7	**17,794.9**
Interest bearing liabilities	3,578.5	19.8	**3,598.3**
Other financial liabilities	1,341.4	–	**1,341.4**
Deferred tax liabilities	–	87.2	**87.2**
Payables and other liabilities	940.7	98.9	**1,039.6**
Total segment liabilities	5,860.6	205.9	**6,066.5**
Total segment net assets	4,847.6	6,880.8	**11,728.4**

NOTE 27 CAPITAL RISK MANAGEMENT

The Trust seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that the Trust 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 Trust 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 Trust continuously reviews its capital structure to ensure:

- sufficient funds and financing facilities, on a cost effective basis are available to implement the Trust's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to members are made within the stated distribution policy.

The Trust is able to alter its capital mix by issuing new units and hybrid units, activating its distribution reinvestment plan, electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a security buyback program, divesting assets or adjusting the timing of capital expenditure for its property redevelopment pipeline.

The Trust also protects its equity in assets by taking out insurance.

NOTE 28 FINANCIAL RISK MANAGEMENT

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

The Trust manages its exposure to key financial risks in accordance with the Westfield 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 Westfield Group's treasury risk management policies are established to identify and analyse the risks faced by the Trust, 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 Trust's activities. The Westfield 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 Trust's treasury management objectives.

The Westfield 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 the oversight role by the Westfield Group's Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

The Trust 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 Trust 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 Trust's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. The Trust 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 29 INTEREST RATE RISK MANAGEMENT

The Trust is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Trust 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 Trust 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 Trust 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 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	14	**1,646.5**	304.1
Non current interest bearing liabilities	14	**3,852.2**	3,274.4
Share of equity accounted entities interest bearing liabilities	11(c)	**22.2**	19.8
Cross currency swaps			
– A$	30(i)	**1,175.8**	2,675.7
Foreign currency swaps			
– A$	30(ii)	**207.2**	442.7
Principal amounts subject to interest rate payable exposure		**6,903.9**	6,716.7
Principal amounts of all interest bearing assets:			
Loans receivable from related entities			
– A$	8	**2,003.7**	1,555.2
Cross currency swaps			
– US$1,000.0 million (31 December 2012: US$2,150.0 million)	30(i)	**1,119.6**	2,073.3
Foreign currency swaps			
– £114.0 million (31 December 2012: £288.0 million)	30(ii)	**211.1**	448.9
Cash	21(a)	**77.7**	726.9
Share of equity accounted entities cash	11(c)	**21.5**	24.7
Principal amounts subject to interest rate receivable exposure		**3,433.6**	4,829.0
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**3,470.3**	1,887.7

NOTE 29 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			
– £440.0 million (31 December 2012: £440.0 million)	29(ii)	**814.7**	685.8
– US$1,050.0 million (31 December 2012: US$2,016.1 million)	29(ii)	**1,175.5**	1,944.2
Fixed rate derivatives			
– A$	29(ii)	**678.0**	2,477.9
– NZ$410.0 million (31 December 2012: NZ$260.0 million)	29(ii)	**377.2**	206.1
Interest rate options			
– A$	29(iii)	**200.0**	200.0
– NZ$70.0 million (31 December 2012: NZ$70.0 million)	29(iii)	**64.4**	55.5
Foreign currency swaps			
– A$	30(ii)	**207.2**	442.7
Principal amounts on which interest rate payable exposure has been fixed		**3,517.0**	6,012.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– US$900.0 million (31 December 2012: US$2,050.0 million)	29(ii)	**1,007.6**	1,976.9
Foreign currency swaps			
– £114.0 million (31 December 2012: £288.0 million)	30(ii)	**211.1**	448.9
Principal amounts on which interest rate receivable exposure has been fixed		**1,218.7**	2,425.8
Principal amounts on which net interest rate payable exposure has been fixed		**2,298.3**	3,586.4

At 31 December 2013, the Trust has fixed 66% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations (31 December 2012: 190% fixed). Changes to the fair value of derivatives due to interest rate movements are set out in Notes 29(ii) and 29(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%	**23.4**	(34.0)
	–1.0%	**11.7**	(17.0)
	–0.5%	**5.9**	(8.5)
	0.5%	**(5.9)**	8.5
	1.0%	**(11.7)**	17.0
	2.0%	**(23.4)**	34.0

NOTE 29 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 Trust'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$(2,477.9)	6.82%	–	–
31 December 2013	**A$(678.0)**	**4.04%**	**–**	**–**	A$(2,177.9)	6.75%	–	–
31 December 2014	**A$(874.0)**	**3.88%**	**–**	**–**	A$(674.0)	4.02%	–	–
31 December 2015	**A$(794.5)**	**3.86%**	**–**	**–**	A$(594.5)	4.02%	–	–
31 December 2016	**A$(689.5)**	**3.93%**	**–**	**–**	A$(489.5)	4.14%	–	–
31 December 2017	**A$(203.5)**	**3.47%**	**–**	**–**	–	–	–	–
£ payable								
31 December 2012	**–**	**–**	**–**	**–**	–	–	£(440.0)	5.39%
31 December 2013	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
31 December 2014	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
31 December 2015	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
31 December 2016	**–**	**–**	**£(440.0)**	**5.39%**	–	–	£(440.0)	5.39%
US$ receivable/(payable)								
31 December 2012	**–**	**–**	**–**	**–**	US$2,050.0	4.60%	US$(2,016.1)	5.77%
31 December 2013	**US$900.0**	**2.40%**	**US$(1,050.0)**	**5.36%**	US$2,050.0	4.60%	US$(2,016.1)	5.77%
31 December 2014	**US$900.0**	**2.40%**	**US$(1,050.0)**	**5.36%**	US$900.0	2.40%	US$(1,050.0)	5.36%
31 December 2015	**US$150.0**	**1.65%**	**US$(300.0)**	**4.47%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2016	**US$150.0**	**1.65%**	**US$(300.0)**	**4.47%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2017	**US$150.0**	**1.65%**	**US$(300.0)**	**4.47%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2018	**US$150.0**	**1.65%**	**US$(300.0)**	**4.47%**	US$150.0	1.65%	US$(300.0)	4.47%
31 December 2019	**US$150.0**	**1.65%**	**US$(200.0)**	**3.36%**	US$150.0	1.65%	US$(200.0)	3.36%
31 December 2020	**US$150.0**	**1.65%**	**US$(200.0)**	**3.36%**	US$150.0	1.65%	US$(200.0)	3.36%
31 December 2021	**US$150.0**	**1.65%**	**US$(200.0)**	**3.36%**	US$150.0	1.65%	US$(200.0)	3.36%
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$(105.0)	4.38%	–	–
31 December 2016	**A$(55.0)**	**4.22%**	**–**	**–**	A$(35.0)	4.53%	–	–
31 December 2017	**A$(20.0)**	**3.70%**	**–**	**–**	–	–	–	–

The Trust'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 payable of $5.2 million (31 December 2012: $23.5 million) The change in fair value for the year ended 31 December 2013 was $18.3 million (31 December 2012: $29.9 million).

NOTE 29 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

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

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%	**(13.6)**	(11.5)
	–1.0%	**(7.2)**	(6.0)
	–0.5%	**(3.6)**	(3.1)
	0.5%	**3.7**	3.6
	1.0%	**7.6**	7.3
	2.0%	**15.4**	15.3

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.

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate options 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$(150.0)	3.75%
NZ$ 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 Trust'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%	**(5.0)**	(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 30 EXCHANGE RATE RISK MANAGEMENT

The Trust is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Trust 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 Trust's foreign exchange exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures are as follows:

	31 Dec 13 million	31 Dec 12 million
Foreign currency net investments		
The Trust had floating currency exposure, after taking into account the effect of foreign exchange derivatives, at reporting date of:		
New Zealand Dollar		
NZ$ net assets	**NZ$1,252.0**	NZ$1,245.0
NZ$ borrowings	**NZ$(581.8)**	NZ$(574.8)
NZ$ denominated net assets	**NZ$670.2**	NZ$670.2

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

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

Foreign currency sensitivity		**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of NZ$ 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	
	–20 cents	**139.1**	100.1
	–10 cents	**62.5**	45.8
	–5 cents	**29.7**	21.9
	+5 cents	**(27.1)**	(20.3)
	+10 cents	**(52.0)**	(39.0)
	+20 cents	**(95.8)**	(72.7)

(i) Cross currency swaps in respect of the Trust's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	**Weighted average exchange rate 31 Dec 13**	31 Dec 12	**31 Dec 13 million**	**Amount receivable/(payable) 31 Dec 13 million**	31 Dec 12 million	31 Dec 12 million
US$						
Contracts to receive US$ and pay A$						
31 December 2012	**–**	0.8035	**–**	**–**	A$(2,675.7)	US$2,150.0
31 December 2013	**0.8505**	0.8035	**A$(1,175.8)**	**US$1,000.0**	A$(2,675.7)	US$2,150.0
31 December 2014	**0.8273**	0.8273	**A$(906.6)**	**US$750.0**	A$(906.6)	US$750.0

At 31 December 2013, none of the above described cross currency swaps 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 $54.6 million (31 December 2012: $582.3 million). The change in fair value for the year ended 31 December 2013 was $527.7 million (31 December 2012: $69.9 million).

NOTE 30 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Cross currency swaps in respect of the Trust's foreign currency assets and liabilities (continued)

Foreign currency sensitivity		**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 income statement	
	–20 cents	**319.5**	479.2
	–10 cents	**139.1**	213.9
	–5 cents	**65.1**	101.5
	+5 cents	**(58.3)**	(92.1)
	+10 cents	**(110.6)**	(176.2)
	+20 cents	**(200.9)**	(323.9)

(ii) Other foreign currency derivatives in respect of the Trust's foreign currency assets and liabilities

The following table details the other financial derivatives in respect of the Trust'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	**0.5501**	–	**£114.0**	**A\$(207.2)**	–	–

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 \$4.5 million (31 December 2012: \$7.9 million). The change in fair value for the year ended 31 December 2013 was \$3.4 million (31 December 2012: \$4.1 million).

Foreign currency sensitivity		**31 Dec 13 $million**	31 Dec 12 $million
The sensitivity of foreign 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	**123.9**	203.5
	–10 pence	**47.9**	82.9
	–5 pence	**21.5**	37.9
	+5 pence	**(17.8)**	(32.4)
	+10 pence	**(32.8)**	(60.4)
	+20 pence	**(56.7)**	(106.5)

(iii) Forward exchange derivatives to hedge the Trust's foreign currency earnings

These derivatives manage the impact of exchange rate movements on the Trust's foreign currency denominated earnings and the Trust'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**	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
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

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 nil (31 December 2012: a receivable of \$2.0 million). The change in fair value for the year ended 31 December 2013 was \$2.0 million (31 December 2012: \$5.2 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.

NOTE 31 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 Trust. Credit limits have been established to ensure that the Trust 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 Trust, 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 $77.7 million (31 December 2012: $726.9 million).

At 31 December 2013, the aggregate credit risk in respect of derivative financial instruments is $46.7 million (31 December 2012: $37.8 million). In accordance with Trust policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Trust had 80% of its aggregate credit risk spread over five 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 Trust 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 Trust 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 14.

NOTE 32 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 14) together with the aggregate future estimated nominal interest thereon, is set out below:		
Due within one year	**(1,817.8)**	(478.6)
Due between one and five years	**(3,862.9)**	(3,293.6)
Due after five years	**(369.3)**	(331.1)
	(6,050.0)	(4,103.3)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(5,498.7)**	(3,578.5)
– aggregate future estimated nominal interest	**(551.3)**	(524.8)
	(6,050.0)	(4,103.3)
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts, is set out below:		
Due within one year	**(6.2)**	(54.7)
Due between one and five years	**(90.1)**	(636.4)
Due after five years	**9.1**	21.4
	(87.2)	(669.7)

Contingent liabilities are set out in Note 25 and are not included in the amounts shown above.

NOTE 33 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Set out below is a comparison by category of carrying amounts and fair values of the Trust'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 and cash equivalents	**77.7**	726.9	**77.7**	726.9
Trade debtors (i)	**1.2**	1.8	**1.2**	1.8
Other investments (ii)	**1,623.4**	1,125.1	**1,623.4**	1,125.1
Receivables	**2,041.0**	1,598.4	**2,041.0**	1,598.4
Derivative assets (ii)	**46.7**	37.8	**46.7**	37.8
Consolidated liabilities				
Trade creditors (i)	**50.2**	54.9	**50.2**	54.9
Payables and other creditors (i)	**212.6**	250.9	**212.6**	250.9
Interest bearing liabilities (ii)				
– Fixed rate debt	**2,153.5**	2,899.0	**1,990.2**	2,630.0
– Floating rate debt	**3,508.6**	948.3	**3,508.5**	948.5
Other financial liabilities (ii)	**1,371.4**	1,341.4	**1,371.4**	1,341.4
Derivative liabilities (ii)	**102.0**	634.9	**102.0**	634.9

(i) These financial assets and liabilities are not subject to interest rate risk.

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

Determination of Fair Value

The Trust uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices);

Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 13 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	**15.2**	–	15.2	–
– Interest rate derivatives	**31.5**	–	31.5	–
Other investments				
– Listed investments	**129.4**	129.4	–	–
– Unlisted investments	**1,494.0**	–	–	1,494.0
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**2,153.5**	–	2,153.5	–
– Floating rate debt	**3,508.6**	–	3,508.6	–
Derivative liabilities				
– Currency derivatives	**65.3**	–	65.3	–
– Interest rate derivatives	**36.7**	–	36.7	–
Other financial liabilities				
– Property linked notes	**1,371.4**	–	–	1,371.4

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

NOTE 33 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 12 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	10.0	–	10.0	–
– Interest rate derivatives	27.8	–	27.8	–
Other investments				
– Listed investments	102.0	102.0	–	–
– Unlisted investments	1,023.1	–	–	1,023.1
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	2,899.0	–	2,899.0	–
– Floating rate debt	948.3	–	948.3	–
Derivative liabilities				
– Currency derivatives	582.4	–	582.4	–
– Interest rate derivatives	52.5	–	52.5	–
Other financial liabilities				
– Property linked notes	1,341.4	–	–	1,341.4

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

	Unlisted investments[(i)] **31 Dec 13 $million**	**Property linked notes**[(ii)] **31 Dec 13 $million**
Level 3 fair value movements		
Balance at the beginning of the year	**1,023.1**	**1,341.4**
Net revaluation increment	**470.9**	**30.0**
Balance at the end of the year	**1,494.0**	**1,371.4**

(i) The fair value of 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 15).

NOTE 34 PARENT ENTITY

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

	31 Dec 13 $million	31 Dec 12 $million
(a) Assets		
Current assets	**2,190.8**	2,347.9
Non current assets	**15,140.4**	14,277.4
Total assets	**17,331.2**	16,625.3
(b) Liabilities		
Current liabilities	**1,946.5**	525.1
Non current liabilities	**4,585.8**	4,593.0
Total liabilities	**6,532.3**	5,118.1
(c) Total equity		
Contributed equity	**5,777.5**	7,016.4
Reserves	**5,001.2**	4,332.2
Retained profits	**20.2**	158.6
Total equity	**10,798.9**	11,507.2
(d) Comprehensive income		
Profit after tax for the period	**426.2**	498.2
Other comprehensive income	**669.0**	372.7
Total comprehensive income for the period	**1,095.2**	870.9
(e) Contingent liabilities		
Performance guarantees	**0.1**	0.1
Guaranteed borrowings of controlled entities	**3,640.1**	3,072.4
Guaranteed borrowings of associates of the Responsible Entity	**7,446.6**	6,280.0
	11,086.8	9,352.5

NOTE 35 AUDITOR'S REMUNERATION

	31 Dec 13 $000	31 Dec 12 $000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Trust for:		
– Audit or review of the financial reports	**2,128**	2,034
– Other services	**24**	24
	2,152	2,058
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**204**	207
	204	207
	2,356	2,265

NOTE 36 RELATED PARTY DISCLOSURES

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

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

(a) Nature of relationship with related parties

Key Management Personnel of the Trust

Details of Key Management Personnel are disclosed in Note 37.

Other Related Parties

Westfield Retail Trust (WRT) is considered to be a related party of the Westfield Group as subsidiaries of WHL are the responsible entities of WRT and also manage the shopping centres held by WRT. Details of transactions with WRT are set out in Note 38.

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 Westfield Group. This is due to LFG being under the control or significant influence of certain Directors of the Westfield 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 Westfield Group. This is due to this entity being under the control or significant influence of certain Directors of the Westfield Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

(b) Transactions with related parties and their terms and conditions

Transactions with Other Related Parties

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

The Westfield 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 Westfield Group and LFG entered into an aircraft interchange agreement, whereby the Westfield 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 Westfield Group's aircraft which was offset by the Westfield 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 Westfield Group and LFG in relation to the use of the Westfield Group's aircraft by LFG and use of LFG's aircraft by the Westfield Group. These arrangements, including rates, are at arm's length.

The Westfield 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 Westfield Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services.

During the financial year, the Westfield Group charged LFG $1,250,650 (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. Also during the period, the Westfield Group did not incur any charges for the use of aircraft crew employed by LFG. During the previous financial year the Westfield Group incurred charges of $122,864.

LFG subleased premises from the Westfield Group at Westfield Towers in the previous financial year. 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 Westfield Group and WRT have entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commenced in the 2012 financial year and is on commercial arm's length terms. The Westfield Group's 50% share of rental for the Westfield Sydney lease was $831,113 (31 December 2012: $743,503).

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

During the financial year the Westfield Group did not provide design and construction services to The Lowy Institute. During the previous financial year ended 31 December 2012 the Westfield Group charged The Lowy Institute amounts totalling $54,103 for design and construction services.

During the financial year the Westfield 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.

During the financial year the Westfield Group charged LFG $1,066,151 (31 December 2012: $697,189) for service costs in relation to the provision of communication and security services.

NOTE 36 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions with related parties and their terms and conditions (continued)

During the financial year the Westfield Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in the Westfield 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.

During the year WT, WAT and WHL transacted on normal commercial terms with respect to the following:

Property management fee

Property management fee of $55.3 million (31 December 2012: $51.5 million) of which $4.7 million (31 December 2012: $4.6 million) was payable to associates of the Responsible Entity.

Manager's service charge

Manager's service charge expensed and payable of $11.7 million (31 December 2012: $13.6 million) of which $2.1 million (31 December 2012: $1.9 million) was payable to associates of the Responsible Entity.

Reimbursement of expenses

Reimbursement of shopping centre indirect overhead expenses of $19.9 million (31 December 2012: $20.2 million).

Tenancy coordination fees

Tenancy coordination fee of $5.8 million (31 December 2012: $5.6 million).

Construction contracts

Amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $153.1 million (31 December 2012: $240.9 million).

Loans and financial derivatives

Cross currency swaps with WAT

WT and WAT entered into the following cross currency swaps with terms, interest and principal amounts as follows:

i) WT received from WAT, on a semi–annual basis, a commercial fixed rate on a principal of US$550.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$737.2 million. The cross currency swap started in November 2004 and was terminated during the year.

ii) WT received from WAT, on a semi–annual basis, a commercial fixed rate on a principal of US$600.0 million in exchange for WT paying to WAT, on a semi–annual basis, a commercial fixed rate on a principal of A$762.7 million. The cross currency swap started in June 2009 and was terminated during the year.

The interest expense for the year in respect of cross currency swaps with WAT was $24.3 million (31 December 2012: $58.5 million). The net foreign currency gain of $146.7 million in respect of the cross currency swap principals was recorded in the income statement (31 December 2012: net loss of $25.4 million).

Foreign currency contracts with WAT

WT and WAT entered into foreign currency contracts in 2013. WT received net US$5.5 million from WAT in exchange for WT paying net A$8.1 million to WAT. The foreign currency contracts matured during the year and the net gain from the contracts was $0.4 million.

Foreign currency contracts with WHL entities

WT and a WHL entity entered into the following foreign currency contracts in 2013:

i) WT received net US$230.0 million from the WHL entity in exchange for WT paying net A$256.6 million to the WHL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $4.9 million.

ii) WT paid net £165.5 million to the WHL entity in exchange for the WHL entity paying net A$289.5 million to WT. The foreign currency contracts matured during the year and the net gain from the contracts was $3.9 million.

iii) WT received net NZ$4.1 million from the WHL entity in exchange for the WT paying net A$3.3 million to the WHL entity. The foreign currency contracts matured during the year and the net loss from the contracts was $7,780.

iv) WT paid €50,000 to the WHL entity in exchange for the WHL entity paying A$73,067 to WT. The foreign currency contract matured during the year and the loss from the contract was $757.

Loans to/from WHL

During the year, WT had A$ interest bearing loans to WHL. The balance of these loans at year end is a receivable of $1,077.3 million (31 December 2012: $1,056.0 million), with accrued interest receivable of $3.8 million (31 December 2012: $3.3 million). Interest accrues on these loans based on a floating rate. The interest income for the year in respect of the loans to WHL was $46.5 million (31 December 2012: $42.4 million).

During the year, WT had A$ interest bearing loans from WHL. The balance of these loans at year end is a payable of $846.6 million (31 December 2012: $303.9 million), with accrued interest payable of $2.9 million (31 December 2012: $1.7 million). Interest accrues on these loans based on a floating rate. The interest expense for the year in respect of the loans from WHL was $16.3 million (31 December 2012: $16.9 million).

During the year, WT had a £ interest bearing loan from WHL. The balance of the loan at year end is a payable of $16.7 million (31 December 2012: nil), with accrued interest payable of $3,496 (31 December 2012: nil). Interest accrues on the loan based on a floating rate. The interest expense for the year in respect of the loan from WHL was $75,898 (31 December 2012: nil).

In 2012, WT had a £ interest bearing loan to WHL. The balance of this loan was repaid as at 31 December 2012. The interest income in respect of the loan to WHL for the period ended 31 December 2012 was $19.5 million.

Loans to/from WAT

During the year, WT had A$ interest bearing loans to WAT. The balance of these loans at year end is a receivable of $926.4 million (31 December 2012: $499.2 million), with accrued interest receivable of $0.2 million (31 December 2012: $0.4 million). Interest accrues on these loans based on a floating rate. The interest income for the year in respect of the loans to WAT was $28.7 million (31 December 2012: $11.9 million).

During the year, WT had a US$ interest bearing loan from WAT. The balance of this loan at year end is a payable of $783.0 million (31 December 2012: nil). Interest accrued on this loan based on a fixed rate. The interest expense for the year in respect of the loan from WAT was $1.1 million (31 December 2012: $1.6 million).

In 2012, WT had a US$ interest bearing loan to WAT. The balance of this loan was repaid as at 31 December 2012. The interest income in respect of the loan to WAT for the period ended 31 December 2012 was $64,670.

NOTE 37 DETAILS OF KEY MANAGEMENT PERSONNEL

The Trust forms part of the Westfield Group. The disclosures under the Westfield Group's remuneration policies and practices apply to the Trust.

The Responsible Entity does not have any employees. Key management personnel of the Trust are paid by related entities within the Westfield Group.

(i) Directors

The Directors of Westfield Management Limited the Responsible Entity of the Trust are considered key management personnel.

Frank Lowy	Chairman
Brian Schwartz	Deputy Chairman / Lead Independent Director
Peter Allen	Group Chief Financial Officer / Executive Director
Ilana Atlas	Non–Executive Director
Roy Furman	Non–Executive Director
Peter Goldsmith	Non–Executive Director
Fred Hilmer	Non–Executive Director (retired 29 May 2013)
Stephen Johns	Non–Executive Director (retired 29 May 2013)
Mark G. Johnson	Non–Executive Director (appointed 29 May 2013)
Mark R. Johnson	Non–Executive Director
Peter Lowy	Co–Chief Executive Officer / Executive Director
Steven Lowy	Co–Chief Executive Officer / Executive Director
John McFarlane	Non–Executive Director
Judith Sloan	Non–Executive Director

(ii) Other Key Management Personnel

In addition to the Directors noted above, the following Key Management Personnel are responsible for the strategic direction and management of the Trust.

Robert Jordan	Managing Director, Australia, New Zealand and United States

There were no changes to Key Management Personnel between the end of the reporting period and the date the financial report was authorised for issue.

Compensation of Key Management Personnel

The Directors of the Responsible Entity receive remuneration in their capacity as Directors of the Responsible Entity.

These amounts are paid directly by WHL, the parent entity of the Westfield Group, of which the Responsible Entity is part of. Other Key Management Personnel are paid by Westfield Limited, a wholly owned subsidiary of WHL.

The Manager's service charge payable by the Trust to the Responsible Entity covers all costs in relation to the management of the Trust. The remuneration of the Key Management Personnel is not set by the Trust nor is it able to be influenced by the Trust. The remuneration of the Key Management Personnel is set by the Remuneration Committee of WHL.

NOTE 38 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST

(a) Arrangements with WRT

The primary arrangements between the Westfield Group which includes the Trust as a stapled entity, and WRT are summarised as follows:

- the Westfield Group and WRT directly and indirectly co–own the properties including properties where there are other third party joint venture partners;
- the Westfield Group acts in most cases as the property manager;
- the Westfield Group acts in most cases as the property developer;
- the Westfield Group and WRT must co–operate to source new investment opportunities in Australia and New Zealand;
- the Westfield Group owns the WRT responsible entities and WRT has access to the Westfield brand; and
- the Westfield 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 Westfield 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 Westfield Group with rights in relation to certain properties in circumstances where the Westfield 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 Westfield Group which includes the Trust as a stapled entity, 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 Westfield 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 Westfield Group which includes the Trust as a stapled entity provides corporate services to WRT at a cost commensurate with the Westfield 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. 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 Westfield Group.

NOTE 38 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST (CONTINUED)

(a) Arrangements with WRT (continued)

(vi) Westfield Sydney arrangements

WRT is a 50% joint venture owner with the Trust 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.

On 20 December 2010, the Trust advanced $942.0 million under the Westfield Sydney Facility Agreement to WRT in order to fund the acquisition of a 50% interest in stage one of Westfield Sydney. There were two separate loans comprising $500.0 million at an interest rate of 6.75% per annum repayable seven days after practical completion of the development and an interest free loan of $442.0 million repayable on demand.

WRT also entered into a Project Design and Construction Agreement with Westfield Group for the completion of the Westfield Sydney redevelopment. WRT's share of the project payments payable under the agreement was $398.0 million (plus accrued interest at the rate of 6.75% per annum and any variations), repayable seven days after practical completion of the development.

The Westfield 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 Westfield Group charged WRT property management fee of $52.3 million (31 December 2012: $48.8 million).

Tenancy coordination fee

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

Reimbursement of expenses

During the financial year, the Westfield Group charged WRT $18.8 million (31 December 2012: $19.0 million) for the reimbursement of shopping centre indirect overhead expenses. In addition, the Westfield 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 Westfield Group charged WRT corporate services fee of $20.0 million (31 December 2012: $23.0 million).

Development framework agreements

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

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 Westfield 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 Westfield Group for progress billings under the Project Design and Construction Agreement (as described in Note 38(a)) were nil (31 December 2012: $118.0 million) (excluding GST).

In April 2012, WRT repaid $1,397.4 million to Westfield 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 Westfield Group charged WRT $0.2 million (31 December 2012: $0.2 million) for the lease of office space.

During the financial year, the Westfield 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 Westfield 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 Westfield 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 Westfield Group on behalf of WRT.

NOTE 39 DETAILS OF MATERIAL AND SIGNIFICANT CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES

Name of entity	31 Dec 13 – Interest Beneficial Parent Entity %	31 Dec 13 – Interest Consolidated or Equity accounted %	31 Dec 12 – Interest Beneficial Parent Entity %	31 Dec 12 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield Trust	**100.0**	**100.0**	100.0	100.0
Consolidated Controlled Entities				
Carindale Property Trust	**50.0**	**100.0**	50.0	100.0
Westfield Sub Trust G	**100.0**	**100.0**	100.0	100.0
WT Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
Equity Accounted Entities				
Bondi Junction Trust	**–**	**50.0**	–	50.0
WestArt Trust	**–**	**50.0**	–	50.0
ENTITIES INCORPORATED IN NEW ZEALAND				
Consolidated Controlled Entities				
WT Finance (NZ) Limited	**100.0**	**100.0**	100.0	100.0
Equity Accounted Entities				
Westfield NZ Holdings Limited	**–**	**50.0**	–	50.0

NOTE 40 SUBSEQUENT EVENTS

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

NOTE 41 SIGNIFICANT TRANSACTIONS

During the year, the Trust sold its interest in Karrinyup Shopping Centre, located in Perth Western Australia. The Trust and WRT, through their joint venture vehicle WestArt Trust, held a 33.33% interest in Karrinyup Shopping Centre. This interest in the centre was sold to an entity associated with UniSuper Limited for $246.7 million, of which the Trust's share was $123.3 million. The book value of Karrinyup Shopping Centre at 30 June 2013 was $103.8 million for the Trust's 16.67% share.

NOTE 42 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 Westfield 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 Westfield 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.

In the event that the proposed restructure proceeds, Westfield Trust will, with Westfield Holdings Limited, be merged with Westfield Retail Trust to form Scentre Group.

Directors' Declaration

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

(a) in the Directors' opinion, there are reasonable grounds to believe that WT 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 18 March 2014 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

Building a better working world

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Independent auditor's report to the members of Westfield Trust

Report on the financial report

We have audited the accompanying financial report of Westfield Trust (the Trust), 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 Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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

Ernst & Young

Ernst & Young

Graham Ezzy

Graham Ezzy
Partner

Sydney, 18 March 2014

Liability limited by a scheme approved under Professional Standards Legislation

The Directors of Westfield Management Limited (Responsible Entity), the responsible entity of Westfield Trust (WT) submit the following report for the year ended 31 December 2013 (Financial Year).

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

1. Operations and Activities

1.1 Review of Operations and Results of Operations

The Trust reported a net profit (attributable to members of WT) of $542.5 million and a distribution of $289.1 million for the Financial Year. Basic earnings per unit is 25.02 cents and the distribution per unit is 13.74 cents.

As at 31 December 2013, the Trust had a $14.7 billion (consolidated properties of $7.4 billion and share of equity accounted properties of $7.3 billion) interest in 47 shopping centres, comprising 12,544 retail outlets and approximately 3.8 million square metres of retail space.

The Australian and New Zealand operations contributed net property income of $827.0 million for the year ended 31 December 2013 with an underlying comparable net operating income growth of 2.0% for Australia and 0.3% for New Zealand.

At 31 December 2013 occupancy rates continue to be in excess of 99.5%.

Comparable specialty retail sales for the year increased by 1.8% in Australia and 0.4% in New Zealand.

During the year, the $95 million redevelopment at West Lakes in Adelaide was successfully completed. The Trust has a 25% interest in this shopping centre.

The $435 million redevelopment at Miranda in Sydney is progressing on schedule and the project's main retail component is expected to be completed in late 2014 with the opening of the cinema complex in mid 2015.

The $400 million redevelopment at Mt Gravatt in Brisbane also continues to progress on schedule and is expected to be completed in late 2014.

The Trust has a 25% and 50% interest in the Miranda and Mt Gravatt shopping centres respectively.

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

The Trust is part of the Westfield Group which is a triple stapled entity. The Westfield Group operates as a single coordinated economic entity.

During the year, the Westfield Group completed the on–market buy–back of the Westfield Group's securities. Since its commencement in 2012 to the date of this report, 231 million securities were purchased.

A detailed operating and financial review for the Westfield Group is contained in the Directors' Report in the Westfield Group Annual Financial Report which is available at www.westfield.com/corporate.

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 Westfield 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 Westfield 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.

In the event that the proposed restructure proceeds, Westfield Trust will, together with Westfield Holdings Limited, be merged with Westfield Retail Trust to form Scentre Group.

1.2 Principal Activities

The principal activities of the Trust during the Financial Year were the ownership and improvement of shopping centres. There were no significant changes in the nature of those activities during the Financial Year.

1.3 Subsequent Events

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

1.4 Future Developments

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

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which the Westfield Group operates are applicable to areas of the Westfield Group's operations and, in particular, to its development, construction and shopping centre management activities. The Westfield 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 Westfield Group's Sustainability Report can be found at www.westfield.com/corporate.

2. Distributions

For the six months ended 31 December 2012, the Trust distribution of 21.45 cents per ordinary unit formed part of the distribution of 24.75 cents per ordinary WDC stapled security paid on 28 February 2013. This distribution is an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

For the six months ended 30 June 2013, the Trust distribution of 4.00 cents per ordinary unit formed part of the distribution of 25.50 cents per ordinary WDC stapled security paid on 30 August 2013. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

For the six months ended 31 December 2013, the Trust distribution of 9.74 cents per ordinary unit formed part of the distribution of 25.50 cents per ordinary WDC stapled security paid on 28 February 2014. This distribution is an aggregate of a distribution from the Trust, a distribution from Westfield America Trust and dividend from Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

3. The Directors

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

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Peter Allen	Group Chief Financial Officer / Executive Director
Ilana Atlas	Non–Executive Director
Roy Furman	Non–Executive Director
Peter Goldsmith QC PC	Non–Executive Director
Fred Hilmer AO	Non–Executive Director (retired 29 May 2013)
Stephen Johns	Non–Executive Director (retired 29 May 2013)
Mark G Johnson	Non–Executive Director (appointed 29 May 2013)
Mark R Johnson AO	Non–Executive Director
Peter Lowy	Co–Chief Executive Officer / Executive Director
Steven Lowy AM	Co–Chief Executive Officer / Executive Director
John McFarlane	Non–Executive Director
Judith Sloan	Non–Executive Director

Biographies of the Directors can be found in the 2013 Westfield Group Annual Financial Report.

The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in the Westfield Group as at the date of this report are shown below. Ordinary units in the Trust are stapled to shares in Westfield Holdings Limited and units in Westfield America Trust. The stapled securities trade on the ASX under the code WDC.

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 units in the Trust or stapled securities in the Westfield Group. No options over any issued or unissued units in the Trust or stapled securities in the Westfield Group have been issued to the Directors. None of the Directors hold debentures of the Westfield Group.

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

4. Options and Unissued Interests

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

5. Indemnities and Insurance Premiums

No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or the auditor of the Trust. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as Responsible Entity. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

6. Special Rules for Registered Schemes

– $67.0 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.

– No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 17,904,761 units as at the end of the Financial Year. Associates of the Responsible Entity also hold 27,661,209 options in the Trust.

– Details of units issued in the Trust during the Financial Year are set out in Note 17 on page 19.

– No withdrawals were made from the scheme during the Financial Year.

– Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 2(d), 10, 11 and 12 on pages 9, 10 and 14.

– Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 17 on page 19.

7. Audit

7.1 Audit and Risk Committee

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

7.2 Audit Independence

The Directors have obtained the following independence declaration from the auditors, Ernst & Young.

EY

Building a better working world

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

In relation to our audit of the financial report of Westfield Trust 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, 18 March 2014

Liability Limited by a scheme approved under Professional Standards Legislation

8.0 Synchronisation Of Financial Year

By an order dated 5 November 2001 made by the Australian Securities and Investments Commission, the Directors have been relieved from compliance with the requirement to ensure that the financial year of Carindale Property Trust is synchronised with the financial year of Westfield Trust. Although the financial years of Carindale Property Trust end on 30 June, the financial statements of Westfield Trust have been prepared to include accounts for Carindale Property Trust for a period coinciding with the Financial Year of Westfield 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

Brian Schwartz AM
Director

18 March 2014

Corporate Governance Statement

The Corporate Governance Statement for Westfield Trust for the financial year ended 31 December 2013 has been incorporated into the Corporate Governance Statement prepared for the stapled Westfield Group. This Statement can be found in the 2013 Westfield Group Annual Financial Report. The Westfield Group's Annual Financial Report is available on the westfield.com/corporate website.

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 Westfield 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 Westfield 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 Westfield Holdings Limited, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

The names of the Westfield 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 Westfield 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

Westfield
America Trust
Annual Financial Report
31 December 2013

Westfield America Management Limited ABN 66 072 780 619
AFSL No 230324 as responsible entity of **Westfield America Trust** ARSN 092 058 449

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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Principal Share Registry
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ADR Registry
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Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

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The papers used in the production of this years Westfield Group reports are produced using environmentally responsible papers produced from FSC (mixed sources) certified pulp from well managed forests.

TYPESETTING: MONCHOCREATIVE.COM.AU

Annual Financial Report

WESTFIELD AMERICA TRUST

For the financial year ended 31 December 2013

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Revenue			
Property revenue	3	**718.4**	900.7
Property development and project management revenue		**109.0**	53.8
Property management income		**49.4**	41.3
		876.8	995.8
Share of after tax profits of equity accounted entities			
Property revenue		**467.2**	350.6
Property revaluations		**408.8**	300.9
Property expenses, outgoings and other costs		**(135.6)**	(96.0)
Net interest expense		**(54.8)**	(42.8)
Tax expense		**(0.2)**	(0.2)
	13(a)	**685.4**	512.5
Expenses			
Property expenses, outgoings and other costs		**(248.6)**	(312.3)
Property development and project management costs		**(86.4)**	(47.0)
Property management costs		**(25.8)**	(23.4)
Overheads		**(99.4)**	(87.0)
		(460.2)	(469.7)
Interest income		**40.8**	64.9
Currency gain/(loss)	4	**11.0**	(3.4)
Financing costs	6	**(309.9)**	(762.4)
Gain/(loss) in respect of capital transactions			
- asset dispositions	5	**(36.7)**	10.3
- financing costs in respect of capital transactions	5	**(77.4)**	(8.9)
Property revaluations		**33.2**	(11.8)
Profit before tax for the period		**763.0**	327.3
Tax expense	7	**(200.4)**	(190.0)
Profit after tax for the period		**562.6**	137.3
Profit after tax for the period attributable to:			
– Members of the Westfield America Trust (WAT)		**511.9**	131.1
– Non controlling interests		**50.7**	6.2
Profit after tax for the period		**562.6**	137.3
		cents	cents
Basic earnings per unit	8(a)	**23.61**	5.77
Diluted earnings per unit	8(a)	**16.99**	5.76

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	**562.6**	137.3
Other comprehensive income		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**402.8**	(49.6)
– Realised and unrealised gain/(loss) on asset hedging derivatives which qualify for hedge accounting	**(146.7)**	25.4
Total comprehensive income for the period	**818.7**	113.1
Total comprehensive income attributable to:		
– Members of WAT	**738.3**	111.0
– Non controlling interests	**80.4**	2.1
Total comprehensive income for the period	**818.7**	113.1

Balance Sheet

AS AT 31 DECEMBER 2013

	Note	31 Dec 13 $million	31 Dec 12 $million
Current assets			
Cash and cash equivalents	24(a)	**839.6**	134.4
Trade debtors		**18.2**	10.8
Derivative assets	9	**81.1**	81.1
Receivables	10	**1,155.4**	687.0
Inventories		**42.7**	23.4
Tax receivable		**–**	11.5
Prepayments and deferred costs	11	**25.2**	26.7
Total current assets		**2,162.2**	974.9
Non current assets			
Investment properties	12	**6,072.8**	7,883.5
Equity accounted investments	13(c)	**6,038.1**	4,372.8
Other investments	14	**113.8**	448.5
Derivative assets	9	**224.4**	843.8
Receivables	10	**75.6**	–
Plant and equipment	15	**61.1**	71.0
Prepayments and deferred costs	11	**75.2**	69.1
Total non current assets		**12,661.0**	13,688.7
Total assets		**14,823.2**	14,663.6
Current liabilities			
Trade creditors		**29.0**	57.3
Payables and other creditors	16	**711.1**	576.8
Interest bearing liabilities	17	**929.8**	867.0
Other financial liabilities	18	**155.6**	102.4
Tax payable		**71.5**	76.2
Derivative liabilities	19	**–**	11.7
Total current liabilities		**1,897.0**	1,691.4
Non current liabilities			
Payables and other creditors	16	**90.5**	88.6
Interest bearing liabilities	17	**5,997.4**	6,361.6
Other financial liabilities	18	**1,202.8**	1,226.8
Deferred tax liabilities	7(b)	**3,087.2**	2,582.2
Derivative liabilities	19	**46.3**	120.8
Total non current liabilities		**10,424.2**	10,380.0
Total liabilities		**12,321.2**	12,071.4
Net assets		**2,502.0**	2,592.2
Equity attributable to members of WAT			
Contributed equity	20(b)	**7,899.1**	8,220.6
Reserves	22	**(301.4)**	(529.3)
Accumulated losses	23	**(5,323.8)**	(5,296.0)
Total equity attributable to members of WAT		**2,273.9**	2,395.3
Equity attributable to non controlling interests			
Contributed equity		**352.6**	352.6
Reserves		**(181.9)**	(211.6)
Retained profits		**57.4**	55.9
Total equity attributable to non controlling interests		**228.1**	196.9
Total equity		**2,502.0**	2,592.2

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2013

	Comprehensive Income 31 Dec 13 $million	*Equity and Reserves 31 Dec 13 $million*	**Total 31 Dec 13 $million**	Total 31 Dec 12 $million
Changes in equity attributable to members of WAT				
Opening balance of contributed equity	–	8,220.6	**8,220.6**	8,409.5
– Movement in contributed equity	–	(321.5)	**(321.5)**	(188.9)
Closing balance of contributed equity	–	7,899.1	**7,899.1**	8,220.6
Opening balance of reserves	–	(529.3)	**(529.3)**	(510.3)
– Movement in foreign currency translation reserve [(1) (2)]	226.4	–	**226.4**	(20.1)
– Movement in employee share plan benefits reserve [(1)]	–	1.5	**1.5**	1.1
Closing balance of reserves	226.4	(527.8)	**(301.4)**	(529.3)
Opening balance of accumulated losses	–	(5,296.0)	**(5,296.0)**	(4,991.4)
– Profit after tax for the period [(2)]	511.9	–	**511.9**	131.1
– Distributions paid	–	(539.7)	**(539.7)**	(435.7)
Closing balance of accumulated losses	511.9	(5,835.7)	**(5,323.8)**	(5,296.0)
Closing balance of equity attributable to members of WAT	738.3	1,535.6	**2,273.9**	2,395.3
Changes in equity attributable to non controlling interests				
Opening balance of equity	–	196.9	**196.9**	212.8
Total comprehensive income attributable to non controlling interests [(2)]	80.4	–	**80.4**	2.1
Dividends paid or provided for	–	(49.2)	**(49.2)**	(18.0)
Closing balance of equity attributable to non controlling interests	80.4	147.7	**228.1**	196.9
Total equity	818.7	1,683.3	**2,502.0**	2,592.2

(1) Movement in reserves attributable to members of WAT consists of the net exchange gain on translation of foreign operations of $226.4 million (31 December 2012: loss of $20.1 million) and net credit to the employee share plan benefits reserve of $1.5 million (31 December 2012: net credit of $1.1 million).

(2) Total comprehensive income for the period amounts to a gain of $818.7 million (31 December 2012: $113.1 million).

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		**902.5**	1,012.1
Payments in the course of operations		**(418.3)**	(466.2)
Settlement of income hedging currency derivatives		**29.5**	15.9
Dividends/distributions received from equity accounted associates		**206.6**	142.6
Withholding taxes received on underlying operations		**–**	2.5
Net cash flows from operating activities	24(b)	**720.3**	706.9
Cash flows from investing activities			
Capital expenditure on property investments – consolidated		**(310.5)**	(255.6)
Capital expenditure on property investments -equity accounted		**(115.5)**	(298.0)
Capital contribution to fund repayment of loan by equity accounted investments		**–**	(168.8)
Proceeds from the disposition of property investments – consolidated		**2,064.8**	2,596.6
Capital distribution from equity accounted associates		**196.1**	–
Tax paid on disposition of property investments		**(31.2)**	–
Purchase of plant and equipment		**(17.2)**	(7.3)
Financing costs capitalised to qualifying development projects and construction in progress		**(13.6)**	(11.4)
Settlement of asset hedging currency derivatives		**244.2**	(36.6)
Net cash flows from investing activities		**2,017.1**	1,818.9
Cash flows used in financing activities			
Buy-back of units		**(321.5)**	(188.9)
Redemption of other financial liabilities		**–**	(156.7)
Net repayment of interest bearing liabilities		**(1,322.0)**	(815.2)
Loans received from/(advanced to) related entities		**344.7**	(620.0)
Financing costs excluding interest capitalised		**(252.1)**	(271.3)
Interest received		**43.0**	68.6
Dividends/distributions paid by controlled entities to non controlling interests		**(6.2)**	(18.1)
Distributions paid		**(539.7)**	(435.7)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		**(52.9)**	(8.9)
Net cash flows used in financing activities		**(2,106.7)**	(2,446.2)
Net increase in cash and cash equivalents held		**630.7**	79.6
Add opening cash and cash equivalents brought forward		**134.4**	56.0
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**74.5**	(1.2)
Cash and cash equivalents at the end of the period	24(a)	**839.6**	134.4

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2013

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NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield America Trust (WAT) and its controlled entities (the Group) for the year ended 31 December 2013 was approved on 18 March 2014 in accordance with a resolution of the Board of Directors of Westfield America Management Limited, as responsible entity of WAT (Responsible Entity).

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards issued by the International Accounting Standards board. The accounting policies adopted are consistent with those of the previous financial year except that the Group has adopted the following new or amended standards which became applicable on 1 January 2013.

– AASB 10 Consolidated Financial Statements

  This standard broadens the situation where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard did not have a significant impact on the Group's financial results and Balance Sheet;

– 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 is 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 of the Westfield Group's Annual Financial Report; 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 has no material impact on the financial statements of the Group.

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

– AASB 9 Financial instuments (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. 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 Accouting Standards - Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014); and

– AASB 2013-5 Amendments to Australian Accouting 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 Act 2001 (Act), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, financial assets at fair value through profit and loss and other financial liabilities. The carrying values of recognised assets and liabilities that are hedged with fair value hedges and are otherwise carried at cost are adjusted to record changes in the fair values attributable to the risks that are being hedged.

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2: Summary of significant accounting policies, Note 12: Investment properties and Note 36: 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) Listed Property Trust Units

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

(b) Consolidation and classification

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

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

i) Joint arrangements

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

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

ii) Associates

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

iii) Controlled entities

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

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 Centers, 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 also includes components relating to lease incentives, leasing costs and receivables on rental income that have been recorded on a straight line basis.

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, 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 of the Westfield Group's Annual Financial Report for 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.

ii) Development projects and construction in progress

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

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

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

(d) Other investments

i) Unlisted investments

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Foreign currencies

i) Translation of foreign currency transactions

The functional and presentation currency of WAT and its Australian subsidiary is Australian dollars. The functional currency of the United States entities is United States dollars. The presentation currency of the United States 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 statements of foreign subsidiaries and equity accounted associates are translated at average exchange rates for the period. Exchange differences arising on translation of the interests in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve. On consolidation, exchange differences and the related tax effect on foreign currency loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations and equity accounted associates are taken directly to the foreign currency translation reserve.

(f) Revenue recognition

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

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

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

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

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

All other revenues are recognised on an accruals basis.

(g) Expenses

Expenses are brought to account on an accruals basis.

(h) Taxation

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

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

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

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

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

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

(i) Goodwill

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

(j) Financing costs

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

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

(k) Inventories

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

(l) Depreciation and amortisation

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

(m) Leases

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

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ii) Finance leases

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

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

(n) Employee benefits

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

(o) Contributed equity

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

(p) Derivative and other financial instruments

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

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

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

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

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

i) Financial assets

Cash and cash equivalents

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

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

Receivables

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

ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Group's interest bearing borrowings as disclosed in Note 36 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 cashflows 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 preference and convertible preference securities. Where there is a minimum distribution entitlement and/or the redemption terms include the settlement for cash on redemption, the instrument is classified as a financial liability and is designated at fair value through the income statement.

The fair value of preference and convertible preference securities are determined in accordance with generally accepted pricing models using current market prices in accordance with the terms of each instrument as set out in Note 18.

(q) Recoverable amount of assets

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

(r) Earnings per unit

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

(s) Rounding

In accordance with ASIC Class Order 98/0100, 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.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 3 PROPERTY REVENUE		
Shopping centre base rent and other property income	**755.2**	937.1
Amortisation of tenant allowances and leasing costs	**(36.8)**	(36.4)
	718.4	900.7
NOTE 4 CURRENCY GAIN/(LOSS)		
Realised gain on income hedging currency derivatives	**27.1**	18.7
Net fair value loss on currency derivatives that do not qualify for hedge accounting	**(16.1)**	(22.1)
	11.0	(3.4)
NOTE 5 GAIN/(LOSS) IN RESPECT OF CAPITAL TRANSACTIONS		
Asset dispositions		
– proceeds from asset dispositions	**2,813.1**	3,187.5
– less: carrying value of assets disposed and other capital costs	**(2,849.8)**	(3,177.2)
Gain/(loss) in respect of asset dispositions	**(36.7)**	10.3
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments and the mark to market of fixed rate mortgages in respect of properties disposed	**(77.4)**	(8.9)
Financing costs in respect of capital transactions	**(77.4)**	(8.9)
NOTE 6 FINANCING COSTS		
Gross financing costs (excluding net fair value loss on interest rate hedges that do not qualify for hedge accounting)		
– External	**(223.7)**	(240.6)
– Related entities	**(91.9)**	(38.9)
Financing costs capitalised to qualifying development projects, construction in progress and inventories	**13.6**	11.4
Financing costs	**(302.0)**	(268.1)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**(137.7)**	(126.2)
Finance leases interest expense	**(3.3)**	(3.1)
Interest expense on other financial liabilities	**(23.3)**	(25.3)
Net fair value gain/(loss) on other financial liabilities	**156.4**	(339.7)
	(309.9)	(762.4)

	31 Dec 13 $million	31 Dec 12 $million

NOTE 7 TAXATION

(a) Tax expense

	31 Dec 13 $million	31 Dec 12 $million
Current	**(22.1)**	(23.4)
Deferred	**(178.3)**	(166.6)
	(200.4)	(190.0)

	31 Dec 13 $million	31 Dec 12 $million
The prima facie tax on profit before tax is reconciled to the tax expense provided in the financial statements as follows:		
Profit before tax	**763.0**	327.3
Prima facie withholding tax expense on profit at 15%	**(114.5)**	(49.1)
Differential of tax rates on foreign income	**(90.5)**	(98.4)
Profit/(loss) not assessable/(deductible)	**4.6**	(42.5)
Tax expense	**(200.4)**	(190.0)

(b) Deferred tax liabilities

	31 Dec 13 $million	31 Dec 12 $million
Tax effect of book value in excess of the tax cost base of investment properties	**3,075.0**	2,566.8
Unrealised fair value gain on financial derivatives	**12.2**	15.4
	3,087.2	2,582.2

NOTE 8 EARNINGS PER UNIT

(a) Summary of earnings per unit

	31 Dec 13 cents	31 Dec 12 cents
Basic earnings per unit attributable to members of WAT	23.61	5.77
Diluted earnings per unit attributable to members of WAT	16.99	5.76

(b) Income and unit data

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

	31 Dec 13 $million	31 Dec 12 $million
Earnings used in calculating basic earnings per unit	**511.9**	131.1
Adjustment to earnings on options which are considered dilutive [(3)]	**(132.3)**	–
Earnings used in calculating diluted earnings per unit	**379.6**	131.1

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit [(1)]	**2,167,947,730**	2,272,825,286
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(2)]	**5,483,263**	3,747,120
Bonus element of options which if issued, would be dilutive [(3)]	**61,449,049**	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit [(4)]	**2,234,880,042**	2,276,572,406

(1) 2,167.9 million (31 December 2012: 2,272.8 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement.

(2) At 31 December 2013, 5,115,399 actual employee award scheme security options were on hand (31 December 2012: 3,817,920).

(3) Bonus element of options relating to other financial liabilities issued to WHL that are dilutive for the current period were 61,449,049 (31 December 2012: nil), earnings in respect of the options were $132.3 million (31 December 2012: nil).

(4) The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 570,629 (31 December 2012: 28,650).

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

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

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 9 DERIVATIVE ASSETS			
Current			
Receivables on interest rate derivatives		**58.7**	40.7
Receivables on currency derivatives		**22.4**	40.4
		81.1	81.1
Non Current			
Receivables on interest rate derivatives		**224.4**	417.1
Receivables on interest rate derivatives with related entities		**–**	14.4
Receivables on currency derivatives		**–**	32.6
Receivables on currency derivatives with related entities		**–**	379.7
		224.4	843.8
Total derivative assets		**305.5**	924.9

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 $305.5 million are reduced by $46.3 million to the net amount of $259.2 million (31 December 2012: derivative assets of $924.9 million reduced by $95.0 million to the net amount of $829.9 million).

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 10 RECEIVABLES			
Current			
Sundry debtors		**372.4**	90.9
Interest bearing loans and other receivables from related entities	39(b)	**783.0**	596.1
		1,155.4	687.0
Non Current			
Receivables - other		**75.6**	–
		75.6	–
NOTE 11 PREPAYMENTS AND DEFERRED COSTS			
Current			
Prepayments and deposits		**7.5**	8.4
Deferred costs – other		**17.7**	18.3
		25.2	26.7
Non Current			
Deferred costs – other		**75.2**	69.1
		75.2	69.1
NOTE 12 INVESTMENT PROPERTIES			
Shopping centre investments		**5,777.5**	7,501.8
Development projects and construction in progress		**295.3**	381.7
		6,072.8	7,883.5
Movement in total investment properties			
Balance at the beginning of the year		**7,883.5**	13,497.9
Disposal of properties		**(2,757.3)**	(3,277.4)
Transfer to equity accounted investment properties		**(691.8)**	(2,445.9)
Redevelopment costs		**363.0**	304.3
Net revaluation increment/(decrement)		**33.2**	(11.8)
Retranslation of foreign operations		**1,242.2**	(183.6)
Balance at the end of the year [1]		**6,072.8**	7,883.5

[1] The fair value of investment properties at the end of the year of $6,072.8 million (31 December 2012: $7,883.5 million) comprises investment properties at market value of $6,035.3 million (31 December 2012: $7,849.1) and ground leases included as finance leases of $37.5 million (31 December 2012: $34.4 million).

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.

NOTE 12 INVESTMENT PROPERTIES (CONTINUED)

Independent valuations are conducted in accordance with Uniform Standards of Professional Appraisal Practice in the United States.
The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method.
The property capitalisation rates range between 4.60% and 7.74%. Refer to Note 13(d) of the Westfield Group's Annual Financial Report for details of property capitalisation rates by shopping centre.

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

United States shopping centres

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

	31 Dec 13 $million	31 Dec 12 $million

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

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

Property revenue	**467.2**	350.6
Share of after tax profit of equity accounted entities	**685.4**	512.5

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

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

Share of after tax profit of equity accounted entities	**685.4**	512.5
Other comprehensive income [(1)]	**731.6**	(38.4)
Share of total comprehensive income of equity accounted entities	**1,417.0**	474.1

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

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

Cash	**66.8**	37.4
Receivables	**29.8**	8.0
Shopping centre investments	**7,003.6**	4,991.6
Development projects and construction in progress	**422.0**	247.5
Other assets	**19.4**	9.8
Total assets	**7,541.6**	5,294.3
Payables	**(109.5)**	(69.8)
Interest bearing liabilities – current	**(4.7)**	(114.8)
Interest bearing liabilities – non current	**(1,389.3)**	(736.9)
Total liabilities	**(1,503.5)**	(921.5)
Net assets of equity accounted entities	**6,038.1**	4,372.8

(d) Details of the 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	**327.7**	247.2
Due between one and five years	**1,011.2**	762.6
Due after five years	**722.7**	522.6
	2,061.6	1,532.4

(e) Details of the Group's aggregate share of equity accounted entities' capital expenditure commitments

Estimated capital expenditure commitments in relation to development projects		
Due within one year	**282.2**	125.2
Due between one and five years	**225.1**	365.3
	507.3	490.5

(f) Details of the Group's aggregate share of equity accounted entities' contingent liabilities

Performance guarantees	**12.8**	6.0
	12.8	6.0

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(g) Equity accounted entities' economic interest

Name of investments [1]	Type of equity	Balance Date	Economic Interest 31 Dec 13	Economic Interest 31 Dec 12
Annapolis	Partnership units	31 Dec	**55.0%**	55.0%
Brandon [2]	Membership units	31 Dec	**50.0%**	–
Broward [2]	Membership units	31 Dec	**50.0%**	–
Citrus Park [2]	Membership units	31 Dec	**50.0%**	–
Countryside [2]	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%
Promenade	Partnership units	31 Dec	**55.0%**	55.0%
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita	Partnership units	31 Dec	**49.3%**	49.3%
Sarasota [2]	Membership units	31 Dec	**50.0%**	–
Southcenter	Partnership units	31 Dec	**55.0%**	55.0%
Southgate [2]	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%

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

[2] 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.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 14 OTHER INVESTMENTS		
Unlisted investments	**113.8**	448.5
	113.8	448.5
Movement in other investments		
Balance at the beginning of the year	**448.5**	409.9
Additions	**63.5**	46.6
Disposals	**(439.0)**	–
Retranslation of foreign operations	**40.8**	(8.0)
Balance at the end of the year	**113.8**	448.5
NOTE 15 PLANT AND EQUIPMENT		
At cost	**152.9**	140.5
Accumulated depreciation	**(91.8)**	(69.5)
Total plant and equipment	**61.1**	71.0
Movement in plant and equipment		
Balance at the beginning of the year	**71.0**	78.4
Additions	**17.2**	7.3
Disposals/transfers	**(15.0)**	(1.0)
Depreciation expense	**(21.9)**	(12.2)
Retranslation of foreign operations	**9.8**	(1.5)
Balance at the end of the year	**61.1**	71.0

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 16 PAYABLES AND OTHER CREDITORS			
Current			
Payables and other creditors		**589.5**	566.8
Payables to related entities		**121.6**	10.0
		711.1	576.8
Non Current			
Sundry creditors and accruals		**90.5**	88.6
		90.5	88.6
NOTE 17 INTEREST BEARING LIABILITIES			
Current			
Unsecured			
Finance leases		**0.4**	0.4
Loans payable to related entities	39(b)	**926.4**	499.2
Secured			
Bank loans and mortgages – US$ denominated [(2)]		**3.0**	367.4
		929.8	867.0
Non Current			
Unsecured			
Notes payable – US$ denominated [(1)]		**4,982.1**	5,108.0
Finance leases		**37.1**	34.1
Secured			
Bank loans and mortgages – US$ denominated [(2)]		**978.2**	1,219.5
		5,997.4	6,361.6
Total interest bearing liabilities		**6,927.2**	7,228.6
The maturity profile in respect of current and non current interest bearing liabilities is set out below:			
Due within one year		**929.8**	867.0
Due between one and five years		**2,557.9**	1,969.2
Due after five years		**3,439.5**	4,392.4
		6,927.2	7,228.6

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.

Refer to Note 32 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

(1) Notes payable – US$

Guaranteed Senior Notes of US$5,500.0 million were on issue in the US 144A bond market by the Westfield Group. The issues comprised US$750.0 million, US$900.0 million, US$1,100.0 million, US$1,250.0 million, US$1,000.0 million and US$500.0 million of fixed rate notes maturing 2015, 2016, 2018, 2019, 2021 and 2022 respectively. The Group was assigned US$4,450.0 million comprising US$900.0 million, US$1,100.0 million, US$1,150.0 million, US$1,000.0 million and US$300.0 million of fixed rate notes maturing 2016, 2018, 2019, 2021 and 2022 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(2) Secured liabilities – US$

Current and non current secured liabilities are $981.2 million (31 December 2012: $1,586.9 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have a fair value of $2.5 bllion (31 December 2012: $4.1 bllion). These properties and development projects are as follows: Fox Valley, Galleria at Roseville, Mainplace, Old Orchard, and San Francisco Centre. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

NOTE 17 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**9,808.8**	11,904.2
Total interest bearing liabilities	**(6,927.2)**	(7,228.6)
Total bank guarantees	**(13.2)**	(18.2)
Available financing facilities	**2,868.4**	4,657.4
Cash	**839.6**	134.4
Financing resources available at the end of the year	**3,708.0**	4,791.8
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**929.8**	867.0
Due between one and five years	**5,439.5**	6,644.8
Due after five years	**3,439.5**	4,392.4
	9,808.8	11,904.2

These facilities comprise fixed and floating rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities set out in Note 18. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

The Group as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $2,868.4 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

NOTE 18 OTHER FINANCIAL LIABILITIES

	Note	31 Dec 13 $million	31 Dec 12 $million
Current			
Convertible redeemable preference shares/units	18(a)	**2.1**	2.3
Other redeemable preference shares/units	18(b)	**153.5**	100.1
		155.6	102.4
Non Current			
Convertible redeemable preference shares/units	18(a)	**92.1**	102.9
Convertible redeemable preference shares/units held by WHL related entities	18(a)	**969.2**	1,014.3
Other redeemable preference shares/units	18(b)	**141.5**	109.6
		1,202.8	1,226.8
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		**1,202.8**	1,226.8
		1,358.4	1,329.2

NOTE 18 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Convertible redeemable preference shares/units

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

i. The holders of Series D CPS are entitled to receive an annual dividend equal to the greater of: (i) 9.3% of the liquidation value of the preferred shares, increasing at 1.5% per annum in 2002 and at 3% per annum thereafter; or (ii) the US$ equivalent of the distribution on the number of Westfield Group stapled securities into which the preference shares are then exchangeable.

   – Each Series D CPS is convertible into 10 common shares in WEA, which will not form a separate series of shares. The original holder of the Series D CPS and/or the common shares into which the Series D CPS have been converted can require WEA, subject to certain conditions, to redeem a number of the Series D CPS or common shares into which such preferred shares convert, or a combination thereof, on the last business date of May 2005 and each year thereafter in an amount up to US$10 million at any one time. The maximum aggregate amount which may be redeemed pursuant to those rights is US$50,000,040. During the period no Series D CPS were redeemed by WEA pursuant to the arrangement.

   – The Series D CPS are redeemable by WEA at any time at 100% of the liquidation preference.

ii. As at 31 December 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.

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

iv. 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 Westfield Group stapled securities); or (iii) a combination of both.

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

vi. The Series F preferred shares are able to be redeemed at the Group's discretion in cash at any time after 20 June 2020 and are able to be converted into Westfield Group stapled securities with the exercise of Series F – Special Options (refer Note 21).

vii. The foreign currency denominated common shares are able to be converted into Westfield Group stapled securities with the exercise of either Series H – Special Options or Series I – Special Options (refer Note 21).

viii. 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) Westfield Group stapled securities, or (iii) a combination of both.

(b) Other redeemable preference shares/units

The other redeemable preference shares/units comprise: (i) partnership interest in the Urban Shopping Centres, LP (the Urban OP); (ii) Series H-2 Partnership Preferred Units (Series H-2 units); (iii) Series A Partnership Preferred Units (Series A units); and (iv) 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 the Urban OP. 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.

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 units by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these units is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

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 19 DERIVATIVE LIABILITIES		
Current		
Payables on interest rate derivatives	–	0.4
Payables on currency derivatives	–	11.3
	–	11.7
Non Current		
Payables on interest rate derivatives	**46.3**	109.9
Payables on currency derivatives	–	10.9
	46.3	120.8
Total derivative liabilities	**46.3**	132.5

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 $46.3 million are reduced by $46.3 million to nil (31 December 2012: derivative liabilities of $132.5 million reduced by $95.0 million to the net amount of $37.5 million)

	Units	Units
NOTE 20 CONTRIBUTED EQUITY		
(a) Number of units on issue		
Balance at the beginning of the year	**2,228,403,362**	2,308,988,539
Buy-back and cancellation of units	**(150,313,676)**	(80,585,177)
Balance at the end of the year	**2,078,089,686**	2,228,403,362

Westfield Group stapled securities have the right to receive declared dividends from WHL and distributions from WAT and WT and, in the event of winding up WHL, WAT and WT, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on Westfield Group stapled securities held.

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

	$million	$million
(b) Movement in contributed equity attributable to members of WAT		
Balance at the beginning of the year	**8,220.6**	8,409.5
Buy-back and cancellation of units	**(321.3)**	(188.6)
Costs associated with the buy-back of units	**(0.2)**	(0.3)
Balance at the end of the year	**7,899.1**	8,220.6

	Note	Number of options and rights 31 Dec 13	Weighted average exercise price $ 31 Dec 13	Number of options and rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12
NOTE 21 SHARE BASED PAYMENTS					
(a) Options and rights over units					
– Series F Special options [(1)]	21(a) (i)	**52,500**	**1.76**	52,500	1.79
– Series G1 Special options [(1)]	21(a) (ii)	**277,778**	**0.98**	277,778	1.18
– Series H Special options [(1)]	21(a) (iii)	**11,805,862**	**1.11**	11,805,862	1.34
– Series I Special options [(1)]	21(a) (iv)	**13,260,859**	**1.07**	13,260,859	1.29
– Executive performance rights	21(b) (i)	**3,890,676**	**–**	3,062,885	–
– Partnership incentive rights	21(b) (ii)	**1,224,723**	**–**	755,035	–
– Executive performance and partnership incentive rights issued to employees of related parties	21(a) (vii)	**10,629,417**	**–**	7,403,834	–
		41,141,815	**1.14**	36,618,753	1.34

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

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

	Number of options and rights 31 Dec 13	Weighted average exercise price $ 31 Dec 13	Number of options and rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12
Movement in options and rights on issue				
Balance at the beginning of the year	**36,618,753**	**1.34**	29,970,404	1.50
Movement in Executive performance rights				
– Rights transferred on employee relocation	**(356,056)**	**–**	203,633	–
– Rights issued during the year	**1,422,217**	**–**	2,860,673	–
– Rights exercised during the year	**–**	**–**	(319)	–
– Rights forfeited during the year	**(238,370)**	**–**	(1,102)	–
Movement in Partnership incentive rights				
– Rights transferred on employee relocation	**(55,421)**	**–**	38,398	–
– Rights issued during the year	**555,159**	**–**	724,985	–
– Rights exercised during the year	**(30,050)**	**–**	(67,454)	–
Movements in Executive performance and Partnership incentive rights issued to employees of related parties				
– Rights transferred on employee relocation	**411,477**	**–**	(242,031)	–
– Rights issued during the year	**3,390,822**	**–**	4,310,222	–
– Rights exercised during the year	**(478,035)**	**–**	(1,178,656)	–
– Rights forfeited during the year	**(98,681)**	**–**	**–**	–
Balance at the end of the year [1]	**41,141,815**	**1.14**	36,618,753	1.34

[1] At 31 December 2013 the 41,141,815 options and rights (31 December 2012: 36,618,753 options and rights) on issue were convertible to 111,556,672 (31 December 2012: 107,033,610) Westfield Group stapled securities.

(i) Series F – Special Options

The Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. Each Series F Special Option entitles the holder the right to be issued 157.35 fully paid Westfield Group stapled securities in exchange for either US$1,000 ($1,119.57) or 1 Series F preferred share in WEA. As at 31 December 2013 and 31 December 2012, there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 Westfield Group stapled securities.

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

(ii) Series G1 – Special Options

The Series G1 Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of the Group. Each Series G1 Special Option entitles the holder to deliver a Series D CPS (or the number of common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 Westfield Group stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2013 and 31 December 2012, there were 277,778 Series G1 Special Options on issue which are exchangeable for 9,628,674 Westfield Group stapled securities.

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

(iii) Series H – Special Options

The Series H Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of the Group. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049065 Westfield Group stapled securities. As at 31 December 2013 and 31 December 2012 there were 11,805,862 Series H Special Options on issue which are exchangeable for 35,996,841 Westfield Group stapled securities.

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

(iv) Series I – Special Options

The Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of the Group. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.161595 Westfield Group stapled securities. As at 31 December 2013 and 31 December 2012, there were 13,260,859 Series I Special Options on issue which are exchangeable for 41,925,466 Westfield Group stapled securities.

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

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

(a) Options and rights over units (continued)

(v) Stapling Options

At the time of the Merger, each of WAT, WHL and WT had options on issue. Pursuant to the Merger Implementation Deed, each of WAT, WHL and WT have issued options to each other to enable each entity to satisfy the delivery of a Westfield Group stapled security on exercise of options currently on issue in each of those entities.

(vi) Other

Of the stapling options issued to WAT, 25,396,999 options remain from WT and the same from WHL to enable WAT to satisfy the delivery of a Westfield Group stapled security on exercise of the special options issued by WAT that are on issue.

The voting entitlements of the special options are determined in accordance with Section 253F of the Corporations Act 2001.

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

There are 10,629,417 (31 December 2012: 7,403,834) Executive performance and Partnership incentive rights on issue to employees of related parties of the Westfield Group. Under the stapling arrangement each of WT, WHL and WAT are required to issue securities/units on the vesting of an Executive performance and Partnership incentive right. At 31 December 2013, the 10,629,417 (31 December 2012: 7,403,834) Executive performance and Partnership incentive rights issued to employees of related parties were convertible to 10,629,417 (31 December 2012: 7,403,834) Westfield Group stapled securities.

Vesting profile	**Number of rights 31 Dec 13**	Number of rights 31 Dec 12
2013	**–**	478,035
2014	**2,246,840**	2,278,557
2015	**5,167,905**	3,437,096
2016	**2,210,354**	1,210,146
2017	**1,004,318**	–
	10,629,417	7,403,834

(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	**3,062,885**	–
Rights transferred on employee relocation	**(356,056)**	203,633
Rights issued during the year	**1,422,217**	2,860,673
Rights exercised during the year	**–**	(319)
Rights forfeited during the year	**(238,370)**	(1,102)
Balance at the end of the year	**3,890,676**	3,062,885

Vesting profile	**Fair value granted $million 31 Dec 13**	**Number of rights at[(1)] 31 Dec 13**	Fair value granted $million 31 Dec 12	Number of rights at[(1)] 31 Dec 12
2014	**11.0**	**1,621,061**	12.9	1,891,151
2015	**11.2**	**1,329,790**	2.3	352,631
2016	**3.3**	**527,646**	4.9	819,103
2017	**0.5**	**57,203**	–	–
2018	**3.2**	**354,976**	–	–
	29.2	**3,890,676**	20.1	3,062,885

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

The EPR Plan is a plan in which senior executives and high performing employees participate. As noted in previous years, until 2012, the Westfield Group Co-Chief Executive Officers did not participate in the EPR Plan. However, the Westfield Group Co-Chief Executive Officers participate in the EDA Plan. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Westfield 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 Westfield Group 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. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to the EPR Plan.

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of rights 31 Dec 13	Number of rights 31 Dec 12
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**755,035**	59,106
Rights transferred on employee relocation	**(55,421)**	38,398
Rights issued during the year [(1)]	**555,159**	724,985
Rights exercised during the year	**(30,050)**	(67,454)
Balance at the end of the year	**1,224,723**	755,035

(1) As outlined in Note 40, 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 [(1)] 31 Dec 13**	Fair value granted $million 31 Dec 12	Number of rights at [(1)] 31 Dec 12
2013	**–**	**–**	0.1	30,050
2014	**–**	**–**	–	–
2015	**1.9**	**304,699**	2.1	331,433
2016	**4.3**	**600,278**	2.3	373,999
2017	**2.5**	**301,997**	0.1	19,553
2018	**0.2**	**17,749**	–	–
	8.9	**1,224,723**	4.6	755,035

(1) 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 Westfield Group Co-Chief Executive Officers did not participate in the PIR Plan. However, the Westfield Group Co-Chief Executive Officers participate in the PIP Plan (refer to Note 21(c)(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 Westfield 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 Westfield Group security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Westfield Group Remuneration Committee. The hurdles chosen by the Westfield Group Remuneration Committee for the 2013 qualifying year are set out in Note 40. 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. Refer to Note 40 for further details concerning other Key Management Personnel remuneration disclosures in relation to the PIR Plan.

Accounting for equity settled Share Based Payments

During the year, $9.6 million (31 December 2012: $6.3 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments.

NOTE 21 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	**2,046,388**	1,164,896
Awards transferred on employee relocation	**(28,458)**	–
Awards issued during the year	**–**	2,105,507
Awards exercised during the year	**(1,065,679)**	(1,093,427)
Awards lapsed during the year	**(183,712)**	(130,588)
Balance at the end of the year	**768,539**	2,046,388

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	**–**	**–**	12.4	1,277,849
2014	**0.6**	**66,108**	0.6	66,108
2015	**6.8**	**702,431**	6.8	702,431
	7.4	**768,539**	19.8	2,046,388

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 Westfield 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 Westfield Group stapled securities.

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

NOTE 21 SHARE BASED PAYMENTS (CONTINUED)

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

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

	Number of award securities 31 Dec 13	Number of award securities 31 Dec 12
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**1,648,467**	2,254,896
Awards transferred on employee relocation	**(146,190)**	(95,751)
Distribution reinvested as awards during the year	**–**	7,890
Awards exercised during the year	**(658,946)**	(518,568)
Balance at the end of the year	**843,331**	1,648,467

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	**–**	**–**	6.3	725,826
2014	**5.6**	**588,048**	6.1	644,098
2015	**2.5**	**255,283**	2.7	278,543
	8.1	**843,331**	15.1	1,648,467

The senior leadership team of the Westfield Group, including the Westfield Group 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 Westfield Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Westfield 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 Westfield Group stapled securities.

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

Accounting for cash settled Share Based Payments

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

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

During the year, $7.0 million (31 December 2012: $13.0 million) was charged to the income statement as gross amortisation in respect of cash settled based share based payments.

	31 Dec 13 $million	31 Dec 12 $million
NOTE 22 RESERVES		
Foreign currency translation reserve	**(304.5)**	(530.9)
Employee share plan benefits reserve	**3.1**	1.6
Balance at the end of the year	**(301.4)**	(529.3)
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	**(530.9)**	(510.8)
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	**226.4**	(20.1)
Balance at the end of the year	**(304.5)**	(530.9)
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	**1.6**	0.5
– movement in equity settled share based payment	**1.5**	1.1
Balance at the end of the year	**3.1**	1.6
NOTE 23 ACCUMULATED LOSSES		
Movement in accumulated losses		
Balance at the beginning of the year	**(5,296.0)**	(4,991.4)
Profit after tax for the period	**511.9**	131.1
Distributions paid	**(539.7)**	(435.7)
Balance at the end of the year	**(5,323.8)**	(5,296.0)
NOTE 24 CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	**839.6**	134.4
Total cash and cash equivalents	**839.6**	134.4
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax	**562.6**	137.3
Property revaluations	**(33.2)**	11.8
Share of equity accounted profits in excess of dividends/distributions	**(478.8)**	(369.9)
Deferred tax	**178.3**	166.6
Net fair value (gain)/loss on currency derivatives	**16.1**	22.1
Financing costs	**309.9**	762.4
Interest income	**(40.8)**	(64.9)
(Gain)/loss in respect of capital transactions	**114.1**	(1.4)
Decrease in working capital attributable to operating activities	**92.1**	42.9
Net cash flows from operating activities	**720.3**	706.9
NOTE 25 DISTRIBUTIONS		
(a) Final distribution paid		
7.84 cents per unit, 27% estimated tax deferred (31 December 2012: 3.30 cents per unit, 0% tax deferred)	**162.9**	73.5
	162.9	73.5

Interim distributions of 21.50 cents were paid on 30 August 2013. Final distributions were paid on 28 February 2014. The record date for the final distributions was 5pm, 13 February 2014. The Westfield Group Dividend Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP was not in operation for the distribution paid on 28 February 2014.

	31 Dec 13 $million	31 Dec 12 $million
(b) Distributions paid during the year		
Distribution in respect of the six months to 30 June 2013	**466.2**	–
Distribution in respect of the six months to 31 December 2012	**73.5**	–
Distribution in respect of the six months to 30 June 2012	**–**	279.9
Distribution in respect of the six months to 31 December 2011	**–**	155.9
	539.7	435.8

	31 Dec 13 $million	31 Dec 12 $million

NOTE 26 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	**275.1**	406.4
Due between one and five years	**778.1**	1,149.9
Due after five years	**515.2**	750.0
	1,568.4	2,306.3

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

Operating lease payables

	31 Dec 13 $million	31 Dec 12 $million
Expenditure contracted but not provided for		
Due within one year	**6.3**	6.2
Due between one and five years	**23.6**	18.1
Due after five years	**60.2**	44.8
	90.1	69.1

NOTE 27 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	**921.5**	197.5
Due between one and five years	**218.9**	–
	1,140.4	197.5

NOTE 28 CONTINGENT LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Performance guarantees	**35.5**	37.8
Special tax assessment municipal bonds	**–**	31.3
Guaranteed borrowings of associates of the Responsible Entity	**7,476.0**	5,585.8
	7,511.5	5,654.9

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

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

NOTE 29 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property Investments

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

(ii) Property and Project Management

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

(b) Development

The Westfield 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/loss 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, expenses, assets and liabilities.

The proportionate format is used by management in assessing and understanding the performance and results of operations of the Group as it allows management to observe and analyse revenue and expense results and trends on a portfolio-wide basis. Management of the Group considers that, given that the assets underlying both the consolidated and the equity accounted components of the statutory income statement are similar (that is United States shopping centres), 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 29 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2013	Operational Property investments $million	Operational Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	1,172.6	–	13.0	–	1,185.6
Property development and project management revenue	–	109.0	–	–	109.0
Property management income	–	49.4	–	–	49.4
	1,172.6	**158.4**	**13.0**	**–**	**1,344.0**
Expenses					
Property expenses, outgoings and other costs	(377.1)	–	(7.1)	–	(384.2)
Property development and project management costs	–	(86.4)	–	–	(86.4)
Property management costs	–	(25.8)	–	–	(25.8)
Overheads	(41.1)	–	(28.8)	(29.5)	(99.4)
	(418.2)	(112.2)	(35.9)	(29.5)	(595.8)
Segment result	**754.4**	**46.2**	**(22.9)**	**(29.5)**	**748.2**
Segment revaluations					
Revaluation of properties and development projects	33.2	–	–	–	33.2
Equity accounted – revaluation of properties and development projects	408.8	–	–	–	408.8
	442.0	**–**	**–**	**–**	**442.0**
Inter-segmental transactions					
Transfer of completed developments			233.0		233.0
Carrying value of developments transferred			(233.0)		(233.0)
	–	**–**	**–**	**–**	**–**
Currency gain/(loss)					11.0
Gain/(loss) in respect of capital transactions					
- asset dispositions					(36.7)
- financing costs in respect of capital transactions					(77.4)
Interest income					41.7
Financing costs					(365.6)
Tax expense					(200.6)
Non controlling interests					(50.7)
Net profit attributable to members of WAT [1]					**511.9**

[1] Net profit attributable to members of WAT was $511.9 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $50.7 million was $562.6 million.

(b) Assets and liabilities

Total segment assets	**14,403.4**	**42.6**	**717.3**	**1,163.4**	**16,326.7**
Total segment liabilities	**708.1**	**–**	**23.5**	**13,093.1**	**13,824.7**
Total segment net assets	**13,695.3**	**42.6**	**693.8**	**(11,929.7)**	**2,502.0**
Equity accounted associates included in segment assets	7,119.6	–	422.0	–	7,541.6
Equity accounted associates included in segment liabilities	109.5	–	–	1,394.0	1,503.5
Additions to segment non current assets during the year	17.2	–	238.2	–	255.4

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

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

31 December 2013	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	718.4	467.2	1,185.6
Property development and project management revenue	109.0	–	109.0
Property management income	49.4	–	49.4
	876.8	**467.2**	**1,344.0**
Expenses			
Property expenses, outgoings and other costs	(248.6)	(135.6)	(384.2)
Property development and project management costs	(86.4)	–	(86.4)
Property management costs	(25.8)	–	(25.8)
Overheads	(99.4)	–	(99.4)
	(460.2)	(135.6)	(595.8)
Segment result	**416.6**	**331.6**	**748.2**
Segment revaluations			
Revaluation of properties and development projects	33.2	–	33.2
Equity accounted – revaluation of properties and development projects	–	408.8	408.8
	33.2	**408.8**	**442.0**
Currency gain/(loss)	11.0	–	11.0
Gain/(loss) in respect of from capital transactions			
- asset dispositions	(36.7)	–	(36.7)
- financing costs in respect of capital transactions	(77.4)	–	(77.4)
Interest income	40.8	0.9	41.7
Financing costs	(309.9)	(55.7)	(365.6)
Tax expense	(200.4)	(0.2)	(200.6)
Non controlling interests	7.3	(58.0)	(50.7)
Net profit attributable to members of WAT	**(115.5)**	**627.4**	**511.9**
Cash	839.6	66.8	906.4
Shopping centre investments	5,777.5	7,003.6	12,781.1
Development projects and construction in progress	295.3	422.0	717.3
Inventories	42.7	–	42.7
Other assets	1,830.0	49.2	1,879.2
Total segment assets	**8,785.1**	**7,541.6**	**16,326.7**
Interest bearing liabilities	6,927.2	1,394.0	8,321.2
Other financial liabilities	1,358.4	–	1,358.4
Deferred tax liabilities	3,087.2	–	3,087.2
Other liabilities	948.4	109.5	1,057.9
Total segment liabilities	**12,321.2**	**1,503.5**	**13,824.7**
Total segment net assets	**(3,536.1)**	**6,038.1**	**2,502.0**

NOTE 29 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses (continued)

31 December 2012	Operational Property investments $million	Operational Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	1,230.5	–	20.8	–	1,251.3
Property development and project management revenue	–	53.8	–	–	53.8
Property management income	–	41.3	–	–	41.3
	1,230.5	**95.1**	**20.8**	**–**	**1,346.4**
Expenses					
Property expenses, outgoings and other costs	(396.9)	–	(11.4)	–	(408.3)
Property development and project management costs	–	(47.0)	–	–	(47.0)
Property management costs	–	(23.4)	–	–	(23.4)
Overheads	(36.6)	–	(37.8)	(12.6)	(87.0)
	(433.5)	(70.4)	(49.2)	(12.6)	(565.7)
Segment result	**797.0**	**24.7**	**(28.4)**	**(12.6)**	**780.7**
Segment revaluations					
Revaluation of properties and development projects	28.2	–	(40.0)	–	(11.8)
Equity accounted – revaluation of properties and development projects	316.9	–	(16.0)	–	300.9
	345.1	**–**	**(56.0)**	**–**	**289.1**
Inter-segmental transactions					
Transfer of completed developments			–		–
Carrying value of developments transferred			–		–
	–	**–**	**–**	**–**	**–**
Currency gain/(loss)					(3.4)
Gain/(loss) in respect of from capital transactions					
- asset dispositions					10.3
- financing costs in respect of capital transactions					(8.9)
Interest income					64.9
Financing costs					(805.2)
Tax expense					(190.2)
Non controlling interests					(6.2)
Net profit attributable to members of WAT [1]					**131.1**

[1] Net profit attributable to members of WAT was $131.1 million. Net profit after tax for the period which includes profit attributable to non controlling interests of $6.2 million was $137.3 million.

(b) Assets and liabilities

	Property investments	Property and project management	Development	Corporate	Total
Total segment assets	**13,316.5**	**23.4**	**629.2**	**1,616.0**	**15,585.1**
Total segment liabilities	**690.4**	**–**	**17.9**	**12,284.6**	**12,992.9**
Total segment net assets	**12,626.1**	**23.4**	**611.3**	**(10,668.6)**	**2,592.2**
Equity accounted associates included in segment assets	5,046.8	–	247.5	–	5,294.3
Equity accounted associates included in segment liabilities	69.8	–	–	851.7	921.5
Additions to segment non current assets during the year	7.3	–	604.4	–	611.7

NOTE 29 SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segmental results

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

31 December 2012	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	900.7	350.6	1,251.3
Property development and project management revenue	53.8	–	53.8
Property management income	41.3	–	41.3
	995.8	**350.6**	**1,346.4**
Expenses			
Property expenses, outgoings and other costs	(312.3)	(96.0)	(408.3)
Property development and project management costs	(47.0)	–	(47.0)
Property management costs	(23.4)	–	(23.4)
Overheads	(87.0)	–	(87.0)
	(469.7)	(96.0)	(565.7)
Segment result	**526.1**	**254.6**	**780.7**
Segment revaluations			
Revaluation of properties and development projects	(11.8)	–	(11.8)
Equity accounted – revaluation of properties and development projects	–	300.9	300.9
	(11.8)	**300.9**	**289.1**
Currency gain/(loss)	(3.4)	–	(3.4)
Gain/(loss) in respect of capital transactions			
- asset dispositions	10.3	–	10.3
- financing costs in respect of capital transactions	(8.9)	–	(8.9)
Interest income	64.9	–	64.9
Financing costs	(762.4)	(42.8)	(805.2)
Tax expense	(190.0)	(0.2)	(190.2)
Non controlling interests	37.2	(43.4)	(6.2)
Net profit attributable to members of WAT	**(338.0)**	**469.1**	**131.1**
Cash	134.4	37.4	171.8
Shopping centre investments	7,501.8	4,991.6	12,493.4
Development projects and construction in progress	381.7	247.5	629.2
Inventories	23.4	–	23.4
Other assets	2,249.5	17.8	2,267.3
Total segment assets	**10,290.8**	**5,294.3**	**15,585.1**
Interest bearing liabilities	7,228.6	851.7	8,080.3
Other financial liabilities	1,329.2	–	1,329.2
Deferred tax liabilities	2,582.2	–	2,582.2
Other liabilities	931.4	69.8	1,001.2
Total segment liabilities	**12,071.4**	**921.5**	**12,992.9**
Total segment net assets	**(1,780.6)**	**4,372.8**	**2,592.2**

NOTE 30 CAPITAL RISK MANAGEMENT

The Group seeks to manage its capital requirements to maximise value to members through the mix of debt and equity funding, while ensuring that Group entities:

- comply with capital and distribution requirements of their constitutions and/or trust deeds;
- comply with capital requirements of relevant regulatory authorities;
- maintain strong investment grade credit ratings; and
- continue to operate as going concerns.

The Group assesses the adequacy of its capital requirements, cost of capital and gearing (i.e. debt/equity mix) as part of its broader strategic plan. The Group continuously reviews its capital structure to ensure:

- sufficient funds and financing facilities, on a cost effective basis, are available to implement the Group's property development and business acquisition strategies;
- financing facilities for unforeseen contingencies are maintained; and
- distributions to members are maintained within the stated distribution policy.

The Group is able to alter its capital mix by issuing new units and hybrid units, activating its distribution reinvestment plan, electing to have the distribution reinvestment underwritten, adjusting the amount of distributions paid to members, activating a Westfield Group 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 31 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Westfield 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 Westfield 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 Westfield 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 Westfield 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 the oversight role by the Westfield 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 32 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 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	17	**929.8**	867.0
Non current interest bearing liabilities	17	**5,997.4**	6,361.6
Share of equity accounted entities' interest bearing liabilities	13(c)	**1,394.0**	851.7
Cross currency swaps			
– US$nil (31 December 2012: US$1,150.0 million)	33(i)	**–**	1,109.0
– US$760.0 million (31 December 2012: US$1,420.0 million)	33(iii)	**850.9**	1,369.3
Principal amounts subject to interest rate payable exposure		**9,172.1**	10,558.6

NOTE 32 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 $million
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	33(i), 33(iii)	**1,064.7**	3,483.8
Loans receivable from related entities	10	**783.0**	578.6
Cash	24(a)	**839.6**	134.4
Share of equity accounted entities' cash	13(c)	**66.8**	37.4
Principal amounts subject to interest rate receivable exposure		**2,754.1**	4,234.2
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**6,418.0**	6,324.4
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– US$6,470.1 million (31 December 2012: US$7,701.2 million)	32(ii)	**7,243.7**	7,426.4
Fixed rate derivatives			
– US$2,750.0 million (31 December 2012: US$3,900.0 million)	32(ii)	**3,078.8**	3,760.8
Interest rate caps			
– US$27.4 million (31 December 2012: US$nil)	32(iii)	**30.7**	–
Principal amounts on which interest rate payable exposure has been hedged		**10,353.2**	11,187.2
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	32(ii)	**950.0**	4,685.9
– US$4,100.0 million (31 December 2012: US$1,550.0 million)	32(ii)	**4,590.2**	1,494.7
Principal amounts on which interest rate receivable exposure has been hedged		**5,540.2**	6,180.6
Principal amounts on which net interest rate payable exposure has been hedged		**4,813.0**	5,006.6

At 31 December 2013, the Group has hedged 75% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 25% is exposed to floating rates on a principal payable of $1,605.0 million, at an average interest rate of 3.0%, including margin (31 December 2012: 79% hedged with floating exposure of $1,317.8 million payable at an average interest rate of 5.0% including margin). Changes to the fair value of derivatives due to interest rate movements are set out in Note 32(ii).

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%	**32.1**	26.4
	– 1.0%	**16.1**	13.2
	– 0.5%	**8.0**	6.6
	0.5%	**(8.0)**	(6.6)
	1.0%	**(16.1)**	(13.2)
	2.0%	**(32.1)**	(26.4)

NOTE 32 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
US$ payable								
31 December 2012	**–**	**–**	**–**	**–**	US$(3,900.0)	3.15%	US$(7,701.2)	5.67%
31 December 2013	**US$(2,750.0)**	**1.82%**	**US$(6,470.1)**	**5.59%**	US$(3,900.0)	3.15%	US$(7,261.0)	5.68%
31 December 2014	**US$(2,750.0)**	**1.82%**	**US$(6,463.5)**	**5.59%**	US$(2,750.0)	1.82%	US$(6,099.8)	5.79%
31 December 2015	**–**	**–**	**US$(6,341.7)**	**5.60%**	–	–	US$(5,978.2)	5.81%
31 December 2016	**–**	**–**	**US$(5,292.6)**	**5.60%**	–	–	US$(4,928.6)	5.84%
31 December 2017	**–**	**–**	**US$(5,067.2)**	**5.58%**	US$(1,000.0)	3.94%	US$(4,702.0)	5.83%
31 December 2018	**–**	**–**	**US$(3,958.1)**	**5.16%**	US$(1,000.0)	3.94%	US$(3,452.2)	5.42%
31 December 2019	**–**	**–**	**US$(2,797.8)**	**4.53%**	–	–	US$(2,291.7)	4.77%
31 December 2020	**–**	**–**	**US$(2,449.2)**	**4.20%**	–	–	US$(1,882.5)	4.32%
31 December 2021	**–**	**–**	**US$(1,446.2)**	**3.92%**	–	–	US$(789.4)	3.88%
31 December 2022	**–**	**–**	**US$(659.0)**	**3.98%**	–	–	–	–
A$ receivable								
31 December 2012	**–**	**–**	**–**	**–**	A$4,685.9	6.88%	–	–
31 December 2013	**A$950.0**	**6.36%**	**–**	**–**	A$2,449.9	7.35%	–	–
31 December 2014	**A$200.0**	**6.77%**	**–**	**–**	A$200.0	6.77%	–	–
US$ receivable								
31 December 2012	**–**	**–**	**–**	**–**	US$1,550.0	4.02%	–	–
31 December 2013	**US$4,100.0**	**3.15%**	**–**	**–**	US$4,100.0	4.00%	–	–
31 December 2014	**US$3,250.0**	**2.83%**	**–**	**–**	US$3,250.0	3.90%	–	–
31 December 2015	**US$3,250.0**	**2.83%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2016	**US$3,250.0**	**2.83%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2017	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2018	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–
31 December 2019	**US$500.0**	**3.69%**	**–**	**–**	US$500.0	3.69%	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2013, the aggregate fair value is a receivable of $227.8 million (31 December 2012: $317.6 million). The change in fair value for the year ended 31 December 2013 was $89.8 million (31 December 2012: $41.6 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%	**227.1**	125.7
	– 1.0%	**110.9**	62.3
	– 0.5%	**54.4**	31.1
	0.5%	**(53.3)**	(30.6)
	1.0%	**(105.5)**	(61.1)
	2.0%	**(205.9)**	(120.4)

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 32 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 options contracted as at the reporting date and outstanding at	**31 Dec 13 Notional principal amount million**	**31 Dec 13 Average Strike rate**	31 Dec 12 Notional principal amount million	31 Dec 12 Average Strike rate
US$ payable caps				
31 December 2013	**US$(27.4)**	**3.50%**	–	–
31 December 2014	**US$(27.4)**	**3.50%**	–	–

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 payable of $2,067 (31 December 2012: nil). The change in fair value for the year ended 31 December 2013 was $2,067 (31 December 2012: nil).

NOTE 33 EXCHANGE RATE RISK MANAGEMENT

The Group is exposed to exchange rate risk on its foreign currency earnings, its distribution, its foreign currency denominated shopping centre assets and other assets. The Group manages these exposures by entering into foreign currency derivative instruments and by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date

The Group's foreign exchange exposure at reporting date together with the foreign exchange risk management transactions which have been entered into to manage those exposures are as follows:

	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$9,921.5**	US$11,268.5
US$ borrowings		**US$(6,605.0)**	US$(7,861.7)
US$ cross currency swaps	33(i)	**–**	US$(1,150.0)
US$ denominated net assets		**US$3,316.5**	US$2,256.8

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 $million
The sensitivity of US$ 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	
	– 20 cents	**1,073.1**	520.0
	– 10 cents	**468.1**	232.3
	– 5 cents	**220.2**	110.2
	+ 5 cents	**(196.8)**	(100.1)
	+ 10 cents	**(373.8)**	(191.4)
	+ 20 cents	**(679.3)**	(351.9)

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(i) Net investment hedges of the Group's foreign currency assets and liabilities

The following table details the cross currency swaps outstanding at reporting date. These contracts have been designated and qualify as hedges of net investment of foreign operations.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 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
US$						
Contracts to receive A$ and pay US$						
31 December 2012	–	0.7667	–	–	A$1,499.9	US$(1,150.0)
31 December 2013	–	0.7667	–	–	A$1,499.9	US$(1,150.0)

These cross currency swaps are effective net investment hedges and recorded directly in the foreign currency translation reserve. At 31 December 2013, the aggregate fair value is nil (31 December 2012: a receivable of $390.9 million). The change in fair value for the year ended 31 December 2013 was $390.9 million (31 December 2012: $38.4 million).

Foreign currency sensitivity		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
	– 20 cents	–	(264.9)
	– 10 cents	–	(118.3)
	– 5 cents	–	(56.1)
	+ 5 cents	–	51.1
	+ 10 cents	–	97.6
	+ 20 cents	–	179.3

(ii) 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	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
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: $50.8 million). The change in fair value for the year ended 31 December 2013 was $28.4 million (31 December 2012: $10.5 million).

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

NOTE 33 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(iii) 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 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	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
US$						
Contracts to receive A$ and pay US$						
31 December 2012	**–**	0.7158	**–**	**–**	A$1,983.9	US$(1,420.0)
31 December 2013	**0.7138**	0.7138	**A$1,064.7**	**US$(760.0)**	A$1,064.7	US$(760.0)

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 $9.1 million (31 December 2012: $44.3 million). The change in fair value for the year ended 31 December 2013 was $35.2 million (31 December 20112 $84.3 million).

Foreign currency sensitivity	A$/US$ Currency movement	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:		Gain/(loss) to income statement	
	– 20 cents	**(0.3)**	(1.0)
	– 10 cents	**(0.1)**	(0.4)
	– 5 cents	**(0.0)**	(0.2)
	+ 5 cents	**0.1**	0.2
	+ 10 cents	**0.1**	0.4
	+ 20 cents	**0.2**	0.7

NOTE 34 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 $839.6 million (31 December 2012: $134.4 million).

At 31 December 2013, the aggregate credit risk in respect of derivative financial instruments is $305.5 million (31 December 2012: $924.9 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 54% of its aggregate credit risk spread over four counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 17.

NOTE 35 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 17) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	**(1,271.4)**	(1,234.2)
Due between one and five years	**(3,688.5)**	(3,177.6)
Due after five years	**(3,729.4)**	(4,871.4)
	(8,689.3)	(9,283.2)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(6,927.2)**	(7,228.6)
– aggregate future estimated nominal interest	**(1,762.1)**	(2,054.6)
	(8,689.3)	(9,283.2)

NOTE 35 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
Derivatives		
Maturity profile of the estimated future nominal cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**136.8**	301.0
Due between one and five years	**230.1**	642.8
Due after five years	**21.5**	18.4
	388.4	962.2

Contingent liabilities are set out in Note 28 and are not included in the amounts shown above.

NOTE 36 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 and cash equivalents	**839.6**	134.4	**839.6**	134.4
Trade debtors [(1)]	**18.2**	10.8	**18.2**	10.8
Receivables [(1)]	**1,231.0**	687.0	**1,231.0**	687.0
Other investments [(2)]	**113.8**	448.5	**113.8**	448.5
Derivative assets [(2)]	**305.5**	924.9	**305.5**	924.9
Consolidated liabilities				
Trade creditors [(1)]	**29.0**	57.3	**29.0**	57.3
Payables and other creditors [(1)]	**801.6**	665.4	**801.6**	665.4
Interest bearing liabilities [(2)]				
– Fixed rate debt	**6,643.8**	7,630.0	**5,963.3**	6,644.8
– Floating rate debt	**963.9**	583.8	**963.9**	583.8
Other financial liabilities [(2)]	**1,358.4**	1,329.2	**1,358.4**	1,329.2
Derivative liabilities [(2)]	**46.3**	132.5	**46.3**	132.5

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

(2) The financial assets and liabilities are subjected to interest rate and market risks, the basis of determining the fair value is set out in the fair value hierarchy below.

Determination of Fair Value

The Group uses the following hierarchy for determining and disclosing the fair value of a financial instrument. The valuation techniques comprise:

Level 1: the fair value is calculated using quoted (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: the fair value is estimated using inputs other than quoted prices that are observable, either directly (as prices) or indirectly (derived from prices).
Level 3: the fair value is estimated using inputs that are not based on observable market data.

	31 Dec 13 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	**113.8**	–	–	113.8
Derivative assets				
– Interest rate derivatives	**283.1**	–	283.1	–
– Currency derivatives	**22.4**	–	22.4	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**6,643.8**	–	6,643.8	–
– Floating rate debt	**963.9**	–	963.9	–
Other financial liabilities				
– Redeemable preference shares/units	**1,358.4**	–	969.2	389.2
Derivative liabilities				
– Interest rate derivatives	**46.3**	–	46.3	–

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

NOTE 36 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

	31 Dec 12 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Unlisted investment	448.5	–	–	448.5
Derivative assets				
– Interest rate derivatives	472.2	–	472.2	–
– Currency derivatives	452.7	–	452.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	7,630.0	–	7,630.0	–
– Floating rate debt	583.8	–	583.8	–
Other financial liabilities				
– Redeemable preference shares/units	1,329.2	–	1,014.3	314.9
Derivative liabilities				
– Interest rate derivatives	110.3	–	110.3	–
– Currency derivatives	22.2	–	22.2	–

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

	Unlisted investments [1] **31 Dec 13 $million**	**Redeemable preference shares/units** [2] **31 Dec 13 $million**	Unlisted investments [1] 31 Dec 12 $million	Redeemable preference shares/units [2] 31 Dec 12 $million
Level 3 fair value movement				
Balance at the beginning of the year	**448.5**	**314.9**	409.9	495.6
Additions	**63.5**	**–**	46.6	–
Disposals	**(439.0)**	**–**	–	(187.9)
Net revaluation increment to income statement	**–**	**41.8**	–	16.8
Retranslation of foreign operations	**40.8**	**32.5**	(8.0)	(9.6)
Balance at the end of the year	**113.8**	**389.2**	448.5	314.9

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

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

NOTE 37 PARENT ENTITY

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

	31 Dec 13 $million	31 Dec 12 $million
(a) Assets		
Current assets	**566.2**	124.7
Non current assets	**5,538.0**	5,249.3
Total assets	**6,104.2**	5,374.0
(b) Liabilities		
Current liabilities	**948.4**	529.8
Non current liabilities	**533.1**	493.4
Total liabilities	**1,481.5**	1,023.2
(c) Total equity		
Contributed equity	**7,419.1**	7,740.6
Accumulated losses	**(2,796.4)**	(3,389.8)
Total equity	**4,622.7**	4,350.8
(d) Comprehensive income		
Profit after tax for the period	**1,133.1**	175.8
Other comprehensive income	**–**	–
Total comprehensive income for the period	**1,133.1**	175.8
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**4,982.1**	5,108.0
Guaranteed borrowings of associates of the Responsible Entity	**7,476.0**	5,585.8
	12,458.1	10,693.8

NOTE 38 AUDITOR'S REMUNERATION

	31 Dec 13 $000	31 Dec 12 $000
Amounts received or due and receivable by the auditors of the Parent Entity and any other entity in the Group for:		
– Audit or review of the financial reports	**292**	287
	292	287
Amounts received or due and receivable by affiliates of the auditors of the Parent Entity for:		
– Audit or review of the financial reports	**2,584**	2,277
– Assurance and compliance services	**8**	–
– Taxation advice and compliance	**487**	221
	3,079	2,498
	3,371	2,785

NOTE 39 RELATED PARTY DISCLOSURES

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

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

(a) Nature of relationship with related parties

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 40.

Other Related Parties

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 Westfield Group. This is due to LFG being under the control or significant influence of certain Directors of the Westfield 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 Westfield Group. This is due to this entity being under the control or significant influence of certain Directors of the Westfield 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

Remuneration of Key Management Personnel is disclosed in Note 40.

Transactions with Other Related Parties

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

The Westfield 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 Westfield Group and LFG have entered into an aircraft interchange agreement, whereby the Westfield 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 Westfield Group's aircraft which was offset by the Westfield 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 Westfield Group and LFG in relation to the use of the Westfield Group's aircraft by LFG and use of LFG's aircraft by the Westfield Group. These arrangements, including rates, are at arm's length.

The Westfield 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 Westfield 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 Westfield Group charged LFG $1,251,785 (31 December 2012: $817,834) in relation to the provision of aircrew, aircraft maintenance, and the use of the hangar facility, which amounts were payable on seven day terms. During the financial year, the Westfield Group did not incur any charges for use of aircraft crew employed by LFG (31 December 2012: $122,864).

LFG subleased premises from the Westfield 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 Westfield 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 Westfield Group's 50% share of rental for the Westfield Sydney lease was $831,113 (31 December 2012: $743,503).

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

During the financial year, the Westfield Group did not provide design and construction services to The Lowy Institute. During the previous financial year ended 31 December 2012, the Westfield 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 Westfield 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 Westfield 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 Westfield Group provided security services to certain Directors necessary for them to fulfil their responsibilities.

At year end the following amounts were recorded in the Westfield 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.

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

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

(a) Manager's service charges;

(b) Reimbursement of expenses;

(c) Construction contracts; and

(d) Loans and financial derivatives.

The Responsible Entity management fee for the year ended 31 December 2013 was $2.8 million (31 December 2012: $4.6 million) of which nil was payable at 31 December 2013 (31 December 2012: nil).

During the year, the Group paid to a subsidiary of WHL $16.4 million in respect of corporate service fees of which no amount was payable at 31 December 2013.

NOTE 39 RELATED PARTY DISCLOSURES (CONTINUED)

(b) Transactions and their terms and conditions with related parties (continued)

Cross currency swaps with WT

WAT and WT have entered into the following cross currency swaps with terms, interest and principal amounts as follows:

(a) WAT paid to WT, on a semi-annual basis, a commercial fixed rate on a principal of US$550.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commercial fixed rate on a principal of A$737.2 million. The cross currency swap started in November 2004 and was terminated during the year.

(b) WAT paid to WT, on a semi-annual basis, a commercial fixed rate on a principal of US$600.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commercial fixed rate on a principal of A$762.7 million. The cross currency swap started in June 2009 and was terminated during the year.

The interest income for the year in respect of cross currency swaps with WT was $24.3 million (31 December 2012: $58.5 million). The net foreign currency loss of $146.7 million in respect of the cross currency swap principals was recorded in the foreign currency translation reserve (31 December 2012: net gain of $25.4 million).

Foreign currency contracts with WT

WAT and WT entered into foreign currency contracts in 2013. WAT paid net US$5.5 million to WT in exchange for WT paying net A$8.1 million to WAT. The foreign currency contracts matured during the year and the net loss from the contracts was $0.4 million.

Foreign currency contracts with WHL entities

WAT and a WHL entity entered into foreign currency contracts in 2013. WAT paid net US$3.8 million to the WHL entity in exchange for the WHL entity paying net A$4.5 million to WAT. The foreign currency contracts matured during the year and the net gain from the contracts was $23,241.

Loans to/from WT

During the year, WAT had a US$ interest bearing loan to WT. The balance of this loan at year end is a receivable of A$783.0 million (31 December 2012: nil). Interest accrued on this loan based on a fixed rate. The interest income for the year in respect of the loan to WT was $1.1 million (31 December 2012: $1.6 million).

During the year, WAT had A$ interest bearing loans from WT. The balance of these loans at year end is a payable of $926.4 million (31 December 2012: $499.2 million), with accrued interest payable of $0.2 million (31 December 2012: $0.4 million). Interest accrues on these loans based on a floating rate. The interest expense for the year in respect of the loans from WT was $28.7 million (31 December 2012: $11.9 million).

In 2012, WAT had a US$ interest bearing loan from WT. The balance of this loan was repaid as at 31 December 2012. The interest expense in respect of the loan from WT for the period ended 31 December 2012 was $64,670.

Loans to Westfield UK Finance Limited (WUKFIN)

During the year, WAT had a US$ interest bearing loan to WUKFIN. The balance of this loan was repaid at year end (31 December 2012: a receivable of $578.6 million). The interest income for the year in respect of the loan to WUKFIN was $6.1 million (31 December 2012: $0.3 million).

Non controlling interests in WEA to WHL

In February 2009 WEA issued common shares to WHL entities for $352.6 million of consideration. The discount on the issue of common shares resulted in a reallocation of $315.4 million of Westfield Group net assets to the WHL entities. The WHL entities' investment in WEA is being accounted for as non controlling interests. The WHL entities' share of the after tax profit for the year was $50.7 million (31 December 2012: $6.2 million).

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

The Group forms part of the Westfield Group. The Responsible Entity does not have any employees. Key Management Personnel (KMP) of the Group are paid by the Group and related entities within the Westfield Group.

As the Group forms part of the Westfield Group the discussion under this note relates to the Westfield Group and the Westfield Group's remuneration policies and practices.

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 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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

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 4.

3 Corporate Performance

Full details of the Westfield Group's various financial and operating achievements are contained in section 1 of the Westfield Group Directors' Report.

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

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

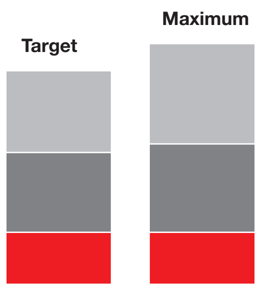
The Group's remuneration practices are regularly benchmarked against its competitors in all markets. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

Key Performance Indicator	Weighting (%)			Performance Assessment	Commentary
	Co-CEOs	CFO	MD, Aus, US & NZ		
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.	20	15	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.
	Co-CEOs	CFO	MD, Aus, US & NZ		
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.	15	15	25	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%.
	Co-CEOs	CFO	MD, Aus, US & NZ		
3. Capital Management and Structure In addition to continuing the buy-back program initiated in 2012 (see section 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	15	20	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).
	Co-CEOs	CFO	MD, Aus, US & NZ		
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.	15	25	20	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
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.	**Co-CEOs** 10	**CFO** 20	**MD, Aus, US & NZ** –	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.	**Co-CEOs** 10	**CFO** –	**MD, Aus, US & NZ** 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.	**Co-CEOs** 10	**CFO** –	**MD, Aus, US & NZ** –	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.	**Co-CEOs** 5	**CFO** 5	**MD, Aus, US & NZ** 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%)

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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(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 the Appendix to this Note.

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 Notes, 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".

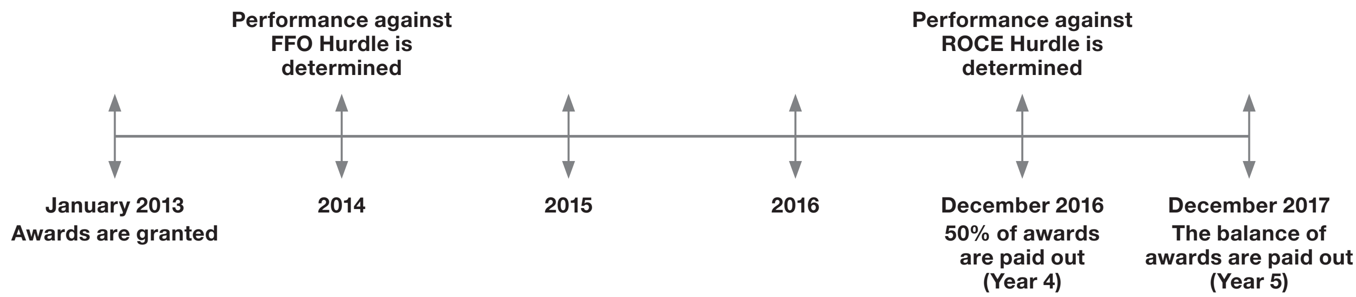
For the purposes of this Report (including the vesting tables for the PIR and PIP Plans in section 1.4 of the Appendix), the level of vesting is measured against both the Target LTI and the Maximum LTI for each year. As a further example, the table below which relates to performance against the FFO hurdle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

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 Note 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 Note, 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.

5 Remuneration of the Key Management Personnel

For the purposes of this note, 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

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 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 4.

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 6.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 4 as above).

(3) Comprising annual leave entitlements.

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

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 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 4 as above).

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

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

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 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 for details of awards held by Mr Allen under the Equity Linked Plans.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

5.3 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 (2012: Target level – 80%).
- Details of the Mr Jordan's Service Agreement with the Group, including termination entitlements are set out in section 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]	1,400,000	1,400,000	1,300,000	1,200,000	1,200,000
Fixed					
– Cash bonus	1,400,000[3]	1,400,000	1,300,000	1,200,000	1,200,000
Project Bonus	–	–	1,150,000[4]	–	–
At risk					
– Other short term employee benefits [5]	(19,741)	66,108	68,936	(19,033)	(3,078)
Fixed					
– 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 for details of awards held by Mr Jordan under the Equity Linked Plans.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

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 Westfield Group 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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8 Definitions

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

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 Note is Robert Jordan (Managing Director – Australia, United States & New Zealand). 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 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 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 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 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 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 4 for a discussion of the relationship between Target LTI and Maximum LTI.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

APPENDICES TO REMUNERATION NOTE

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 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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(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
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 the United States, the issuer of rights under the EPR Plan is Westfield LLC.

(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
Robert Jordan	1 Jan 2011	59,193	16 Dec 2013 [4]	59,193	497,813	N/A	N/A

(1) In the United States, the issuer of awards under the EDA Plan is Westfield LLC.

(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 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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

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 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		
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 the United States, the issuer of rights under the PIR Plan is Westfield LLC.

(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 4(c) of this Note.

(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 4 of the Note.

(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 4 of this Note.

(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 and Mr Jordan was $754,225.

(10) In 2010 and 2011, Mr Allen 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.

NOTE 40 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(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		
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 the United States, the issuer of awards under the PIP Plan is Westfield LLC.

(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 4(c) of this Note.

(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 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.

NOTE 41 SIGNIFICANT TRANSACTIONS

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%). 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.

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.

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 42 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 Westfield 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 Westfield 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 Westfield 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.

Westfield Group 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 43 SUBSEQUENT EVENTS

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

NOTE 44 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	**31 Dec 13 – Interest** Beneficial* Parent Entity %	**31 Dec 13 – Interest** Consolidated or Equity accounted %	31 Dec 12 – Interest Beneficial* Parent Entity %	31 Dec 12 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield America Trust				
Consolidated Controlled Entities				
WFA Finance (Aust) Pty Limited	**100.0**	**100.0**	100.0	100.0
ENTITIES INCORPORATED IN UNITED STATES				
Consolidated Controlled Entities				
Head Acquisition, LP	**100.0**	**100.0**	100.0	100.0
Urban Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
WCI Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Finance, LLC	**100.0**	**100.0**	100.0	100.0
WEA Valley Fair UTC, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, LP	**100.0**	**100.0**	100.0	100.0
Westfield America Shopping Centers, LP	**100.0**	**100.0**	100.0	100.0
Westfield America, Inc	**100.0**	**100.0**	100.0	100.0
Westfield Development, Inc.	**100.0**	**100.0**	100.0	100.0
Westfield Garden State, LLC	**100.0**	**100.0**	100.0	100.0
Westfield Growth, LP	**100.0**	**100.0**	100.0	100.0
Westfield Head, LP	**100.0**	**100.0**	100.0	100.0
Westfield, LLC	**100.0**	**100.0**	100.0	100.0
Westfield U.S. Holdings, LLC	**100.0**	**100.0**	100.0	100.0

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

Directors' Declaration

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

(a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including 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 18 March 2014 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Brian Schwartz AM
Director

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Independent auditor's report to the members of Westfield America Trust

Report on the financial report

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

Directors' responsibility for the financial report

The directors of Westfield America Management Limited, the Responsible Entity of the Trust, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, 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 Westfield America Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

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

Ernst & Young

Graham Ezzy

Ernst & Young

Graham Ezzy
Partner

Sydney, 18 March 2014

Liability limited by a scheme approved under Professional Standards Legislation.

The Directors of Westfield America Management Limited (Responsible Entity), the responsible entity of Westfield America Trust (Trust) submit the following report for the year ended 31 December 2013 (Financial Year).

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

1. Operations and Activities

1.1 Review of Operations and Results of Operations

The Group reported a net profit (attributable to members of the Trust) of $511.9 million and a distribution of $629.1 million for the Financial Year. Basic earnings per unit is 23.61 cents and the distribution per unit is 29.34 cents.

As at 31 December 2013, the Group had a $13.5 billion (consolidated properties of $6.1 billion and share of equity accounted properties of $7.4 billion) interest in 38 shopping centres in the United States, comprising 6,747 retail outlets and approximately 4.3 million square metres of retail space.

The Group contributed net property income of $801.4 million for the Financial Year with comparable mall income growth of 4.7%.

Specialty retail sales in respect of the Group's 38 shopping centres totalled US$5.7 billion, up 5.7% for the Financial Year (on a comparable basis).

At 31 December 2013, the portfolio of 38 shopping centres was 94.5% leased. New leases totalling 2.2 million square feet were completed during the Financial Year. The average specialty store rent across the portfolio at 31 December 2013 was US$73.95 per square foot, up 3.8% for the Financial Year (on a comparable basis).

During the Financial Year, the Group commenced work on US$250 million (Group's share: US$125 million) of new projects including the redevelopement at Westfield Garden State Plaza in New Jersey, and the redevelopment at Westfield Montgomery in Maryland.

Currently, US$2.0 billion (Group's share: US$1.9 billion) of projects are under construction including the development of the World Trade Centre retail precinct.

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

The Trust is part of the Westfield Group which is a triple stapled entity. The Westfield Group operates as a single coordinated economic entity.

During the Financial Year, the Westfield Group successfully completed the on-market buy-back of the Westfield Group's securities. Since its commencement in 2012 to the date of this report, 231 million securities were purchased.

A detailed operating and financial review for the Westfield Group are described in the Directors' Report in the Westfield Group Annual Financial Report which is available at www.westfield.com/corporate.

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 Westfield 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 Westfield 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.

In the event that the proposed restructure proceeds, Westfield America Trust will form part of Westfield Corporation.

1.2 Principal Activities

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

1.3 Subsequent Events

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

1.4 Future Developments

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

1.5 Sustainability

Environmental laws and regulations in force in the various jurisdictions in which the Westfield Group operates are applicable to areas of the Westfield Group's operations and in particular to its development, construction and shopping centre management activities.
The Westfield 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 Westfield Group Sustainability Report is available at www.westfield.com/corporate.

2. Distributions

For the six months ended 31 December 2012, the Trust distribution of 3.30 cents per ordinary unit formed part of the distribution of 24.75 cents per ordinary WDC stapled security paid on 28 February 2013. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

For the six months ended 30 June 2013, the Trust distribution of 21.50 cents per ordinary unit formed part of the distribution of 25.50 cents per ordinary WDC stapled security paid on 30 August 2013. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

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

Directors' Report (continued)

3. The Directors

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

Frank Lowy AC	Chairman
Brian Schwartz AM	Deputy Chairman / Lead Independent Director
Peter Allen	Group Chief Financial Officer / Executive Director
Ilana Atlas	Non—Executive Director
Roy Furman	Non—Executive Director
Peter Goldsmith QC PC	Non—Executive Director
Fred Hilmer AO	Non—Executive Director (retired 29 May 2013)
Stephen Johns	Non—Executive Director (retired 29 May 2013)
Mark G Johnson	Non—Executive Director (appointed 29 May 2013)
Mark R Johnson AO	Non—Executive Director
Peter Lowy	Co—Chief Executive Officer / Executive Director
Steven Lowy AM	Co—Chief Executive Officer / Executive Director
John McFarlane	Non—Executive Director
Judith Sloan	Non—Executive Director

Biographies of the Directors can be found in the 2013 Westfield Group Annual Financial Report.

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

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 units in the Trust or stapled securities in the Westfield Group. No options over any issued or unissued units in the Trust or stapled securities in the Westfield Group have been issued to the Directors. None of the Directors hold debentures of the Westfield Group.

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

4. Options and Unissued Interests

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

5. Indemnities and Insurance Premiums

No insurance premiums were paid during or since the end of the Financial Year out of the assets of the Trust in regards to insurance cover provided to the Responsible Entity or the auditor of the Trust. So long as the Responsible Entity acts in accordance with the Constitution and the Corporations Act, it remains indemnified out of the assets of the Trust against any losses incurred while acting as Responsible Entity. The auditors of the Trust are in no way indemnified out of the assets of the Trust.

6. Special Rules for Registered Schemes

- $2.8 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- Associates of the Responsible Entity held 18,518,975 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out in Note 20 on page 20.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 12 and 13 on pages 9, 14 and 15 respectively.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 20 on page 20.

7. Audit

7.1 Audit and Risk Committee

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

7.2 Auditor's Independence Declaration

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Building a better working world

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

In relation to our audit of the financial report of Westfield America Trust for the financial 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, 18 March 2014

Liability limited by a scheme approved under Professional Standards Legislation.

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

Brian Schwartz AM
Director

18 March 2014

Corporate Governance Statement

The Corporate Governance Statement for Westfield America Trust for the financial year ended 31 December 2013 has been incorporated into the Corporate Governance Statement prepared for the Westfield Group. This Statement can be found in the 2013 Westfield Group Annual Financial Report. The Westfield Group's Annual Financial Report is available on the westfield.com/corporate website.

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 Westfield 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 Westfield 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 Westfield Holdings Limited, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

The names of the Westfield 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 Westfield 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