27 February 2013

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

Dear Sir/Madam

WESTFIELD GROUP (ASX:WDC)
FULL YEAR RESULTS FOR YEAR ENDED 31 DECEMBER 2012

Please find attached the following in relation to the Westfield Group for the year ended 31 December 2012:

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

2. Media Release; and

3. 2012 Annual Financial Report for the Westfield Group.

Yours faithfully
WESTFIELD GROUP

Simon Tuxen
Company Secretary

Encl.

Westfield Group[1] : Appendix 4E

Annual Financial Report for the financial year ended 31 December 2012 [2]
(previous corresponding period being the financial year ended 31 December 2011)

Results for Announcement to the Market

Profit after Tax

	Financial year 31-Dec-12 A$m	Prior year 31-Dec-11 A$m	Increase/ (Decrease)
Revenue	2,277.8	4,006.0	(43.1%)
Net profit after tax attributable to members of the Westfield Group	1,718.1	1,452.9	18.3%
Earnings per stapled security (cents)	75.79	63.08	20.1%

Distributions

	Cents per Westfield Group stapled security
Dividend/distributions for the year ended 31 December 2012	**49.50**
Interim dividend/distributions paid on 31 August 2012 comprising:	**24.75**
- distribution in respect of a WT unit	12.37
- distribution in respect of a WAT unit	12.38
Final dividend/distributions to be paid on 28 February 2013 comprising:	**24.75**
- distribution in respect of a WT unit	21.45
- distribution in respect of a WAT unit	3.30

The aggregate full year distributions in respect of WT and WAT units are expected to be approximately 10% tax deferred (WT: 15% tax deferred, WAT: 0% tax deferred). The 85% taxable amount in respect of WT's distributions include discount capital gains of $158 million or 21% ($316 million or 42% before CGT discount) of the aggregate full year WT cash distributions.
The record date for determining entitlements to the final dividend/distribution was 5pm, 14 February 2013 and the distribution will be paid on 28 February 2013. The distribution reinvestment plan is not operational for this distribution.

Additional information

The annual general meeting will be held on 29 May 2013. Commentary on the results is contained in the attached Annual Financial Report and the results presentation released to the ASX. The remainder of the information requiring disclosure to comply with listing rule 4.3A is contained in the attached Annual Financial Report which includes the audited consolidated financial report.

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

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

Westfield

27 February 2013

WESTFIELD GROUP REPORTS FULL YEAR PROFIT OF $1.7 BILLION, UP 18% ON PRIOR YEAR

MEDIA RELEASE

The Westfield Group (ASX:WDC) today announced its full year results to 31 December 2012 with AIFRS net profit of $1.72bn, up 18.3% on the prior year.

Funds from Operations (FFO) were $1.47bn representing 65.0 cents per security, up 0.3% on the prior year and in line with forecast.

Westfield Group Co-CEOs, Peter Lowy and Steven Lowy AM said: “This has been a significant year for the Group as we continued to position WDC to generate greater shareholder value.

“The performance for the year has been very good and in line with expectations.”

Earnings before Interest and Tax was $2.12bn, up 3% on the prior year. Return on Contributed Equity was 11.4% for the year.

Net property income was $2.02bn, in line with the previous year and up 7% adjusted for divestments.

Management fee income was $128m, up 12% and project income was $194m, up 31%, with these two income streams now representing approximately 22% of FFO, up from 17.5% in the prior year.

Distribution for the 12 months was $1.11bn or 49.5 cents per security, an increase of 2.3%.

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

“We actively manage our capital position with a focus on enhancing our return on contributed equity,” the Co-CEOs said.

During the year, WDC completed a number of strategic transactions including $4.1bn of divestments, $300m of acquisitions and invested $800m in development activities. WDC has to date purchased 81m securities for $774m under its on-market buyback program.

WDC’s assets under management are $64.4bn, a $2.1bn increase on the prior year.

Over $1.4bn of new projects commenced in 2012, including Westfield World Trade Center retail development in New York. The identified pipeline of development work has increased by $1bn to approximately $12bn (WDC share $5bn). This pipeline includes landmark developments at Milan and at Croydon in south London together with the expansion of Westfield London, and the redevelopments of Century City and Valley Fair in California and Miranda in Sydney.

During the year, WDC raised and extended $3.9bn of debt facilities. At 31 December 2012, WDC had total assets of $35.9bn, a gearing ratio of 32.5% and available liquidity of $6.0bn.

Outlook

The Group expects to achieve FFO for the 2013 year of 66.5 cents per security. This takes into account the full year impact of the divestments completed during 2012 and is prior to the buyback of any additional WDC securities. It assumes no material change in foreign currency exchange rates.

Distribution for the 2013 year is forecast to be 51.0 cents per security, up 3% from 2012.

WDC's on-market buyback program has been extended for 12 months.

"We have confidence in the Group's business model and opportunities for growth. We are focussed on remaining at the forefront of our industry as we continue to improve the quality of our portfolio through our $12bn development pipeline together with acquisition opportunities in existing and new markets. We also plan to continue redeploying capital from further joint ventures and non-core asset disposals," the Co-CEOs said.

Operating Performance

WDC's global portfolio comprises 105 shopping centres in 5 countries with over 22,800 retail shops, 1.1bn annual customer visits and over $40bn in annual retail sales.

For the 12 months, comparable property net operating income for the Group was up 3.3% on the prior year with the United States up 4.2%, Australia / New Zealand up 2.9% and United Kingdom up 0.4%.

"Our operating performance for the year saw continuing high levels of occupancy, growth in average rents and comparable specialty sales growth in each market.

"The United States performance in the 2nd half of the year was strong with comparable NOI up 6.0% and resulting in the performance for the year exceeding the upper end of our forecast range. A significant component of this performance was the record number of shops we opened in the United States during the year," Steven Lowy said.

The global portfolio at 31 December 2012 was 97.8% leased, up 30 basis points on the prior year. In the United States the portfolio was 94.4% leased, up 130 basis points, the United Kingdom up 50 basis points to 99.5%, Brazil at 93.3% and the Australian / New Zealand portfolio remaining over 99.5% leased.

WDC's global portfolio achieved specialty sales productivity of US$701 per square foot, for the 12 months to 31 December 2012, up 3.0% on the prior year. Comparable specialty retail sales were up 6.3% in the United States, up 0.5% in Australia, up 0.1% in New Zealand and up 12.8% in Brazil for the 12 month period.

"In Australia, whilst retail conditions have been subdued for most of the year the business has performed well. Sales productivity of specialty stores remains high at $9,887 per square metre and we continue to see demand for space from both domestic and international retailers.

"In the United Kingdom, the Group's two world class centres in London attracted over 70 million customer visits during the year spending more than £1.9bn. A highlight was the outstanding performance of Stratford City and its interaction with the London 2012 Olympics demonstrating our capacity, expertise and brand to a global audience," Steven Lowy said.

MEDIA RELEASE

WestfieldLabs:

The Group continued to evolve its digital business strategy to utilise technology to better connect retailers and consumers. During the year, WDC launched WestfieldLabs, its digital business group based in San Francisco.

WestfieldLabs is focussed on utilising WDC's global position to innovate and develop the technological platform and infrastructure necessary to converge the digital shopper with the physical world. These initiatives include implementing digital technology in our carparks, concierge and lifestyle services and efficient delivery channels for retailers.

Development Activity:

During the year, the $1.2bn development of Westfield Sydney was completed. The centre generates the highest specialty sales productivity across WDC's global portfolio.

The Group successfully opened the $310m redevelopment of Carindale in Brisbane, the $340m redevelopment of Fountain Gate in Melbourne, the US$180m redevelopment of UTC in San Diego and US$370m of other projects at 9 United States centres.

"The expansion of Carindale and Fountain Gate positions these centres in the top 5 of our Australian portfolio and amongst our top 10 performing centres globally," Steven Lowy said.

WDC's joint venture operations in Brazil opened its development at Continente Park in Florianopolis, with the centre trading in line with expectations since opening.

"We entered the Brazil market 18 months ago with an investment in an operating joint venture of 5 assets. This was our first step in a developing market, through an investment representing less than 1% of our portfolio. Our aim is to better understand the opportunities in this region and the appropriate operating structure for our investment in the longer term."

For 2013, the Group expects to commence between $1.25bn and $1.5bn of new developments (WDC share $300m - $500m). Developments are anticipated to commence at Miranda in Sydney, Mt Gravatt in Brisbane and at Bradford in the United Kingdom, with works having commenced on the US$150m redevelopment at Garden State Plaza in New Jersey and the US$90m redevelopment at Montgomery in Maryland.

ENDS

The Westfield Group (ASX Code: WDC) is an internally managed, vertically integrated, shopping centre group undertaking ownership, development, design, construction, funds/asset management, property management, leasing and marketing activities and employing around 3,800 staff worldwide. The Westfield Group has interests in and operates one of the world's largest shopping centre portfolios with investment interests in 105 shopping centres across Australia, the United States, the United Kingdom, New Zealand and Brazil, encompassing over 22,800 retail outlets and total assets under management of A$64.4bn.

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

MEDIA RELEASE

Westfield Group
Annual Financial Report
31 December 2012

Westfield Holdings Limited ABN 66 001 671 496

Annual Financial Report

WESTFIELD GROUP [(1)]

For the financial year ended 31 December 2012

Contents

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

Directors' Report

The Directors of Westfield Holdings Limited (Company) submit the following report for the period from 1 January 2012 to 31 December 2012 (Financial Year).

1. OPERATIONS AND ACTIVITIES

1.1 Review of Operations and Results of Operations

We are pleased to report on the performance of the Group in what has been a significant year as we continued to position the Group to generate greater shareholder value.

The 2012 results saw the Group achieve a net profit of $1.72 billion up 18.3% on the 2011 year. The performance for the year has been very good and in line with expectations.

Funds from Operations (FFO) were $1.47 billion representing 65.0 cents per security, up 0.3% on the prior year and in line with forecast. Adjusting for divestments and securities buyback during the year, FFO was up 6.0%.

Earnings before Interest and Tax was $2.12 billion, up 3% on the prior year. Return on Contributed Equity was 11.4% for the year.

Net property income was $2.02 billion, in line with the previous year and up 7% adjusted for divestments.

Management fee income was $128 million, up 12% and project income was $194 million, up 31%, with these two income streams now representing approximately 22% of FFO, up from 17.5% in the prior year.

Distribution for the 12 months was $1.11 billion or 49.5 cents per security, an increase of 2.3%.

During the year, the Group completed a number of strategic transactions including $4.1 billion of divestments, $300 million of acquisitions and invested $800 million in development activities. The Group has to date purchased 81 million securities for $774 million under its on-market buyback program.

The Westfield Group's assets under management are $64.4 billion, a $2.1 billion increase on the prior year.

Over $1.4 billion of new projects commenced in 2012, including Westfield World Trade Center retail development in New York. The identified pipeline of development work has increased by $1 billion to approximately $12 billion (WDC share $5 billion). This pipeline includes landmark developments at Milan and at Croydon in south London together with the expansion of Westfield London, and the redevelopments of Century City and Valley Fair in California and Miranda in Sydney.

During the year, the Group raised and extended $3.9 billion of debt facilities. This included the £450 million 10 year public bond issuance in the United Kingdom and the US$500 million 10 year notes in the US 144A debt market.

At 31 December 2012, the Group had total assets of $35.9 billion, a gearing ratio of 32.5% and available liquidity of $6.0 billion.

Operating Environment

The Group's global portfolio comprises 105 shopping centres in 5 countries with over 22,800 retail shops, 1.1 billion annual customer visits and over $40 billion in annual retail sales.

For the 12 months, comparable property net operating income (NOI) for the Group was up 3.3% on the prior year with the United States up 4.2%, Australia/New Zealand up 2.9% and United Kingdom up 0.4%.

The Group's operating performance for the year saw continuing high levels of occupancy, growth in average rents and comparable specialty sales growth in each market all with a serious focus on expense management. This year overheads reduced by 3% and we will continue to focus on overhead savings in 2013.

The United States performance in the 2nd half of the year was strong with comparable NOI up 6.0% and resulting in the performance for the year exceeding the upper end of our forecast range. A significant component of this performance was the record number of shops we opened in the United States during the year.

The global portfolio at 31 December 2012 was 97.8% leased, up 30 basis points on the prior year. In the United States the portfolio was 94.4% leased, up 130 basis points, the United Kingdom up 50 basis points to 99.5%, Brazil at 93.3% and the Australian/New Zealand portfolio remaining over 99.5% leased.

The level of bad debts and arrears across the Group for the 12 months remained low and in line with previous years.

The Group's global portfolio achieved specialty sales productivity of US$701 per square foot, for the 12 months to 31 December 2012, up 3.0% on the prior year. Comparable specialty retail sales were up 6.3% in the United States, up 0.5% in Australia, up 0.1% in New Zealand and up 12.8% in Brazil for the 12 month period.

United States

In the United States specialty retail sales growth momentum continued, now at US$485 per square foot (psf), the highest level of sales productivity for the United States portfolio and reflective of its improved quality. Sales growth has been across all categories and regions with our higher quality centres continuing to outperform.

During the year, over 1,600 deals were executed. This represents 3.7 million square feet, with total rent for new specialty shop leases up 8.4% over expiring rents. At year end average specialty rent was US$63.56 psf, up 2.3% for the 12 months.

Australia and New Zealand

In Australia, whilst retail conditions have been subdued for most of the year the business has performed well. Sales productivity of specialty shops remains high at $9,887 per square metre and we continue to see demand for space from both domestic and international retailers.

Average specialty rent during the year for the Australian/New Zealand portfolio grew by 2.5% with average rent in Australia now at $1,521 per square metre (psm) and New Zealand at NZ$1,123 psm. In Australia, for the 12 months over 2,400 leasing deals were completed. Excluding projects, this represented 15.6% of specialty area, and were completed at rents 2.5% lower than expiring rents, in line with the level reported for the 1st half of the year.

United Kingdom

In the United Kingdom, the Group's two world class centres in London attracted over 70 million customer visits during the year spending more than £1.9 billion. A highlight was the outstanding performance of Stratford City which achieved sales of £940 million in its first full year of trade and the centre's proximity and interaction with the London 2012 Olympics, demonstrating our capacity, expertise and brand to a global audience.

WestfieldLabs

The Group continued to evolve its digital business strategy to utilise technology to better connect retailers and consumers. During the year, the Group launched WestfieldLabs, its digital business group based in San Francisco.

WestfieldLabs is focussed on utilising the Westfield Group's global position to innovate and develop the technological platform and infrastructure necessary to converge the digital shopper with the physical world. These initiatives include implementing digital technology in our carparks, concierge and lifestyle services and efficient delivery channels for retailers.

1.2 Principal Activities

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

1.3 Subsequent Events

Since the end of the financial year the Group has:

(a) Acquired a 50% interest in the £115.0 million Centrale shopping centre from Hammerson. The Group and Hammerson intend to redevelop and combine the two main Croydon shopping centres (the Whitgift Centre and Centrale). The mixed use scheme of around 200,000 sq m will include retail, leisure, residential with the potential for hotels and offices.

(b) Bought back and cancelled 375,581 stapled securities. There are 2,222,158,356 stapled securities on issue following the cancellation.

1.4 Future Developments, Business Strategy and Prospects

Development Activities

Our development program for the year is a key highlight as we continually strive to grow and improve our assets.

In Australia, we completed the $1.2 billion development of Westfield Sydney with the centre generating the highest specialty sales productivity in the Group's global portfolio. Westfield Sydney has changed the face of retailing in downtown Sydney, with its mix of domestic and international luxury retailers and the premium dining precinct.

The Group successfully opened the $310 million redevelopment of Carindale in Brisbane and the $340 million redevelopment of Fountain Gate in Melbourne. The expansion of Carindale and Fountain Gate positions these centres in the top 5 of our Australian portfolio and amongst our top 10 performing centres globally.

In the US the US$180 million redevelopment at UTC in San Diego opened in November and we have also made good progress during the year on our refurbishment program, completing US$370 million of projects at 9 United States centres, with a focus on adding a diverse range of products, services, discounters and food to our malls.

Part of our program in the United States has included the reconfiguration of around 2.8 million square feet of department store sites that were acquired several years ago. The emphasis of the program has been to continue to broaden the range of goods and services provided. This has seen the introduction of retailers such as Nordstrom Rack, Target, TJ Maxx, Wal-Mart, Best Buy, Forever 21 as well as a number of grocers, gyms, cinemas and most recently Costco.

The integration of Costco into a mall format is a ground breaking initiative. Our first opening at Sarasota in Florida is soon to be followed by an opening at Wheaton in Maryland and a third store planned at West Valley in Los Angeles. We are pleased how well customers have embraced the integration of food with fashion, leisure and entertainment and are excited by the success of this format.

The Group's joint venture operations in Brazil opened its development at Continente Park in Florianopolis, with the centre trading in line with expectations since opening.

We entered the Brazil market 18 months ago with an investment in an operating joint venture of 5 assets. This was our first step in a developing market, through an investment representing less than 1% of our portfolio. Our aim is to better understand the opportunities in this region and the appropriate operating structure for our investment in the longer term.

The Group currently has $1.4 billion of projects under construction with the Group's share being $1.0 billion, of which $300 million has been invested to date. During the year works commenced at Westfield World Trade Center, the US$80 million redevelopment of South Shore in New York, the $95 million redevelopment of West Lakes in Adelaide and US$245 million of other projects in the United States. In addition, design and construction works commenced on the $390 million redevelopment of Macquarie in Sydney on behalf of AMP Capital.

For 2013, the Group expects to commence between $1.25 billion and $1.5 billion of new developments (WDC share $300- $500 million). Developments are anticipated to commence at Miranda in Sydney, Mt Gravatt in Brisbane and at Bradford in the United Kingdom, with works having commenced on the US$150 million redevelopment at Garden State Plaza in New Jersey and the US$90 million redevelopment at Montgomery in Maryland.

Strategy and Outlook

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

We actively manage our capital position with a focus on enhancing our return on contributed equity.

The Group expects to achieve FFO for the 2013 year of 66.5 cents per security. This takes into account the full year impact of the divestments completed during 2012 and is prior to the buyback of any additional WDC securities. It assumes no material change in foreign currency exchange rates.

Distribution for the 2013 year is forecast to be 51.0 cents per security, up 3% from 2012.

Across our regions, comparable net operating income for 2013 is forecast to grow in the range of:

- 4.0%-5.0% for the United States and the United Kingdom; and
- 1.5%-2.0% for Australia and New Zealand.

The on-market buyback program of Westfield Group securities has been extended for 12 months.

We have confidence in the Group's business model and opportunities for growth. We are focussed on remaining at the forefront of our industry as we continue to improve the quality of our portfolio through our $12 billion development pipeline together with acquisition opportunities in existing and new markets. We also plan to continue redeploying capital from further joint ventures and non-core asset disposals.

2. SUSTAINABILITY

Environmental laws and regulations in force in the various jurisdictions in which the Group operates are applicable to areas of the Group's operations and in particular to its development, construction and shopping centre management activities. The Group has in place procedures to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored. The Group's 2012 Sustainability Report, can be found at www.westfield.com/corporate.

3. DIVIDENDS

No dividend was declared for the six months ended 31 December 2011. A distribution of 24.20 cents per ordinary Westfield Group stapled security was paid on 29 February 2012. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust.

No dividend was declared for the six months ended 30 June 2012. A distribution of 24.75 cents per ordinary Westfield Group stapled security was paid on 31 August 2012. This distribution was the aggregate distribution from each of Westfield Trust and Westfield America Trust.

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

4. DIRECTORS AND SECRETARIES

4.1 Board Membership and Qualifications

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

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

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

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

Independent:
No

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

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

Board Committee membership:
- Audit and Compliance Committee
- Nomination Committee

Independent:
Yes

Skills and Experience:
In a career spanning more than 25 years, Brian Schwartz rose to the positions of Chairman, Ernst & Young (1996 to 1998) and then CEO of the firm from 1998 to 2004. From 2005 to 2009, Mr Schwartz assumed the role of CEO of Investec Bank (Australia) Limited. He is presently the Chairman of Insurance Australia Group Limited, a Director of Brambles Limited and Deputy Chairman of Football Federation Australia Limited and is a fellow of the Australian Institute of Company Directors and the Institute of Chartered Accountants.

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

Independent:
No

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

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

Board Committee membership:
- Board Risk Management Committee

Independent:
Yes

Skills and Experience:
Ilana Atlas was previously a partner in Mallesons Stephen Jaques and held a number of managerial roles in the firm, including Managing Partner and Executive Partner, People & Information. In 2000, she joined Westpac as Group Secretary and General Counsel before being appointed to the role of Group Executive, People from 2003 to 2010. In that role, she was responsible for all human resources strategy and management as well as Westpac's approach to corporate responsibility and sustainability. Ms Atlas is a Director of Suncorp Group Limited and Coca-Cola Amatil Limited, Chairman of Bell Shakespeare Company and Pro-Chancellor of the Australian National University and a Director of the Human Rights Law Centre.

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

Board Committee membership:
- Remuneration Committee

Independent:
Yes

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

The Right Honourable Lord Goldsmith QC PC
Term of office:
- Westfield Holdings Limited: 28 August 2008
- Westfield America Management Limited: 28 August 2008
- Westfield Management Limited: 28 August 2008

Independent:
Yes

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

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

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

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

Professor Fred Hilmer AO

Term of office:

- Westfield Holdings Limited: 5 August 1991
- Westfield America Management Limited: 13 July 2004
- Westfield Management Limited: 13 July 2004

Board Committee membership:

- Chairman of the Audit and Compliance Committee
- Chairman of the Remuneration Committee

Independent:

Yes

Skills and Experience:

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

Stephen Johns

Term of office:

- Westfield Holdings Limited: 11 November 1985
- Westfield America Management Limited: 20 February 1996
- Westfield Management Limited: 11 November 1985

Board Committee membership:

- Chairman of the Board Risk Management Committee
- Audit and Compliance Committee
- Compliance Sub-Committee

Independent:

No

Skills and Experience:

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

Mark Johnson AO

Term of office:

- Westfield Holdings Limited: 27 May 2010
- Westfield America Management Limited: 27 May 2010
- Westfield Management Limited: 27 May 2012

Board Committee membership:

- Remuneration Committee

Independent:

Yes

Skills and Experience:

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

Peter Lowy

Term of office:

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

Independent:

No

Skills and Experience:

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

Steven Lowy AM

Term of office:

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

Independent:

No

Skills and Experience:

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

John McFarlane

Term of office:

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

Independent:

Yes

Skills and Experience:

John McFarlane holds an MA from the University of Edinburgh and an MBA from Cranfield School of Management. He is Executive Chairman of Aviva plc in the United Kingdom. Mr McFarlane was formerly CEO of Australia & New Zealand Banking Group Limited for 10 years until 2007, a non-executive Director of The Royal Bank of Scotland Group plc, Group Executive Director of Standard Chartered plc, and Head of Citicorp and Citibank in the United Kingdom and Ireland. He was also President of the International Monetary Conference, Chairman of the Australian Bankers Association and a Director of the London Stock Exchange and the Auditing Practices Board.

Professor Judith Sloan

Term of office:

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

Board Committee membership:

- Risk Management Committee
- Nomination Committee

Independent:

Yes

Skills and Experience:

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

4.2 Directors' Relevant Interests

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

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

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

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

None of the Directors hold debentures of the Westfield Group.

4.3 Directors' attendance at meetings

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

Number of Meetings held:	
Board of Directors:	6
Audit and Compliance Committee:	4
Remuneration Committee:	3
Nomination Committee:	3
Board Risk Management Committee:	5

	Board		Audit & Compliance		Remuneration		Nomination		Board Risk Management	
Directors	A	B	A	B	A	B	A	B	A	B
Frank Lowy	6	6	–	–	–	–	3	3	–	–
Brian Schwartz	6	6	4	4	–	–	3	3	–	–
Peter Allen	6	6	–	–	–	–	–	–	–	–
Ilana Atlas*	6	6	–	–	–	–	–	–	4	4
Roy Furman	6	6	–	–	3	3	–	–	–	–
Peter Goldsmith	6	6	–	–	–	–	–	–	–	–
Fred Hilmer	6	6	4	4	3	3	–	–	–	–
Stephen Johns	6	6	4	4	–	–	–	–	5	5
Mark Johnson	6	6	–	–	3	3	–	–	–	–
Peter Lowy	6	6	–	–	–	–	–	–	–	–
Steven Lowy	6	6	–	–	–	–	–	–	–	–
John McFarlane*	6	6	–	–	–	–	–	–	1	1
Judith Sloan	6	6	–	–	–	–	3	3	5	5

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

* Mr John McFarlane retired from the Board Risk Management Committee in February 2012 and was replaced by Ms Ilana Atlas.

Directors' Report (continued)

4.4 Directors' directorships of other listed companies

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

Director	Company	Date appointed	Date resigned
Frank Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	16 January 1979	Continuing
Brian Schwartz	Brambles Limited	13 March 2009	Continuing
	Insurance Australia Group	1 January 2005	Continuing
	Westfield America Management Limited*	6 May 2009	Continuing
	Westfield Management Limited**	6 May 2009	Continuing
Peter Allen	RE1 Limited***	12 August 2010	Continuing
	RE2 Limited****	12 August 2010	Continuing
	Westfield America Management Limited*	25 May 2011	Continuing
	Westfield Management Limited**	25 May 2011	Continuing
Ilana Atlas	Coca-Cola Amatil Limited	23 February 2011	Continuing
	Suncorp Group Limited	1 January 2011	Continuing
	Suncorp Metway Limited	1 January 2011	Continuing
	Westfield America Management Limited*	25 May 2011	Continuing
	Westfield Management Limited**	25 May 2011	Continuing
Roy Furman	Westfield America Management Limited*	29 May 2002	Continuing
	Westfield Management Limited**	13 July 2004	Continuing
Peter Goldsmith	Westfield America Management Limited*	28 August 2008	Continuing
	Westfield Management Limited**	28 August 2008	Continuing
Fred Hilmer	Westfield America Management Limited*	13 July 2004	Continuing
	Westfield Management Limited**	13 July 2004	Continuing
Stephen Johns	Brambles Limited	1 August 2004 (1)	Continuing
	Leighton Holdings Limited	21 December 2009	Continuing
	Spark Infrastructure Group	8 November 2005 (2)	30 September 2011
	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	11 November 1985	Continuing
Mark Johnson	AGL Energy Limited	7 April 1988	21 October 2010
	Guinness Peat Group plc	22 September 2010	8 April 2011
	Westfield America Management Limited*	27 May 2010	Continuing
	Westfield Management Limited**	27 May 2010	Continuing
Peter Lowy	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	1 May 1986	Continuing
Steven Lowy	RE1 Limited***	12 August 2010	Continuing
	RE2 Limited****	12 August 2010	Continuing
	Westfield America Management Limited*	20 February 1996	Continuing
	Westfield Management Limited**	28 June 1989	Continuing
John McFarlane	Westfield America Management Limited*	26 February 2008	Continuing
	Westfield Management Limited**	26 February 2008	Continuing
Judith Sloan	Westfield America Management Limited*	26 February 2008	Continuing
	Westfield Management Limited**	26 February 2008	Continuing

(1) The date of appointment reflects Mr Johns' appointment to Brambles Industries Limited, the predecessor vehicle to Brambles Limited, which listed on the ASX on 27 November 2006.

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

Notes:

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

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

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

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

4.5 Secretaries

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

Mr Simon Tuxen

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

Ms Maureen McGrath

Maureen McGrath joined Westfield in May 2000 and was appointed a Secretary of the Company in July 2002. She holds Bachelor of Jurisprudence and Bachelor of Laws degrees. Ms McGrath is a Fellow of Chartered Secretaries Australia and a graduate of the Australian Institute of Company Directors.

5. OPTIONS

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

6. INDEMNITIES AND INSURANCE PREMIUMS

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

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

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

7. AUDIT

7.1 Audit and Compliance Committee

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

7.2 Non-Audit Services and Audit Independence

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

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

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

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

(d) the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the Corporations Act 2001 or of any applicable code of professional conduct and that the Charter of Non-Audit Services has been complied with.

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

ERNST & YOUNG

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

In relation to our audit of the financial report of Westfield Holdings Limited for the year ended 31 December 2012, 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

S J Ferguson
Partner

Sydney, 27 February 2013

Liability limited by a scheme approved under Professional Standards Legislation.

8. REMUNERATION REPORT

Message from the Chairman of the Remuneration Committee

Dear Securityholders,

I am pleased to introduce our Remuneration Report for 2012. The report will be put to members at our Annual General Meeting on 29 May 2013.

The 2012 Financial Year was an important one for the Group. We continued to execute the strategic plan which we announced in 2010 with the establishment of Westfield Retail Trust. As detailed in section 1 of the Directors' Report, a number of important steps in that strategic plan were completed in 2012, reinforcing the Group's status and reputation as one of the world's leading owners of retail real estate. Importantly, the Group was able to achieve its forecast targets, particularly with respect to earnings and distributions. The total return to securityholders in 2012 was 42.6% (S&P/ASX A-REIT Index: 29.2%).

The results which have been achieved are a product of intense focus on a business strategy which targets ownership of the best centres in major world cities and on undertaking transactions and other capital management initiatives which are specifically aimed at improving the Group's return on equity.

1. Changes to the Group's Remuneration Structure

Whilst the Group's remuneration structures and policies are evolving to reflect the changing needs and evolving objectives of the Group, macro-economic conditions and an increasingly demanding regulatory environment, the Group is careful to maintain a remuneration philosophy which focuses primarily on objectives which relate to financial and operating performance. This philosophy has served the Group well for many years and has allowed the Group to build and retain the services of an executive team which is widely considered to be world class. The remuneration of our executive team reflects that standing, as well as the Group's record of sustained success. A more comprehensive description of the factors which influence our remuneration policies is included in the Remuneration Report.

For 2012 and 2013 financial years, the following important policy decisions were made:

(a) Remuneration Freeze

For 2012, the Board decided to re-instate the total freeze on all elements of senior executive remuneration (including base salary and short and long term incentives). Cost of living increases were permitted at lower levels. For 2013, that total remuneration freeze has again been applied – making it 4 out of the past 5 years that we have taken this step. A limited number of exceptions are made where promotions occur or where a market anomaly is shown to exist.

(b) Short Term Incentive Plan

The terms of the Short Term Incentive (STI) Plan have been reviewed this year. Included in the changes to the STI Plan (which will come into effect in 2013) is a requirement that a minimum of 35% of the value of Short Term Incentives paid to Key Management Personnel (KMP) be deferred in equity under the Group's EPR Plan which provides for vesting of that benefit after a 3 year period. The minimum STI deferral drops to 30% for executives outside the most senior group.

(c) Co-Chief Executive Officers

In 2011, Peter and Steven Lowy were promoted to the role of Co-Chief Executive Officers (Co-CEOs) following the decision by the Group's Chairman, Mr Frank Lowy, to assume a non-executive role. Since their appointment, the remuneration of the Co-CEOs has not been increased to reflect their new roles. As noted above, there will be no adjustment made to the total remuneration of the Co-CEOs in 2013.

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

(d) Long Term Incentive Plan Hurdles

Until 2012, the hurdles used to determine vesting under the Long Term Incentive (LTI) Plan related to operational earnings and, in some years, an additional hurdle relating to the aggregate value of Board approved development starts achieved in that year. Both hurdles were measured in a single Qualifying Year with vesting occurring after 4/5 years. As noted in last year's Remuneration Report, in 2012 we moved to new hurdles which focussed on a combination of Funds from Operations (FFO) (an earnings measure assessed over 1 year) and Return on Contributed Equity (ROCE) (measured over 4 years). Details of both hurdles are provided in the Remuneration Report.

From 2013, the Board has determined that the weighting of the 4 year ROCE hurdle will increase from 25% to 50%, reflecting the desire of the Board to achieve an appropriate balance between the short and longer term hurdles.

Each of these important changes is discussed in more detail in the Remuneration Report.

2. Impact of Rising Stock Price on Remuneration Disclosures

As I noted above, in 2012, we imposed a full remuneration freeze on our senior executive team of around 50 executives. This freeze was not limited to base salary – it applied to all elements of senior executive remuneration including short and long term incentives, whether delivered in cash or in equity linked incentives. Put simply, in 2012, the senior executive team received the same base salary as in 2011, were limited to the same target STI as in 2011 and were also limited to the same value of awards under the Group's LTI Plan. Further, no KMP received a STI which exceeded the Targeted STI.

In the disclosure of KMP remuneration for 2012 (and the 4 prior years), we have shown both before and after the fair market value adjustments we are required to make in accordance with Australian Accounting Standards.

Total Remuneration has been disclosed based on the amortisation of equity linked plan awards at their fair market value at grant date. This disclosure reflects the amortisation of all outstanding awards (both cash and equity settled) held by that executive based on the fair value of awards at the grant date and without any adjustment for movements in the Westfield Group security price after that date. These figures, looked at over the 5 year period, reflect the remuneration freeze which has been in place in 4 of those 5 years.

We also show "Total Remuneration (including fair value adjustment for cash settled awards)" which includes the accounting impact of the fair value adjustment on all outstanding cash settled awards. The fair value adjustment reflects movements in the price of Westfield Group securities during each period since the date of grant. During the 2012 Financial Year, the price of the Group's securities increased from $7.92 at the start of the year to $10.56 as at 31 December – an increase of over 30%. In years like 2012, where the fluctuation in the share price is significant, the disclosed "Total Remuneration (including fair market value adjustment on cash settled awards)" will increase or decrease significantly.

This is not a new issue. For a number of years, we have highlighted the impact of the accounting treatment of the Group's cash settled awards on our remuneration disclosure. We have done so again in this year's Remuneration Report in section 8.5.

I want to assure securityholders that, despite these accounting driven disclosures, the cash and equity components of the remuneration of our senior executives (including our Co-CEOs) for 2012, was the same, or less, than the remuneration they received in 2011. It is for this reason that we have shown "Total Remuneration based on the fair value of awards at the grant date" in the remuneration tables so that securityholders can see the application of the remuneration freeze before the impact of the Accounting Standards.

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

Professor Fred Hilmer
Remuneration Committee Chairman

8. REMUNERATION REPORT FOR 2012

This Remuneration Report, prepared in accordance with the requirements of the Corporations Act and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, provides an overview of the Group's remuneration policies and practices in the Financial Year together with guidance on the proposed policies for 2013.

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

The structure of the report is as follows:

8.1 Remuneration Committee

8.2 Remuneration Objectives

8.3 Corporate Performance

8.4 Our Remuneration Structure

8.5 Remuneration of Key Management Personnel

8.6 Executive Service Agreements and Termination Entitlements

8.7 Remuneration of Non-Executive Directors

8.8 Definitions

Appendix

8.1 Remuneration Committee

The Board is responsible for setting remuneration policy and overseeing the implementation of that policy in a manner which reflects the objectives set out in section 8.2. The Remuneration Committee 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 Professor Fred Hilmer (Chairman) together with Roy Furman and Mark Johnson. 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 KMPs. Mark Bieler Associates was paid a total of US$55,000 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. Mark Bieler Associates was paid a total of US$1,205,000 in connection with these non-remuneration related services provided to the Group in the Financial Year. Mark Bieler Associates was paid a further US$137,378 as re-imbursement for expenses incurred in the provision of these services.

In the Financial Year, the Group utilised the services of Towers Watson on a global basis. In this role, Towers Watson undertook a benchmarking review in each country of operation to analyse matters such as overall market trends, benchmarking between specific job types and with different industries, changing or emerging remuneration strategies and market predictions for the following financial year. The results of this review are an important part of the remuneration review process. Towers Watson also prepared specific reports regarding the remuneration of the KMPs. Those reports are commissioned and received by the Chair of the Remuneration Committee. Towers Watson was paid a total of A$42,240 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 KMPs.

8.2 Remuneration Objectives

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

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

Westfield's executive management is widely regarded as a dedicated, highly competent and committed team. That reputation is confirmed by regular independent surveys commissioned by the Group and is frequently acknowledged by the Group's securityholders as well as market analysts and commentators around the world. The Group's reputation is underpinned by its focus on enhancing securityholder wealth over time, excellence in operations and capital management, good judgement and financial discipline in acquisitions and divestments, and the ability of management to articulate a clear strategy for long term growth.

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

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

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

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

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

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

The Equity Linked Plans operated by the Group are regarded by the Board as an essential retention tool for the Senior Executive Team. The design of the LTI Plan with a Qualifying Period (during which performance is measured and qualification against a targeted number of awards is determined) coupled with a 4 to 5 year vesting period is intended to encourage and reward high performance and facilitate retention of executives for an extended period. The fact that the average length of service for LTI Plan participants is 15 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, we adopt policies and structures which encourage intensive focus on the operating business, the creation of sustainable growth in earnings and achievement of competitive returns on contributed equity over time.

That alignment is achieved in a number of ways including:

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

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

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

8.3 Corporate Performance

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

Financial highlights during the Financial Year include:

- Net profit of $1.7 billion, up 18% on the 2011 results.
- Funds from Operation was $1.5 billion, representing 65 cents per security.
- Distributions for the 12 months were $1.1 billion or 49.5 cents per security.
- Return on Contributed Equity was maintained at 11.4% for the year.

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

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

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

(a) Earnings Performance

Year on year comparisons of earnings metrics, over a 5 year period, are difficult because of the impact of the capital transactions undertaken by the Group since 2010 including the public float of Westfield Retail Trust (WRT) in 2010 under which the Group transferred interests in 54 of its shopping centre assets in Australia and New Zealand to WRT.

As part of the WRT transaction the Group distributed approximately $7.3 billion of capital to then Westfield Group securityholders, via an in-specie distribution of units in WRT. As a consequence of the transfer of those assets and subsequent capital management transactions (described below), the Group's earnings in absolute terms and on a per security basis have reduced.

Since the float of WRT in late 2010, the Group has continued to implement its strategic capital management plan through a series of transactions including:

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

Additionally, in the Financial Year the Group commenced an on-market buy-back of its securities.

As would be expected, the asset sales and dispositions have materially impacted the Group's earnings per security in the Financial Year.

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

The Group's FFO for 2012 is 65 cents per security which includes an earnings reduction of 3 cents per security in the Financial Year as a result of the asset sales and dispositions (referred to above) and the buy-back of securities. The dilutionary impact of the asset dispositions has been partially offset by the Group's redeployment of capital by the application of proceeds of sale in reducing the Group's debt and in the buy-back of the Group's securities. The Group's gearing, as a result of those transactions, reduced to 32.5%.

FFO over the last 5 years is detailed below:

Financial year to 31 December	FFO ($m)	FFO (cents per security)
2012	$1,474	65.01
2011	$1,492	64.80
2010	$1,833	79.61
2009	$1,854	82.67
2008	$1,727	88.92

Financial years prior to WRT restructure in December 2010.

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

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

The Group's EPS for the last 5 financial years are detailed below:

Financial year to 31 December	EPS (cents)	EPS growth (annual %)
2012	75.79	20.1
2011*	63.08	N/A
2011	66.55	37.5
2010	48.39	337.1
2009	(20.41)	81.9
2008	(113.07)	(161.1)

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

(b) Distributions

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

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

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

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

Financial year to 31 December	Annual distribution per stapled security (cents)	Annual distribution (total $)
2012	49.50	1,108,100,000
2011	48.40	1,114,800,000
2010*	63.56	1,463,500,000
2009*	94.00	2,149,100,000
2008*	106.50	2,076,500,000

Financial years prior to WRT restructure in December 2010.

(c) Return on Contributed Equity

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

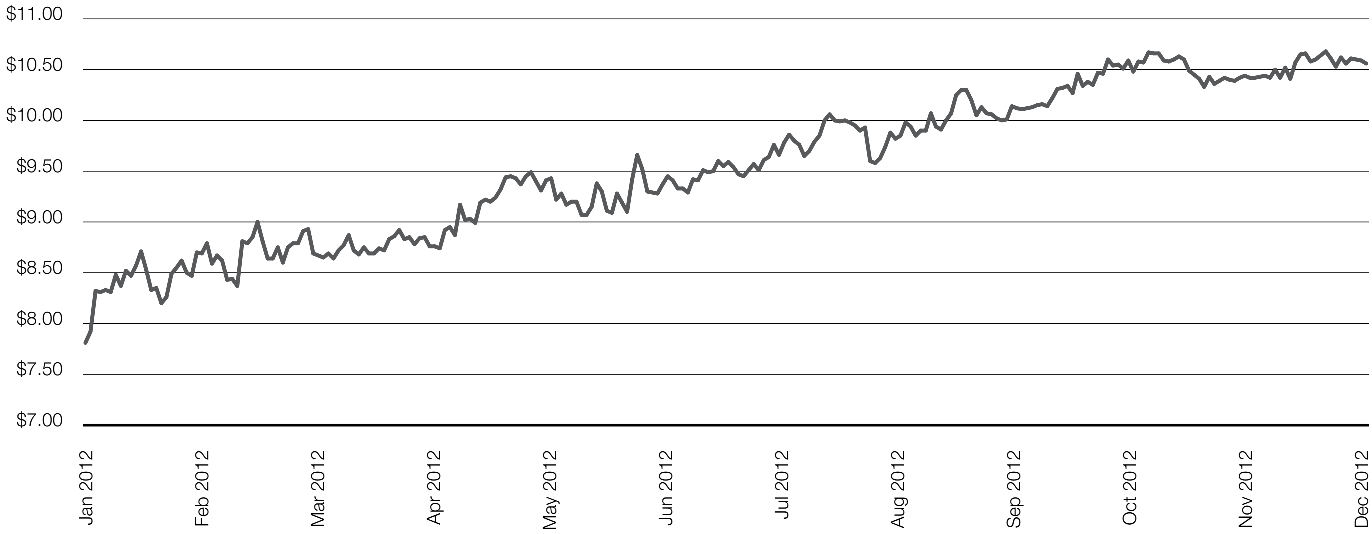
ROCE over the last 5 years is detailed below:

Financial year to 31 December	ROCE (%)
2012	11.4
2011	11.4
2010	9.1
2009	9.5
2008	10.6

(d) WDC security price

The Group's security price for the period 1 January 2012 to 31 December 2012 is shown in the graphs below:

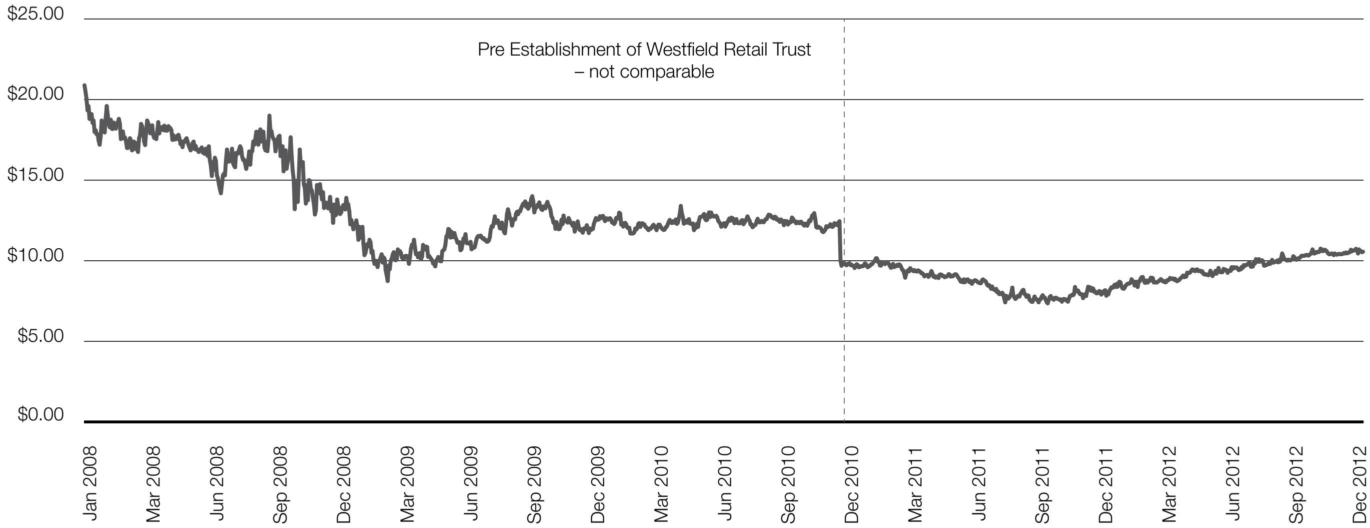
WDC Security Prices – 1 year to 31 December 2012



Source: Bloomberg

The Group's security price over the last 5 financial years (as adjusted for the WRT transaction) is shown in the chart below. The aggregate distribution to securityholders during the period 1 January 2008 to 31 December 2012 was $3.90 per security.

WDC Prices – 5 years to 31 December 2012

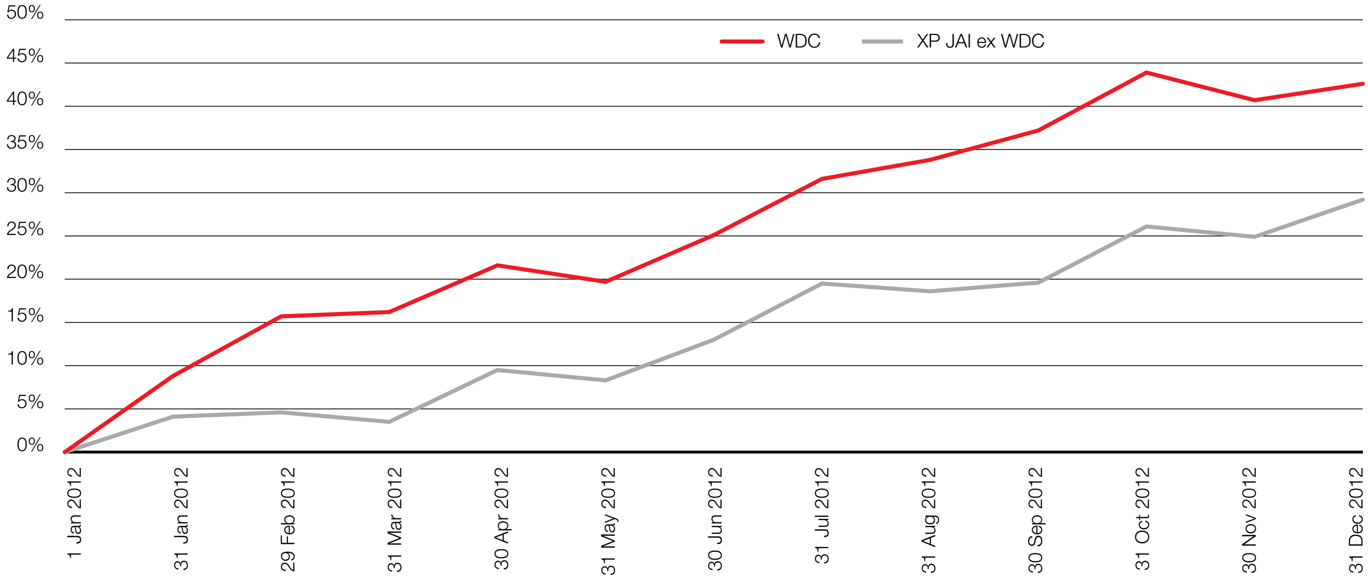


Source: Bloomberg

The Westfield Group is included in the S&P/ASX A-REIT Index with a weighting of approximately 28% of that index as at 31 December 2012.

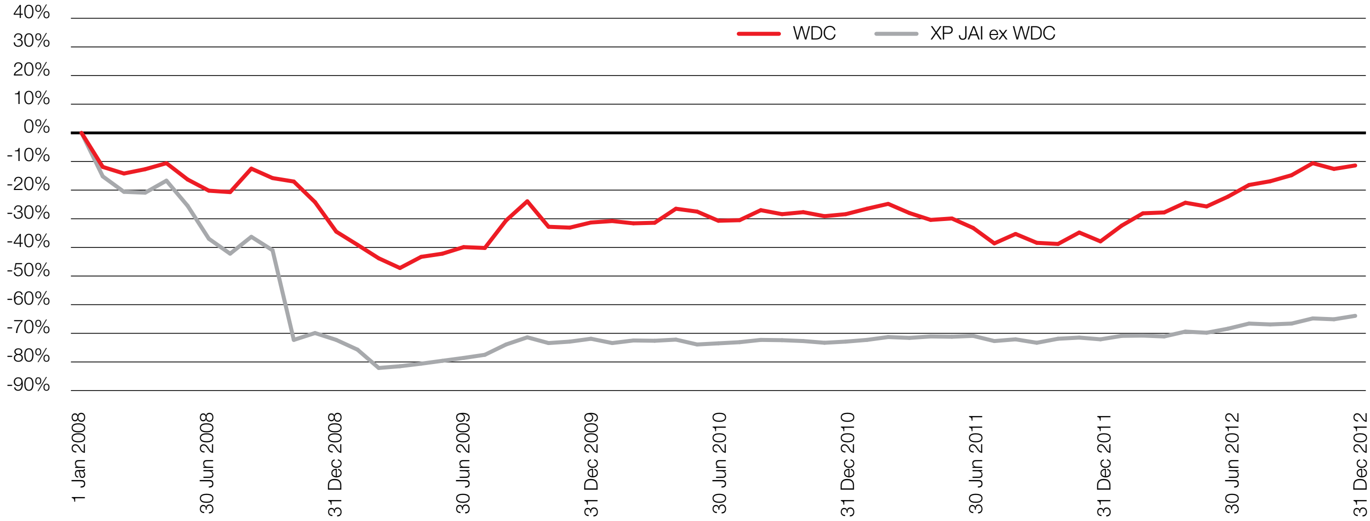
Given the significant weighting of the Group in that index it is beneficial to show the comparison of the total of the Westfield Group returns against that index excluding Westfield Group. The charts below show the comparison of the Westfield Group's returns against the index for a 1 year and a 5 year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

S&P/ASX A-REIT Index (excluding Westfield Group) – 1 year to 31 December 2012



Source: Standard & Poor's: UBS

S&P/ASX A-REIT Index (excluding Westfield Group) – 5 years to 31 December 2012



Source: Standard & Poor's: UBS

(e) Total Return

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

Total returns to Dec 2012	**1 year**	**3 years**	**5 years**
Westfield Group	42.6%	28.9%	–11.4%
S&P/ASX A-REIT Index (excluding Westfield Group)	29.2%	28.2%	–63.9%

Source: Standard & Poor's: UBS

8.4 Our Remuneration Structure

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

– Base Salary;

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

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

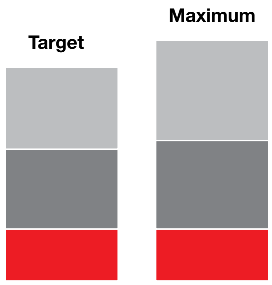
The Group's remuneration practices are regularly benchmarked against its competitors in all markets. This extends beyond base salary and short-term performance bonuses to the Group's Equity Linked Plans which are an important part of the package used by the Group to attract, incentivise and retain executives.

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

Co-Chief Executive Officers

Total Remuneration Analysis

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



Other Key Management Personnel

Total Remuneration Analysis

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

(a) Base Salary

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

2012 and 2013 Highlights: 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 2011. That policy has been extended into the 2013 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 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, the KMPs 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.

2012 and 2013 Highlights: For the 2012 Financial Year, despite the outstanding performance of the Group in difficult market conditions, no member of the Senior Executive Team, including the KMPs, received a STI which exceeded the Target STI. All Target STIs were maintained at the same level as 2011. No KMP received a STI which exceeded their Target STI. As part of the broader remuneration freeze, this policy has been extended into the 2013 financial year.

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

A broad review of the STI Plan was undertaken. Amendments to the Plan were made, including a requirement that, as from the 2013 financial year, all KMPs 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 will be reweighted from 2013 so that a greater proportion of their STI will be paid as equity linked awards under the EPR Plan with a corresponding decrease in the cash Performance Bonus.

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

Key Performance Indicator	Weighting (%) Co-CEOs	CFO	MD, Aus, US & NZ	MD, UK/ Europe	Performance Assessment	Commentary
1. Portfolio Management Targets relate to rental growth, specialty occupancy levels, sales growth, bad debts, management of tenant incentives, management of commercial relationships as JV partner and property manager.	20	15	25	25	At Target	Continuing high levels of occupancy, growth in average rents and comparable speciality sales growth across the portfolio. Solid performance in Australia despite subdued market conditions and continued improvement in all aspects of the US business. Continued strong performance at iconic London centres.
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	15	At Target	Developments completed at Westfield Sydney CBD, Carindale Brisbane, Fountain Gate Victoria and UTC California. All developments completed within budget and on time. Very high levels of occupancy achieved on all developments at the time of opening. More than $1.25 billion of new projects commenced including the World Trade Center, South Shore New York, West Lakes South Australia, Macquarie Sydney and a series of smaller projects in the US. Costco integrated into the mall format at Sarasota (US) for the first time. $1.4 billion of projects under construction (Westfield Group: $1.0 billion). The Group expects to achieve $1.25 billion to $1.5 billion of new development starts in 2013 (Westfield Group:$0.3-$0.5 billion). The development pipeline increased by $1 billion at the end of 2012.
3. 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	15	10	Above Target	In volatile equity and debt markets, the Group was able to achieve a $4.8 billion joint venture over 12 US assets with CCPIB resulting in proceeds of $2.1 billion to the Group; the divestment of 8 non-core assets in the US for US$1.154 billion; the divestment of 3 assets in the UK for £159 million; the disposal of 3 NZ assets for NZ$128 million and completion of the sale of Westfield Sydney to WRT for $1.4 billion. In Australia, the Group also completed a significant restructuring of the ownership of 7 Australian assets (owned in joint venture with AMP) with an aggregate value of $5.8 billion.
4. Global Efficiency Project Implementation of a global project to identify and implement efficiencies in business processes and staffing.	10	20	15	15	At Target	During 2012, the Group implemented a complete review of business and IT systems and staffing levels in each country. With the assistance of independent experts, all functions were benchmarked in terms of cost and performance and reviewed against industry best practice. The project remained a significant focus in all countries and in the corporate office throughout the year. Significant efficiency improvements and cost savings have been achieved through this process.

Key Performance Indicator	Weighting (%)				Performance Assessment	Commentary
	Co-CEOs	CFO	MD, Aus, US & NZ	MD, UK/ Europe		
5. Capital 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.	15	20	–	–	At Target	The Group maintained and enhanced its strong balance sheet and liquidity position, with gearing reduced to 32.5% from 36.4%. Available liquidity increased to $6.0 billion. Two bond issues were completed during the year including a US$500 million 10 year note at 3.375%.
6. Digital Strategy Developing the Group's plan in relation to the opportunities presented by online and digital media including identifying new business opportunities.	10	–	10	10	At Target	Following an extensive global search, the Group appointed a Chief Digital Officer and established a team in San Francisco known as WestfieldLabs. This team has been established to focus on digital innovations which leverage social, mobile and digital market opportunities to connect shoppers to the Group's centres and create new digital income streams.
7. New Markets Identification and exploration of potential markets for expansion by the Group including the review of specific acquisition or development opportunities in new markets.	10	–	–	10	At Target	The Group continued its review of new markets and opportunities in various regions. Having identified a significant opportunity in Milan in 2011, good progress was made in the development phase during 2012. The Group also continued to review opportunities in Brazil. Comprehensive market analysis continues on a number of potential markets and potential opportunities.
8. London Olympics The objective was to utilise the proximity of the London Olympics and Paralympics to Westfield Stratford to maximise exposure of the Centre and the Westfield brand to a global audience, to maximise the mall income from the event and to properly control and manage life safety and customer security issues through co-operation with local authority and Group initiatives; generally to plan and implement a comprehensive Centre strategy for the periods prior to, during and after the Games.	–	–	–	5	Above Target	The Olympics and Paralympics were an outstanding success for the Group in all respects including in terms of customer visits (13.5 million over the period of the Olympic Games), mall income, sales and other metrics which formed part of the Centre Plan. Over a period of months, the Centre (and the Group) received unprecedented global publicity which was overwhelmingly positive. Despite customer visits significantly in excess of expectations, the Centre continued to meet or exceed all operating standards set prior to the Games. In terms of life safety metrics, 42 incidents were recorded over the period of the Games, the most serious of which was an ankle sprain. Immediately following the Games, UK management implemented a post Games strategy designed to re-connect the Centre with its pre-existing customer base and the local community.
9. Life Safety Objectives relate to all aspects of life safety issues including a review against key statistical measures, an assessment of compliance with legislation and industry standards and operation and improvements to the Westfield System dealing with life safety issues.	5	5	10	10	At Target	The Group has met or exceeded all important life safety metrics. There were no fatalities on Westfield Group construction sites in 2012. Other life safety statistics relating to employees, contractors and shoppers remained at comparable levels to previous years. A range of initiatives were taken in an attempt to reduce self harm incidents at the centres. In view of proposed legislative changes in Australia, the Group reviewed its policies and practices at all levels to ensure responsibility for life safety matters is properly allocated and implemented at all levels. A new global reporting format is being introduced to enhance the quality and comparability of life safety statistics gathered by the Group.

Executive	Assessed Performance Level	STI Amount	Cash		Equity	
Peter Lowy	Target Level – 80% of Maximum STI	US$4,325,344	US$3,360,000	(77%)	US$965,344	(23%)
Steven Lowy	Target Level – 80% of Maximum STI	$5,000,000	$4,000,000	(80%)	$1,000,000	(20%)
Peter Allen	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)
Robert Jordan	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)
Michael Gutman	Target Level – 80% of Maximum STI	$2,150,000	$1,400,000	(65%)	$750,000	(35%)

Due to the impact of the remuneration freeze imposed by the Board for 2012, the Target STI was maintained at the same level as 2011 and payments under the STI Plan were limited to the “Target” level.

(c) Long Term Incentives

Only the senior leadership team of the Westfield Group participates in the LTI Plan utilised by the Group. In the Financial Year, 22 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.

The performance hurdles applicable under the LTI Plan are determined annually by the Board. The hurdles used in 2012 and 2013 are described below.

Actual performance against the hurdles which apply during the Qualifying Period will determine the final number of awards which the executive will receive at the end of that period. If full qualification for awards is not achieved, there is no provision in the Plan for retesting in subsequent years.

As noted in previous Remuneration Reports, the Board reserves the right to adjust the performance hurdles described above to reflect the impact on a hurdle of any capital transaction occurring during the Qualifying Period. In 2012, an adjustment was made to the FFO hurdle as a consequence of the capital transactions which took place in the first half of the year. That adjustment is discussed further below.

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.

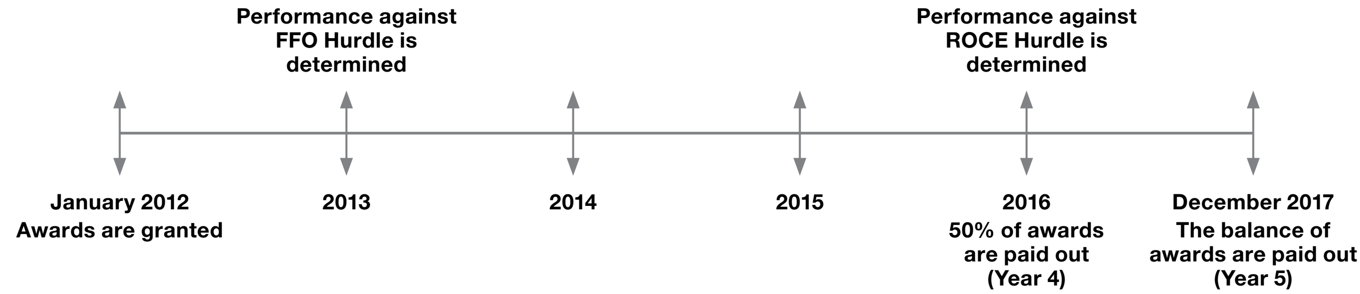
As from 2009, in setting the hurdles under the LTI Plan, the Board has adopted the concept of a “Target LTI” and a “Maximum LTI”. The concepts are similar to those described above in connection with the STI Plan. That is, the “Target LTI” is the level of vesting of awards (measured against a performance 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 2012 expresses the level of vesting against that hurdle as both a percentage of the Target LTI (100%) and the Maximum LTI (66.6%).

2012 Long Term Incentives

In 2012, the Board continued to focus on hurdles which reflect both the strength of the underlying operating strength 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 2012 LTI Plan Awards were:

- achieving FFO per security against a graduated scale of vesting. This hurdle was given a 75% weighting; and
- achieving ROCE against a graduated scale of vesting. This hurdle was given a 25% 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 Note 3 to the financial statements. Essentially, FFO is defined as net income, calculated in accordance with generally accepted accounting standards, but adjusted to exclude capital gains (or losses) from the sale of property and property revaluations, gains or losses on certain interest rate hedges and other adjustments as identified in Note 3 to the Group's accounts. As from the commencement of the Financial Year, FFO is the primary published earnings measure used by the Group. FFO is reported to the market semi-annually.

Performance against this hurdle is measured in a single Qualifying Year. Awards are granted based on performance in the Qualifying Year (on a constant currency basis), with a 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.

In 2012, the FFO hurdle was adjusted by the Board to reflect the impact in 2012 of the reduction in FFO resulting from the asset disposals (particularly the disposition of 7 US assets to Starwood) and joint ventures (including the joint venture of 12 US assets with CCPIB) as well as the impact of the application of the proceeds received from those dispositions in reducing the Group's debt and in the buy-back program. The Target level of vesting for the FFO hurdle for 2012 was reduced from 68 cents to 65 cents in line with the revised FFO forecasts issued by the Group to the market in May 2012 following completion of these transactions. At the request of the Remuneration Committee, Ernst & Young has reviewed the processes used and the calculations made by management in re-forecasting FFO, taking into account the full financial impact of the transactions. Taking into account the review performed by Ernst & Young, the Board considers that the adjustments made to the FFO hurdle to reflect the impact of these transactions are fair and reasonable.

The FFO per security hurdle adopted by the Board for the 2012 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
70.5 or above	Maximum LTI	150%	100%
69.5 – 70.4		140%	93.2%
68.5 – 69.4		130%	86.6%
68.0 – 68.4		125%	83.3%
67.5 – 67.9		120%	79.9%
67.0 – 67.4		115%	76.6%
66.5 – 66.9		110%	73.3%
66.0 – 66.4		105%	69.9%
65.5 – 65.9		100%	66.6%
65.0 – 65.4	Target LTI	100%	66.6%
64.5 – 64.9		95%	63.3%
64.0 – 64.4		90%	59.9%
63.5 – 63.9		85%	56.6%
63.0 – 63.4		80%	53.3%
62.5 – 62.9		75%	50.0%
62.0 – 62.4		70%	46.6%
61.5 – 61.9		50%	33.3%
60.5 – 61.4		25%	16.6%
60.4 or below	Threshold	0%	0%

In the 2012 Qualifying Year, the Group achieved FFO per security of 65 cents which was 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 $600,000 (for all outstanding awards) for each additional 5% vesting. In order to achieve that uplift, FFO must increase by 0.5 cents per unit which equated to an increase in earnings of $11.5 million. By way of example, achieving vesting at a level of 76.6% of the Maximum level would have required FFO in the range of 67.0 – 67.4 cents. That equates to the Group's FFO being $57.5 million over target. The cost of granting those additional awards amongst all LTI Plan participants would have been approximately $1.8 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 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 $570 million of retained FFO since 2011 of which $394 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 2012 is $232 million (2011:$176 million).

During the year, the Group commenced an on-market buy-back of securities, effectively returning $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 $334 million being deducted from contributed equity for the purposes of the 2012 ROCE calculation.

The net amount of contributed equity used for the ROCE calculation for 2012 was $12.965 billion. On this basis, the ROCE for 2012 was 11.4% (2011:11.4%).

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 2012 includes the concept of Target and Maximum vesting based on performance. Full details of performance against the ROCE hurdle applicable to awards granted in 2012 will be published at the end of the 4 year Qualifying Period.

2013 Long Term Incentives

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

The Board considers 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.

The structure of those hurdles in 2013 is as described above, with the graduated scales applicable to the 2013 awards having been varied to reflect the Group's budget and the Board's expectations as to future performance.

2012 and 2013 Highlights: For the 2012 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 2012, the value of all Target LTIs was maintained at the same level as 2011. As part of the broader remuneration freeze, this policy has been extended into the 2013 financial year.

For awards issued in the 2013 financial year, the FFO hurdle (measured over 1 year) will be retained, with the weighting of this hurdle being reduced from 75% to 50%. The ROCE hurdle (measured over 4 years) will be 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, security holders will be rewarded, over time, by superior market performance.

The interests of the executive and the members are also aligned in respect of the price of the Group's securities as the value of awards at the time of vesting fluctuates with movements in the price of the Group's securities. The higher the price at the time of vesting, the greater the benefit received by the executive 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 proposed hurdles for the 2013 Qualifying Period and the remuneration structure in general are appropriate having regard to the general objectives referred to above.

Accounting for awards

As noted above, the financial statements of the Westfield Group and the remuneration disclosures in this Remuneration Report disclose the full cost to members of the grant of awards under the Group's cash settled equity linked plans, and not simply the amortisation of the face value of the grant when originally made. This is in contrast to awards issued under the Group's equity settled plans (the EPR and PIR Plans) which are accounted for by amortising a fixed initial face value (determined by reference to a broadly adopted valuation model such as Black Scholes) over the life of the award.

At the end of each accounting period the cash settled awards are "fair value adjusted" on the basis of the then current share price and the assumptions made in previous years are reconsidered having regard to any change in circumstances.

This process will result in a variation of the estimate of the future liability of the Group with respect to that award and an increase or decrease in the amortisation. For example, as occurred in the Financial Year, 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 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 awards issued by the Group will be on an equity settled basis. However, prior to 2012, both cash settled and equity settled awards were issued. As noted in previous years, until 2012, the Co-CEOs only participated in cash settled equity linked plans.

The disclosure of remuneration for KMP over a 5 year period (where applicable) is intended to assist the reader to view individual remuneration over a more extended period so that the extent of these fluctuations is evident. Further, in this Remuneration Report, the remuneration disclosure for the KMP includes a line showing "Total Remuneration based on the fair value of all awards at grant date" which reflects an amortisation of the fair value (measured at the grant date) of all outstanding awards issues to the executive, including awards issued in the Financial Year (irrespective of whether they are cash settled or equity settled). This additional disclosure is intended to remove the impact of fair value adjustments on cash settled awards (as described above). The impact of the fair value adjustment is included in the line headed "Total Remuneration (including fair value adjustment for cash settled awards)" which is part of the disclosure for each KMP.

8.5 Remuneration of the Key Management Personnel

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

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

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

The Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in remuneration for KMPs (see section 8.1 for further details). In arriving at recommendations, the advisers consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the responsibilities assumed by the KMPs.

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

8.5.1 Co-Chief Executive Officers

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

Mr Peter Lowy

- Has been with the Group since 1983.
- Has resided in the United States since 1990.
- Mr Lowy is a member of the Group Executive Committee.
- All aspects of Mr Lowy's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Lowy's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2011: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [1]	**2012 US$**	**2011 US$**	**2010 US$**	**2009 US$**	**2008 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	3,360,000 [2]	3,360,000	3,360,000	2,850,000	3,360,000
– Other short term employee benefits [3] Fixed	28,714	(45,563)	–	–	89,346
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	5,888,714	5,814,437	5,860,000	5,350,000	5,949,346
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [4]					
– Cash settled awards (at risk)	3,849,957	2,460,633	2,755,051	1,507,787	1,100,308
– Equity settled awards (at risk)	776,313	–	–	–	–
Total remuneration (including fair value adjustment for cash settled awards)	**10,514,984**	**8,275,070**	**8,615,051**	**6,857,787**	**7,049,654**
Fair value decrement/(increment) on cash settled awards	(1,596,728)	642,235	77,532	952,746	1,375,923
Total remuneration based on the amortised fair value of all awards at grant date	**8,918,256**	**8,917,305**	**8,692,583**	**7,810,533**	**8,425,577**

(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.

(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.

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 (2011: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [1]	**2012 A$**	**2011 A$**	**2010 A$**	**2009 A$**	**2008 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	4,000,000 [3]	4,000,000	4,000,000	3,400,000	4,000,000
– Other short term employee benefits [4] Fixed	(16,024)	41,667	(73,718)	(141,025)	89,743
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	6,483,976	6,541,667	6,426,282	5,758,975	6,589,743
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [5]					
– Cash settled awards (at risk)	3,716,534	2,384,334	2,995,272	1,888,038	1,279,726
– Equity settled awards (at risk)	749,409	–	–	–	–
Total remuneration (including fair value adjustment for cash settled awards)	**10,949,919**	**8,926,001**	**9,421,554**	**7,647,013**	**7,869,469**
Fair value decrement/(increment) on cash settled awards	(1,541,393)	622,321	84,292	1,193,020	1,600,283
Total remuneration based on the amortised fair value of all awards at grant date	**9,408,526**	**9,548,322**	**9,505,846**	**8,840,033**	**9,469,752**

(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.

(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.

8.5.2 Group Chief Financial Officer

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

Mr Peter Allen

- Has been with the Group since 1996.
- Mr Allen is a member of the Group Executive Committee.
- All aspects of Mr Allen's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
- Mr Allen's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2011: Target level – 80%).
- Details of the Executive Directors' Service Agreements with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration [1]	2012 A$	2011 A$	2010 A$	2009 A$	2008 A$
Short term employee benefits					
– Base salary [2] Fixed	1,400,000	1,400,000	1,200,000	1,200,000	1,200,000
– Cash bonus At risk	1,400,000 [3]	1,400,000	1,700,000	1,200,000	1,200,000
– Other short term employee benefits [4] Fixed	(27,821)	155,687	43,076	(19,231)	188,508
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,772,179	2,955,687	2,943,076	2,380,769	2,588,508
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue [5]					
– Cash settled awards (at risk)	1,556,678	1,010,911	948,637	187,975	699,661
– Equity settled awards (at risk)	1,891,871	1,887,911	1,067,602	1,067,602	547,719
Total remuneration (including fair value adjustment for cash settled awards)	**6,220,728**	**5,854,509**	**4,959,315**	**3,636,346**	**3,835,888**
Fair value decrement/(increment) on cash settled awards	(571,209)	(25,442)	1,033,183	1,644,139	1,404,320
Total remuneration based on the amortised fair value of all awards at grant date	**5,649,519**	**5,829,067**	**5,992,498**	**5,280,485**	**5,240,208**

(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.

8.5.3 Managing Director – UK/Europe & New Markets

Mr Michael Gutman

– Has been with the Group since 1993.
– Is responsible for overall management of all aspects of the Group's business in the United Kingdom, Europe and New Markets. Mr Gutman is also a member of the Group Executive Committee.
– All aspects of Mr Gutman's remuneration are reviewed annually by the Remuneration Committee and the Board. To assist in that review, an external review is conducted by Towers Watson to determine the appropriate level of remuneration having regard to a wide range of factors including the specific responsibilities attached to the position, remuneration of executives within Australian and international REITs (and other comparable industries) and other matters relating specifically to Westfield.
– Mr Gutman's Short Term Incentive for the Financial Year was paid at the Target level which represents 80% of the Maximum STI (2011: Target level – 80%).
– Details of the Mr Gutman's Service Agreement with the Group, including termination entitlements are set out in section 8.6.

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

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

Component of remuneration (1)	2012 A$	2011 A$	2010 A$	2009 A$	2008 A$
Short term employee benefits					
– Base salary (2) Fixed	1,400,000	1,300,000	1,200,000	1,200,000	1,200,000
– Cash bonus	1,400,000 (3)	1,300,000	1,200,000	1,200,000	1,200,000
Project bonus At risk	–	1,250,000 (4)	–	–	–
– Other short term employee benefits (5) Fixed	23,329	78,375	19,230	19,230	78,242
– Non monetary benefits (6) Fixed	191,762	68,768	228,764	282,342	691,971
Total short term employee benefits	3,015,091	3,997,143	2,647,994	2,701,572	3,170,213
Post employment					
– Pension and superannuation benefits	42,578	38,970	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue (7)					
– Cash settled awards (at risk)	1,293,659	850,095	842,212	187,135	708,720
– Equity settled awards (at risk)	1,891,871	1,803,725	902,268	902,268	482,582
Total remuneration (including fair value adjustment for cash settled awards)	**6,243,199**	**6,689,933**	**4,392,474**	**3,790,975**	**4,361,515**
Fair value decrement/(increment) on cash settled awards	(475,925)	(32,361)	1,044,245	1,632,543	1,360,307
Total remuneration based on the amortised fair value of all awards at grant date	**5,767,274**	**6,657,572**	**5,436,719**	**5,423,518**	**5,721,822**

(1) Mr Gutman is based between Australia and the UK. As he is paid in A$ his remuneration is disclosed in A$.
(2) Mr Gutman's base salary is exclusive of statutory superannuation contributions.
(3) No part of this bonus is payable in respect of any future financial year.
(4) Mr Gutman was paid a project bonus for Westfield Stratford City. No part of this bonus is payable in respect of any future financial year.
(5) Comprising annual leave and long service leave entitlements.
(6) Comprising normal expatriate benefits including medical benefits, accommodation, home leave plus fringe benefit tax on those benefits.
(7) Refer to the tables in the Appendix for details of awards held by Mr Gutman under the Equity Linked Plans.

8.5.4 Managing Director – Australia, United States & New Zealand

Mr Robert Jordan

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

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)	**2012 A$**	**2011 A$**	**2010 A$**	**2009 A$**	**2008 A$**
Short term employee benefits					
– Base salary (2) Fixed	1,400,000	1,300,000	1,200,000	1,200,000	1,200,000
– Cash bonus	1,400,000 (3)	1,300,000	1,200,000	1,200,000	1,200,000
Project Bonus At risk	–	1,150,000 (4)	–	–	–
– Other short term employee benefits (5) Fixed	66,108	68,936	(19,033)	(3,078)	219,899
– Non monetary benefits Fixed	–	–	–	–	–
Total short term employee benefits	2,866,108	3,818,936	2,380,967	2,396,922	2,619,899
Post employment					
– Pension and superannuation benefits	–	–	–	–	–
Other long term benefits	–	–	–	–	–
Amortisation of all awards on issue (6)					
– Cash settled awards (at risk)	1,293,659	850,095	843,215	187,975	715,082
– Equity settled awards (at risk)	1,891,871	1,806,012	907,425	907,425	469,441
Total remuneration (including fair value adjustment for cash settled awards)	6,051,638	6,475,043	4,131,607	3,492,322	3,804,422
Fair value decrement/(increment) on cash settled awards	(475,925)	(32,361)	1,043,242	1,621,313	1,344,309
Total remuneration based on the amortised fair value of all awards at grant date	**5,575,713**	**6,442,682**	**5,174,849**	**5,113,635**	**5,148,731**

(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.

8.6 Executive service agreements and termination arrangements

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

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

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

Payments to the executive on termination are also common to each Service Agreement. The principles applicable to termination payments by the Group, as applied by the Group prior to execution of the Service Agreements and now reflected in those Service Agreements are set out below. The provisions of these Service Agreements must be read subject to the requirements of the Corporations Act. In certain circumstances, payment of the entitlements referred to below may require the prior approval of members.

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

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

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

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

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

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

(c) Death or permanent disability

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

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

(d) Retirement

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

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

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

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

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

8.7 Remuneration of Non-Executive Directors

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

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

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

The fees paid to the Non-Executive Directors in the Financial Year are set out in the table below. The aggregate fees for Non-Executive Directors (including standing Committee fees) for the Financial Year were $2,647,800. 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. That freeze on fees has been extended for 2013.

The remuneration of the Non-Executive Directors is determined by the Board (within the limits set by Westfield Group members), acting on recommendations made by the Remuneration Committee. The objective of the Committee in making its recommendations is to attract, retain and properly motivate high calibre Non-Executive Directors to serve on the Westfield Group Board.

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

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

Name	Year	Base fee[1] $	Deputy chair fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Total $
Frank Lowy	**2012**	**750,000**	**–**	**–**	**–**	**–**	**–**	**750,000**
	2011	451,236	–	–	–	–	–	451,236[2]
Brian Schwartz	**2012**	**185,000**	**32,000**	**22,000**	**–**	**6,400**	**–**	**245,400**
	2011	185,000	19,252	22,000	–	6,400	–	232,652
Ilana Atlas	**2012**	**185,000**	**–**	**–**	**17,582**[3]	**–**	**–**	**202,582**
	2011	111,305	–	–	–	–	–	111,305
Roy Furman	**2012**	**185,000**	**–**	**–**	**–**	**–**	**13,000**	**198,000**
	2011	185,000	–	–	–	–	13,000	198,000
Peter Goldsmith	**2012**	**185,000**	**–**	**–**	**–**	**–**	**–**	**185,000**
	2011	185,000	–	–	–	–	–	185,000
Fred Hilmer	**2012**	**185,000**	**–**	**32,000**	**–**	**–**	**20,000**	**237,000**
	2011	185,000	–	32,000	–	–	20,000	237,000
Stephen Johns	**2012**	**185,000**	**–**	**22,000**	**26,000**	**–**	**–**	**233,000**
	2011	185,000	–	22,000	23,610	–	–	230,610
Mark Johnson	**2012**	**185,000**	**–**	**–**	**–**	**–**	**13,000**	**198,000**
	2011	185,000	–	–	–	–	7,821	192,821
John McFarlane	**2012**	**185,000**	**–**	**–**	**2,472**[4]	**–**	**–**	**187,472**
	2011	185,000	–	–	20,000	–	–	205,000
Judith Sloan	**2012**	**185,000**	**–**	**–**	**20,000**	**6,400**	**–**	**211,400**
	2011	185,000	–	–	12,033	6,400	–	203,433

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

(2) Mr Lowy commenced as Non-Executive Chairman on 25 May 2011. The agreed annual fee of $750,000 was pro-rated in 2011. The full fee was payable in 2012.

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

(4) 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.

2012/13 Highlights: Non-Executive Chairman and Director Fees (including Committee Fees and all loadings) were frozen during the Financial Year. That policy has also been adopted for the 2013 financial year.

8.8 Definitions

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

Executive Director	means each member of the Board who is employed as an executive of the Group – being Peter Lowy and Steven Lowy (Co-Chief Executive Officers) and Peter Allen (Group Chief Financial Officer).
Key Management Personnel	or KMPs 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 KMPs in this Report are Robert Jordan (Managing Director – Australia, United States & New Zealand and) and Michael Gutman (Managing Director – UK/Europe & New Markets). The remuneration of all KMPs, including Non-Executive Directors, is reported in detail in this report.
Senior Executive Team	means the Group's senior management team comprising approximately 50 executives performing senior operational and corporate roles in the various countries in which the Group operates.
Base Salary	means the fixed remuneration paid to an executive at regular intervals (typically fortnightly or monthly).
Short Term Incentive	or STI means the annual incentive paid to an executive based on performance against KPIs which reflect the expected performance of that executive in relation to financial and non-financial matters. A further description of the process for awarding STIs is set out in section 8.4. For the Senior Executive Team, each STI has two components: a) a cash performance bonus paid shortly after the end of the relevant financial year; and b) the grant of awards under the EPR Plan (see below) whereby part of the STI is deferred for 3 years. The value of the deferred awards received by the executive at that time will fluctuate with movements in the market price of the Group's securities.
Key Performance Indicators	or KPIs are the performance objectives or measures used to assess the entitlement of executives to Short Term Incentives in any year. Typically these measures are both financial and non-financial.
Performance Bonus	means that part of the STI which is paid in cash.
Equity Linked Plans	or Plans means the Executive Performance Rights Plan (EPR Plan) and the Partnership Incentive Rights Plan (PIR Plan), both of which Plans are established under the Westfield Performance Rights Plan. Under the EPR Plan, the Group grants 3 year equity linked awards to executives (including the Senior Executive Team) as part of the annual Short Term Incentive. Under the PIR Plan, the Group grants 5 year equity linked awards to approximately 20 of the Group's most senior executives. Unlike the EPR Plan, in order to achieve vesting of awards granted under the PIR Plan, the executive must satisfy certain performance hurdles set by the Board at the commencement of each year. A full description of both Plans can be found in section 8.4 and in the Appendix.
Long Term Incentive Plan	or LTI Plan means the Partnership Incentive Rights Plan (PIR Plan) established under the Westfield Performance Rights Plan. A full description of the LTI Plan can be found in section 8.4 and in the Appendix.
Performance Hurdles	means the hurdles established by the Board in connection with awards granted under the LTI Plan with a view to measuring performance of the executive team against key business and shareholder metrics. In the Financial Year, the Group used 2 hurdles – the first relating to Funds From Operations (FFO) and the second relating to Return on Contributed Equity (ROCE). The rationale for choosing these hurdles and the way in which the hurdles operate is set out in section 8.4.
Target STI	is a reference to the Target Short Term Incentive which the Group would expect to pay or award to an executive for performance which meets the high expectations of the Group as reflected in the objectives set for that executive at the start of the financial year.
Maximum STI	is a reference to the maximum Short Term Incentive which could be earned by an executive in a financial year. See section 8.4 for a discussion of the relationship between Target STI and Maximum STI.
Target LTI	is a reference to the Target Long Term Incentive which would be awarded to a participant in the LTI Plan for performance against a Performance Hurdle at a level which meets the high expectations of the Group in relation to performance against that Performance Hurdle over the period of measurement.
Maximum LTI	is a reference to the maximum Long Term Incentive which could be awarded to a participant in the LIT Plan for performance against the relevant Performance Hurdle. See section 8.4 for a discussion of the relationship between Target LTI and Maximum LTI.

APPENDIX TO REMUNERATION REPORT

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

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

1.2 Mechanics of the Plans

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

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

(b) a cash payment to the same value.

The relevant common features of both Plans are as follows:

– based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of $400,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $40,000;
– immediately prior to the commencement of participation in the Plan, that dollar amount is converted into an award which is based on the then current market price of Westfield Group stapled securities. In the above example, assuming a market price of $10.00 per stapled security, the participant would receive an award equal to the economic benefit of 4,000 Westfield Group stapled securities; and
– assuming the executive remains employed by the Group through the vesting period and any applicable performance hurdles are satisfied, the executive will receive either a physical Westfield Group security or a cash pay-out equal to the capital value of the securities represented by the award.

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

1.3 Short Term Incentives – The EPR Plan

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

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

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

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

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

– voluntary resignation by the executive (other than where the retirement conditions are met);
– a "Summary Termination Event" occurring in respect of a participant (this includes the participant engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and
– the participant failing to comply with a "Competition and Confidentiality Condition" (which will include standard confidentiality, non-compete and non-solicitation conditions).

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

If a participant is made redundant or Westfield terminates their employment other than for cause, a pro-rata payment will be made to that participant.

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

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

There were no retention awards issued to the KMPs 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 KMPs under the EDA Plan which are detailed in the table below.

(a) Participation in EPR plan

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

Executive	Date of grant	Number of rights held	Vesting date	Fair value at grant ($) [2]	Market value at 31 Dec 2012 [3]	Performance hurdles
Peter Lowy [4]	1 Jan 2012	146,928	15 Dec 2014	993,233	1,551,560	N/A
Steven Lowy [4]	1 Jan 2012	146,928	15 Dec 2014	993,233	1,551,560	N/A
Peter Allen	1 Jan 2011	771,923	15 Dec 2015	5,889,772	8,151,507	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,163,670	N/A
Michael Gutman	1 Jan 2011	771,923	15 Dec 2015	5,889,772	8,151,507	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,163,670	N/A
Robert Jordan	1 Jan 2011	771,923	15 Dec 2015	5,889,772	8,151,507	N/A
	1 Jan 2012	110,196	15 Dec 2014	744,925	1,163,670	N/A

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

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

(3) The market value at 31 December 2012 is based on the closing price of Westfield Group securities of $10.56.

(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 the KMP.

Executive	Date of grant	Number of awards at grant date	Vesting date	Adjustment awards [2]	Total awards held	Fair value at grant ($) [3]	Market value at 31 Dec 2012 [4]	Performance hurdles
Peter Lowy	1 Jan 2010	82,656	14 Dec 2012 [5]	23,144	105,800	864,582	N/A	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	118,387	995,635	1,250,167	N/A
Steven Lowy	1 Jan 2010	82,656	14 Dec 2012 [5]	23,144	105,800	864,582	N/A	N/A
	1 Jan 2011	118,387	16 Dec 2013	N/A	118,387	995,635	1,250,167	N/A
Peter Allen	1 Jan 2010	72,933	14 Dec 2012 [5]	20,421	93,354	762,879	N/A	N/A
	1 Jan 2011	88,790	16 Dec 2013	N/A	88,790	746,724	937,622	N/A
Michael Gutman	1 Jan 2010	48,622	14 Dec 2012 [5]	13,614	62,236	508,586	N/A	N/A
	1 Jan 2011	59,193	16 Dec 2013	N/A	59,193	497,813	625,078	N/A
Robert Jordan	1 Jan 2010	48,622	14 Dec 2012 [5]	13,614	62,236	508,586	N/A	N/A
	1 Jan 2011	59,193	16 Dec 2013	N/A	59,193	497,813	625,078	N/A

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

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

(3) 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.

(4) The market value at 31 December 2012 is based on the closing price of Westfield Group securities of $10.56.

(5) These awards vested (and were paid) in December 2012. The payout amount was $1,108,784 for each Co-Chief Executive Officer and $978,350 for the Group Chief Financial Officer. The payout amount was $652,233 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, 22 executives world-wide, including the Executive Directors, participated in the PIR Plan.

The PIR Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIR Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 8.2(c).

The operation of the PIR Plan is as described above.

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

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

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

The hurdles chosen by the Remuneration Committee for the 2012 and 2013 Qualifying Periods are discussed in section 8.4(c).

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 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 KMPs 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 the KMPs.

Executive	Date of grant	Number of awards/ Vesting date	Adjustment rights [2]	Total rights held	Fair value at grant ($) [3]	Market value at 31 Dec 2012 ($) [4]	Performance hurdles % Vesting [5] Target	Maximum
Peter Lowy [6]	1 Jan 2012	145,459:15/12/15	N/A	145,459	926,574	1,536,047	100% [10]	67%
		156,093:15/12/16	N/A	156,093	933,436	1,648,342		
Steven Lowy [6]	1 Jan 2012	145,459:15/12/15	N/A	145,459	926,574	1,536,047	100% [10]	67%
		156,093:15/12/16	N/A	156,093	933,436	1,648,342		
Peter Allen	1 Jan 2008	36,704:14/12/12 [7]	10,277	46,981	433,841	N/A	100%	N/A [11]
	1 Jan 2009	54,600:14/12/12 [8]	15,288	69,888	380,562	N/A	85%	56%
		58,689:16/12/13	16,433	75,122	372,675	793,288		
	1 Jan 2012 [9]	72,729:15/12/15	N/A	72,729	463,284	768,018	100% [10]	67%
		78,047:15/12/16	N/A	78,047	466,721	824,176		
Michael Gutman	1 Jan 2008	36,704:14/12/12 [7]	10,277	46,981	433,841	N/A	100%	N/A [11]
	1 Jan 2009	54,600:14/12/12 [8]	15,288	69,888	380,562	N/A	85%	56%
		58,689:16/12/13	16,433	75,122	372,675	793,288		
	1 Jan 2012 [9]	72,729:15/12/15	N/A	72,729	463,284	768,018	100% [10]	67%
		78,047:15/12/16	N/A	78,047	466,721	824,176		
Robert Jordan	1 Jan 2008	36,704:14/12/12 [7]	10,277	46,981	433,841	N/A	100%	N/A [11]
	1 Jan 2009	54,600:14/12/12 [8]	15,288	69,888	380,562	N/A	85%	56%
		58,689:16/12/13	16,433	75,122	372,675	793,288		
	1 Jan 2012 [9]	72,729:15/12/15	N/A	72,729	463,284	768,018	100% [10]	67%
		78,047:15/12/16	N/A	78,047	466,721	824,176		

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

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

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

(4) The market value at 31 December 2012 is based on the closing price of Westfield Group securities of $10.56.

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

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

(7) 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 2012. The market value of rights that vested in December 2012 was calculated using a 5 day VWAP of Westfield Group securities which was $10.64. The market value of the rights which vested for Mr Allen, Mr Gutman and Mr Jordan was $499,878.

(8) This number represents 50% of the original number of the awards, as awards under the PIR Plan vest in two tranches. These tranche 1 rights vested in December 2012. The market value of rights that vested in December 2012 was calculated using a 5 day VWAP of Westfield Group securities which was $10.64. The market value of the rights which vested for Mr Allen, Mr Gutman and Mr Jordan was $743,608.

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

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

(11) In 2008, there were no "stretch targets" for vesting beyond the Target level.

(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 date/ Vesting date	Adjustment awards [(2)]	Total awards held	Fair value at grant ($) [(3)]	Market value at 31 Dec 2012 ($) [(4)]	Performance hurdles % Vesting [(5)] Target	Maximum
Peter Lowy	1 Jan 2008	78,853:14/12/12 [(6)]	19,144	97,997	1,027,262	N/A	100%	N/A [(9)]
	1 Jan 2009	108,442:14/12/12 [(7)]	30,364	138,806	852,354	N/A	85%	56%
		116,367:16/12/13	32,583	148,950	859,952	1,572,912		
	1 Jan 2010	120,264:16/12/13	33,674	153,938	1,199,022	1,625,585	125%	82.5%
		125,772:15/12/14	35,216	160,988	1,196,101	1,700,033		
	1 Jan 2011	118,387:15/12/14	N/A	118,387	948,280	1,250,167	100%	66%
		123,520:15/12/15	N/A	123,520	942,458	1,304,371		
Steven Lowy	1 Jan 2008	78,853:14/12/12 [(6)]	19,144	97,997	1,027,262	N/A	100%	N/A [(9)]
	1 Jan 2009	108,442:14/12/12 [(7)]	30,364	138,806	852,354	N/A	85%	56%
		116,367:16/12/13	32,583	148,950	859,952	1,572,912		
	1 Jan 2010	120,264:16/12/13	33,674	153,938	1,199,022	1,625,585	125%	82.5%
		125,772:15/12/14	35,216	160,988	1,196,101	1,700,033		
	1 Jan 2011	118,387:15/12/14	N/A	118,387	948,280	1,250,167	100%	66%
		123,520:15/12/15	N/A	123,520	942,458	1,304,371		
Peter Allen [(8)]	1 Jan 2010	60,131:16/12/13	16,837	76,968	599,506	812,782	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	850,017		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	625,089	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	652,186		
Michael Gutman [(8)]	1 Jan 2010	60,131:16/12/13	16,837	76,968	599,506	812,782	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	850,017		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	625,089	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	652,186		
Robert Jordan [(8)]	1 Jan 2010	60,131:16/12/13	16,837	76,968	599,506	812,782	125%	82.5%
		62,886:15/12/14	17,608	80,494	598,046	850,017		
	1 Jan 2011	59,194:15/12/14	N/A	59,194	474,144	625,089	100%	66%
		61,760:15/12/15	N/A	61,760	471,229	652,186		

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

(2) 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 2012 is based on the closing price of Westfield Group securities of $10.56.

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

(6) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These tranche 2 awards vested (and were paid) in December 2012. The payout amount was $1,027,009 for each Co-Chief Executive Officer.

(7) This number represents 50% of the original number of the awards, as awards under the PIP Plan vest in two tranches. These awards are tranche 1 of the awards first granted in 2009. Tranche 1 vested on 14 December 2012. The payout amount was $1,454,687 for each Co-Chief Executive Officer.

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

(9) In 2008, there were no “stretch targets” for vesting beyond the Target level.

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.

9. ASIC DISCLOSURES

9.1 Rounding

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

9.2 Synchronisation of Financial Year

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

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

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

27 February 2013

Independent Audit Report

TO MEMBERS OF WESTFIELD HOLDINGS LIMITED

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

Report on the financial report

We have audited the accompanying financial report of Westfield Holdings Limited, which comprises the consolidated balance sheet as at 31 December 2012, the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

a. the financial report of Westfield Holdings Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the remuneration report

We have audited the Remuneration Report included in pages 7 to 31 of the directors' report for the year ended 31 December 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Westfield Holdings Limited for the year ended 31 December 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

S J Ferguson
Partner

Sydney, 27 February 2013

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 Dec 12 $million	31 Dec 11 $million
Revenue			
Property revenue	5	**1,652.1**	1,922.7
Property development and project management revenue		**451.9**	1,928.0
Property management income		**173.8**	155.3
		2,277.8	4,006.0
Share of after tax profits of equity accounted entities			
Property revenue		**1,086.4**	851.3
Property revaluations	9	**582.6**	248.7
Property expenses, outgoings and other costs		**(282.7)**	(220.1)
Gain/(loss) from capital transactions		**4.0**	–
Net interest expense		**(75.9)**	(51.8)
Tax expense		**(0.9)**	(20.6)
	16(a)	**1,313.5**	807.5
Expenses			
Property expenses, outgoings and other costs		**(510.4)**	(596.2)
Property development and project management costs		**(258.4)**	(1,779.7)
Property management costs		**(45.6)**	(41.4)
Overheads		**(224.2)**	(231.9)
		(1,038.6)	(2,649.2)
Interest income		**57.4**	52.6
Currency derivatives	6	**3.7**	(50.9)
Financing costs	7	**(831.6)**	(856.5)
Gain/(loss) from capital transactions	8	**(45.2)**	46.5
Property revaluations	9	**232.0**	227.4
Profit before tax for the period		**1,969.0**	1,583.4
Tax expense	10	**(203.7)**	(117.2)
Profit after tax for the period		**1,765.3**	1,466.2
Profit after tax for the period attributable to:			
– Members of the Westfield Group		**1,718.1**	1,452.9
– External non controlling interests		**47.2**	13.3
Profit after tax for the period		**1,765.3**	1,466.2
Net profit attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**271.4**	123.4
Westfield Trust and Westfield America Trust members		**1,446.7**	1,329.5
Net profit attributable to members of the Westfield Group		**1,718.1**	1,452.9
		cents	cents
Basic earnings per Westfield Holdings Limited share		**11.97**	5.36
Diluted earnings per Westfield Holdings Limited share		**11.91**	5.34
Basic earnings per stapled security	3(a)	**75.79**	63.08
Diluted earnings per stapled security	3(a)	**75.38**	62.89

Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2012

	31 Dec 12 $million	31 Dec 11 $million
Profit after tax for the period	**1,765.3**	1,466.2
Other comprehensive income		
Movement in foreign currency translation reserve		
– Net exchange difference on translation of foreign operations	**21.2**	(39.3)
– Realised and unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**(23.5)**	16.0
– Deferred tax effect on unrealised gain/(loss) on currency loans and asset hedging derivatives which qualify for hedge accounting	**(2.0)**	5.0
Movement in employee share plan swaps reserve		
– Gain/(loss) on employee share plan swaps	**26.2**	(21.8)
– Amount transferred to income statement	**(14.1)**	11.0
– Deferred tax effect on employee share plan swaps	**(3.6)**	3.2
Movement in external non controlling interest		
– Net exchange difference on translation of foreign operations	**2.2**	(0.3)
Total comprehensive income for the period	**1,771.7**	1,440.0
Total comprehensive income attributable to:		
– Members of the Westfield Group	**1,722.3**	1,427.0
– External non controlling interests	**49.4**	13.0
Total comprehensive income for the period	**1,771.7**	1,440.0

Total comprehensive income attributable to members of the Westfield Group analysed by amounts attributable to:		
Westfield Holdings Limited members	**245.4**	53.1
Westfield Trust and Westfield America Trust members [i]	**1,476.9**	1,373.9
Total comprehensive income attributable to members of the Westfield Group	**1,722.3**	1,427.0

[i] Total comprehensive income attributable to members of Westfield Trust and Westfield America Trust consists of profit after tax for the period of $1,446.7 million (31 December 2011: $1,329.5 million), the net exchange gain on translation of foreign operations of $30.2 million (31 December 2011: $44.4 million).

Dividend/Distribution Statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 Dec 12 $million	31 Dec 11 $million
Profit after tax for the period		**1,765.3**	1,466.2
Adjusted for:			
Property revaluations		**(814.6)**	(476.1)
Amortisation of tenant allowances		**75.2**	71.8
Net fair value loss of currency derivatives that do not qualify for hedge accounting		**20.6**	55.5
Net fair value loss on interest rate hedges that do not qualify for hedge accounting		**222.0**	128.9
Net fair value loss on other financial liabilities		**76.4**	182.4
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)		**–**	99.1
(Gain)/loss from capital transactions		**41.2**	(46.5)
Tax on capital transaction		**–**	1.1
Deferred tax		**109.8**	26.6
Funds from operations attributable to external non controlling interests		**(22.2)**	(16.6)
Funds from operations attributable to members of the Westfield Group [(i)]	3(c)	**1,473.7**	1,492.4
Less: amount retained		**(365.6)**	(377.6)
Dividend/distributions for the period		**1,108.1**	1,114.8
Dividend/distribution per ordinary stapled security (cents)		**49.50**	48.40
Weighted average number of stapled securities entitled to distributions		**2,238.6**	2,303.1
Weighted average number of stapled securities on issue for the period		**2,267.0**	2,303.1

(i) Equivalent to 65.01 cents per stapled security (31 December 2011: 64.80 cents).

Balance Sheet

AS AT 31 DECEMBER 2012

	Note	31 Dec 12 $million	31 Dec 11 $million
Current assets			
Cash and cash equivalents	27(a)	**1,099.2**	196.2
Trade debtors		**31.4**	47.7
Derivative assets	11	**145.9**	188.0
Receivables	12	**212.2**	1,466.1
Inventories		**91.6**	50.0
Tax receivable		**11.5**	15.0
Prepayments and deferred costs	13	**100.4**	117.2
Total current assets		**1,692.2**	2,080.2
Non current assets			
Investment properties	14	**17,955.9**	23,108.3
Equity accounted investments	16(b)	**12,947.4**	10,143.3
Other investments	17	**585.6**	510.9
Derivative assets	11	**538.0**	778.2
Receivables	12	**18.4**	4.7
Plant and equipment	18	**146.9**	161.0
Deferred tax assets	10(b)	**108.0**	138.7
Prepayments and deferred costs	13	**81.4**	86.5
Total non current assets		**32,381.6**	34,931.6
Total assets		**34,073.8**	37,011.8
Current liabilities			
Trade creditors		**166.3**	141.1
Payables and other creditors	19	**1,689.6**	1,796.5
Interest bearing liabilities	20	**368.6**	1,881.9
Other financial liabilities	21	**102.4**	108.6
Tax payable		**167.0**	68.0
Derivative liabilities	22	**59.3**	105.6
Total current liabilities		**2,553.2**	4,101.7
Non current liabilities			
Payables and other creditors	19	**108.1**	153.9
Interest bearing liabilities	20	**10,809.0**	12,003.6
Other financial liabilities	21	**1,553.9**	1,715.0
Deferred tax liabilities	10(c)	**2,893.9**	2,886.2
Derivative liabilities	22	**391.4**	389.3
Total non current liabilities		**15,756.3**	17,148.0
Total liabilities		**18,309.5**	21,249.7
Net assets		**15,764.3**	15,762.1
Equity attributable to members of Westfield Holdings Limited			
Contributed equity	23	**1,448.2**	1,479.8
Reserves	25	**(805.1)**	(779.2)
Retained profits	26	**172.9**	(98.5)
Total equity attributable to members of Westfield Holdings Limited		**816.0**	602.1
Equity attributable to Westfield Trust and Westfield America Trust members			
Contributed equity	23	**14,957.0**	15,701.4
Reserves	25	**(548.8)**	(588.5)
Retained profits	26	**105.3**	(226.0)
Total equity attributable to Westfield Trust and Westfield America Trust members		**14,513.5**	14,886.9
Equity attributable to external non controlling interests			
Contributed equity		**327.3**	205.3
Reserves		**1.9**	(0.3)
Retained profits		**105.6**	68.1
Total equity attributable to external non controlling interests		**434.8**	273.1
Total equity		**15,764.3**	15,762.1
Equity attributable to members of the Westfield Group analysed by amounts attributable to:			
Westfield Holdings Limited members		**816.0**	602.1
Westfield Trust and Westfield America Trust members		**14,513.5**	14,886.9
Total equity attributable to members of the Westfield Group		**15,329.5**	15,489.0

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2012

	Comprehensive Income 31 Dec 12 $million	Movement in Equity and Reserves 31 Dec 12 $million	**Total 31 Dec 12 $million**	Total 31 Dec 11 $million
Changes in equity attributable to members of the Westfield Group				
Opening balance of contributed equity	–	*17,181.2*	**17,181.2**	17,181.2
– Movement in contributed equity	–	*(776.0)*	**(776.0)**	–
Closing balance of contributed equity	–	*16,405.2*	**16,405.2**	17,181.2
Opening balance of reserves	–	*(1,367.7)*	**(1,367.7)**	(1,400.1)
– Movement in foreign currency translation reserve (i) (ii) (iii)	*(4.3)*	–	**(4.3)**	45.9
– Movement in employee share plan benefits reserve (i)	–	*9.6*	**9.6**	(5.9)
– Movement in employee share plan swaps reserve (i) (ii)	*8.5*	–	**8.5**	(7.6)
Closing balance of reserves	*4.2*	*(1,358.1)*	**(1,353.9)**	(1,367.7)
Opening balance of retained profits (restated for AASB 2010-8) (iv)	–	*(324.5)*	**(324.5)**	(428.9)
– Profit after tax for the period (ii)	*1,718.1*	–	**1,718.1**	1,452.9
– Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations (iii)	–	–	**–**	(64.2)
– Dividend/distribution paid	–	*(1,115.4)*	**(1,115.4)**	(1,284.3)
Closing balance of retained profits	*1,718.1*	*(1,439.9)*	**278.2**	(324.5)
Closing balance of equity attributable to members of the Westfield Group	*1,722.3*	*13,607.2*	**15,329.5**	15,489.0
Changes in equity attributable to external non controlling interests				
Opening balance of equity	–	*273.1*	**273.1**	277.0
Movement in contributed equity	–	*122.0*	**122.0**	(7.2)
Movement in foreign currency translation reserve (ii)	*2.2*	–	**2.2**	(0.3)
Profit after tax for the period attributable to external non controlling interests (ii)	*47.2*	–	**47.2**	13.3
Dividend/distribution paid or provided for	–	*(9.7)*	**(9.7)**	(9.7)
Closing balance of equity attributable to external non controlling interests	*49.4*	*385.4*	**434.8**	273.1
Total equity	*1,771.7*	*13,992.6*	**15,764.3**	15,762.1
Closing balance of equity attributable to:				
– Westfield Holdings Limited members	*245.4*	*570.6*	**816.0**	602.1
– Westfield Trust and Westfield America Trust members	*1,476.9*	*13,036.6*	**14,513.5**	14,886.9
Closing balance of equity attributable to members of the Westfield Group	*1,722.3*	*13,607.2*	**15,329.5**	15,489.0

(i) Movement in reserves attributable to members of Westfield Trust and Westfield America Trust consists of the net exchange gain on translation of foreign operations of $30.2 million (31 December 2011: $44.4 million) and net credit to the employee share plan benefit reserve of $9.5 million (31 December 2011: debit $6.4 million).

(ii) Total comprehensive income for the period amounts to a gain of $1,771.7 million (31 December 2011: $1,440.0 million).

(iii) During the year ending 31 December 2011, $64.2 million of accumulated exchange differences were transferred to retained earnings on realisation of net investment in foreign operations.

(iv) The Group has adopted AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets retrospectively. This has resulted in an additional charge of $1,174.0 million to the opening retained profits effective as at 1 January 2011 (Refer to Note 1(b)).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	31 Dec 12 $million	31 Dec 11 $million
Cash flows from operating activities			
Receipts in the course of operations (including sales tax)		**2,828.3**	3,406.2
Payments in the course of operations (including sales tax)		**(1,354.8)**	(1,419.5)
Settlement of income hedging currency derivatives		**21.5**	9.2
Dividends/distributions received from equity accounted associates		**643.3**	462.2
Income and withholding taxes paid		**(20.7)**	(42.9)
Sales tax paid		**(73.7)**	(79.9)
Net cash flows from operating activities	27(b)	**2,043.9**	2,335.3
Cash flows from/(used in) investing activities			
Capital expenditure on property investments – consolidated		**(426.8)**	(803.6)
Capital expenditure on property investments – equity accounted		**(440.4)**	(526.1)
Proceeds from the disposition of property investments – consolidated [(i)]		**2,826.7**	382.4
Proceeds from the disposition of property investments – equity accounted		**649.0**	–
Acquisition of property investments – equity accounted		**(360.9)**	–
Proceeds from Westfield Retail Trust for the repayment of the Westfield Sydney Facility		**942.0**	–
Capital contribution to fund repayment of loan by equity accounted investments		**(168.8)**	17.3
Purchase of plant & equipment		**(23.6)**	(28.2)
Financing costs capitalised to qualifying development projects and construction in progress		**(63.7)**	(125.7)
Settlement of asset hedging currency derivatives		**(19.9)**	11.2
Net cash flows from/(used in) investing activities		**2,913.6**	(1,072.7)
Cash flows used in financing activities			
Capital contribution from non controlling interest		**122.0**	–
Buy-back of securities		**(776.0)**	–
Redemption of other financial liabilities		**(156.7)**	–
Net proceeds/(repayment) from interest bearing liabilities		**(1,659.6)**	1,090.5
Financing costs excluding interest capitalised		**(534.3)**	(479.4)
Financing costs capitalised to qualifying inventories		**–**	(48.9)
Interest received		**106.2**	25.5
Dividends/distributions paid		**(1,115.4)**	(1,284.3)
Dividends/distributions paid by controlled entities to non controlling interests		**(9.7)**	(16.9)
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		**(27.1)**	–
Termination of surplus interest rate swaps in respect of the repayment of interest bearing liabilities with the proceeds from the Westfield Retail Trust capital restructure		**–**	(261.6)
Termination of surplus interest rate swaps upon the restructure of Westfield Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)		**–**	(279.4)
Net cash flows used in financing activities		**(4,050.6)**	(1,254.5)
Net increase in cash and cash equivalents held		**906.9**	8.1
Add opening cash and cash equivalents brought forward		**190.5**	185.6
Effects of exchange rate changes on opening cash and cash equivalents brought forward		**1.1**	(3.2)
Cash and cash equivalents at the end of the period	27(a)	**1,098.5**	190.5

(i) In addition to the cash proceeds from the disposition of investments of $2,826.7 million, $539.1 million of debt was also assumed by the purchaser.

Index of Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report of the Westfield Group (Group), comprising Westfield Holdings Limited (Parent Company) and its controlled entities, for the year ended 31 December 2012 was approved in accordance with a resolution of the Board of Directors of the Parent Company on 27 February 2013.

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 2012.

– AASB 2010-8 *Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets*

  The application of the amendment requires the Group to determine deferred tax on the basis that the investment property is disposed of at book value, rather than realised through the continued use of the asset. The final amount of tax actually paid on the disposal of any of the Group's assets may be different, depending on the circumstances of the disposal.

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

  – an additional amount of $1,174.0 million being charged against retained profits and an increase in deferred tax liabilities of $1,176.4 million as at 31 December 2010;

  – an additional tax expense of $79.8 million for the year ended 31 December 2011 and an increase in deferred tax liabilities of $1,258.9 million as at 31 December 2011;

  – an additional tax expense of $99.7 million for the year ended 31 December 2012 and an increase in deferred tax liabilities of $1,358.6 million as at 31 December 2012;

  – decrease of EPS from 66.55 cents to 63.08 cents and decrease of diluted EPS from 66.35 cents to 62.89 cents for the year ended 31 December 2011; and

  – decrease of EPS from 80.19 cents to 75.79 cents and decrease of diluted EPS from 79.75 cents to 75.38 cents for the year ended 31 December 2012.

– AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets*. For the year, the adoption of this standard has no material impact on the financial statements of the Group; and

– AASB 1054 *Australian Additional Disclosures*. For the year, the adoption of this standard 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 2012. The impact of these new standards (to the extent relevant to the Group) and interpretations are as follows:

– AASB 10 *Consolidated Financial Statements* (effective from 1 January 2013)

  This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. Based on investments held as at 31 December 2012, there will be no significant impact on entities that are currently consolidated or equity accounted;

– AASB 11 *Joint Arrangements* (effective from 1 January 2013)

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

– AASB 12 *Disclosure of Interests in Other Entities* (effective from 1 January 2013)

  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. This standard is not expected to have a significant impact on the Group's financial results and disclosures; and

– AASB 13 *Fair value measurement* (effective from 1 January 2013)

  The standard establishes a single source of guidance for determining the fair value of assets and liabilities. This standard is not expected to have a significant impact on the Group's financial results and disclosures.

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 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* (effective from 1 July 2013); and

– AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Other Comprehensive Income* (effective from 1 July 2012).

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

(c) Basis of Accounting

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

(d) Significant accounting judgements, estimates and assumptions

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

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

(e) Comparative information

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the Group

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

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

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

(b) Consolidation and classification

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

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

(i) Synchronisation of Financial Year

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

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

(ii) Joint Ventures

Joint venture operations

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

Joint venture entities

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

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

(iii) Associates

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

(iv) Controlled entities

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

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

(c) Investment properties

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

(i) Shopping centre investments

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

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

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

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, 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 15 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Investment properties (continued)

(ii) Development projects and construction in progress

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

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

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

(d) Other investments

Listed and unlisted investments

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

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

(e) Foreign currencies

(i) Translation of foreign currency transactions

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

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

(ii) Translation of accounts of foreign operations

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

(f) Revenue recognition

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

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

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

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

Revenue for development and construction projects carried out for third parties is recognised on a percentage 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Taxation

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

(i) WT

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

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

(ii) WAT

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

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

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

(iii) Deferred tax

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply when the asset is 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.

(iv) Parent Company – tax consolidation

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

(i) Goodwill

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

(j) Sales Tax

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

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

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

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

(k) Financing costs

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

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

(l) Inventories

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

(m) Depreciation and amortisation

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

(n) Leases

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

(i) Operating leases

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

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

(ii) Finance leases

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee benefits

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

(p) Contributed equity

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

(q) Derivative and other financial instruments

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

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

The fair value of forward exchange contracts, currency and interest rate options and cross currency swaps are calculated by reference to relevant market rates for contracts with similar maturity profiles. The fair value of interest rate swaps are determined by reference to market rates for similar instruments.

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

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

(i) Financial assets

Cash and cash equivalents

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

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

Receivables

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

(ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

Other financial liabilities

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

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

(r) Recoverable amount of assets

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

(s) Earnings per security

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

(t) Rounding

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

NOTE 3 EARNINGS AND FUNDS FROM OPERATIONS PER SECURITY

	Notes	31 Dec 12 cents	31 Dec 11 cents
(a) Summary of earnings and funds from operations per security			
Basic earnings per stapled security attributable to members of the Westfield Group		**75.79**	63.08
Diluted earnings per stapled security attributable to members of the Westfield Group		**75.38**	62.89
Basic funds from operations per stapled security attributable to members of the Westfield Group		**65.01**	64.80
Diluted funds from operations per stapled security attributable to members of the Westfield Group		**64.66**	64.60

	Notes	$million	$million
(b) Funds from operations			
Reconciliation of profit after tax to funds from operations:			
Profit after tax for the period		**1,765.3**	1,466.2
Property revaluations		**(232.0)**	(227.4)
Equity accounted – Property revaluations	16(a)	**(582.6)**	(248.7)
Amortisation of tenant allowances	5	**49.9**	55.2
Equity accounted – Amortisation of tenant allowances	16(a)	**25.3**	16.6
Net fair value loss of currency derivatives that do not qualify for hedge accounting	6	**20.6**	55.5
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	7	**212.0**	128.2
Net fair value loss on other financial liabilities	7	**76.4**	182.4
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	7	**–**	99.1
Equity accounted – Net fair value loss on interest rate hedges that do not qualify for hedge accounting	16(a)	**10.0**	0.7
(Gain)/loss on capital transactions	8	**45.2**	(46.5)
Equity accounted – (Gain)/loss on capital transactions	16(a)	**(4.0)**	–
Tax on capital transactions	10	**–**	1.1
Deferred tax	10	**125.7**	21.8
Equity accounted – Deferred tax	16(a)	**(15.9)**	4.8
Funds from operations		**1,495.9**	1,509.0
Less: Funds from operations attributable to external non controlling interests (iii)		**(22.2)**	(16.6)
Funds from operations attributable to members of Westfield Group		**1,473.7**	1,492.4
Funds from operations, prepared in the proportionate format (refer to Note 4), is represented by:			
Property revenue (excluding amortisation of tenant allowances)	4(d)	**2,813.7**	2,845.8
Property expenses, outgoing and other costs	4(d)	**(793.1)**	(816.3)
Net property income		**2,020.6**	2,029.5
Property development and project management revenue	4(a)	**451.9**	1,928.0
Property development and project management costs	4(a)	**(258.4)**	(1,779.7)
Project income		**193.5**	148.3
Property management income	4(a)	**173.8**	155.3
Property management costs	4(a)	**(45.6)**	(41.4)
Property management income		**128.2**	113.9
Overheads		**(224.2)**	(231.9)
Funds from operations before interest and tax		**2,118.1**	2,059.8
Interest income	4(a)	**66.3**	58.2
Financing costs (excluding net fair value gain or loss) (i)	7,16(a)	**(618.0)**	(503.5)
Currency derivatives (excluding net fair value gain or loss)	6	**24.3**	4.6
Tax expense (excluding deferred tax and tax on capital transactions) (ii)	10,16(a)	**(94.8)**	(110.1)
Funds from operations		**1,495.9**	1,509.0
Less: Funds from operations attributable to external non controlling interests (iii)		**(22.2)**	(16.6)
Funds from operations attributable to members of Westfield Group		**1,473.7**	1,492.4

(i) Financing costs (excluding net fair value gain or loss) consists of gross financing cost net of financing cost capitalised of $432.5 million (31 December 2011: $321.9 million), finance leases interest expense of $3.3 million (31 December 2011: $7.6 million), interest expense on other financial liabilities of $107.4 million (31 December 2011: $117.3 million) and equity accounted borrowing costs of $74.8 million (31 December 2011: $56.7 million).

(ii) Tax expense (excluding deferred tax and tax on capital transactions) consists of tax expense on underlying operations of $78.0 million (31 December 2011: $94.3 million) and equity accounted underlying current tax of $16.8 million (31 December 2011: $15.8 million).

(iii) Funds from operations attributable to external non controlling interests of $22.2 million (31 December 2011: $16.6 million) consists of profit after tax for the period attributable to external non controlling interests of $47.2 million (31 December 2011: $13.3 million) less FFO adjustments of $25.0 million (31 December 2011: $3.3 million).

NOTE 3 EARNINGS AND FUNDS FROM OPERATIONS PER SECURITY (CONTINUED)

(b) Funds from operations (continued)

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

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

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

(c) Income and security data

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

	31 Dec 12 $million	31 Dec 11 $million
Earnings used in calculating basic earnings per stapled security [(i)]	**1,718.1**	1,452.9
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per stapled security	**1,718.1**	1,452.9

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

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

Funds from operations used in calculating basic funds from operations per stapled security	**1,473.7**	1,492.4
Adjustment to funds from operations on options which are considered dilutive	**–**	–
Funds from operations used in calculating diluted funds from operations per stapled security	**1,473.7**	1,492.4

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

	No. of securities	No. of securities
Weighted average number of ordinary securities used in calculating basic earnings/FFO per stapled security [(i)]	**2,266,955,861**	2,303,119,114
Weighted average of potential employee awards scheme security options which, if issued would be dilutive [(ii)]	**12,308,654**	6,953,274
Adjusted weighted average number of ordinary securities used in calculating diluted earnings/FFO per stapled security [(iii)]	**2,279,264,515**	2,310,072,388

(i) 2,267.0 million (31 December 2011: 2,303.1 million) weighted average number of stapled securities on issue for the period has been included in the calculation of basic and diluted earnings per stapled security as reported in the income statement and basic and diluted FFO per stapled security as disclosed in this note.

(ii) At 31 December 2012 11,221,754 actual employee award scheme security options were on hand (31 December 2011: 4,573,405).

(iii) The weighted average number of converted, lapsed or cancelled potential ordinary securities used in diluted earnings per stapled security was 1,189,175 (31 December 2011: 2,379,869).

(d) Conversions, calls, subscription, issues or buy-back after 31 December 2012

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

The Group have bought back and cancelled 375,581 stapled securities. There are 2,222,158,356 stapled securities on issue following the cancellation.

NOTE 4 SEGMENT REPORTING

Operating segments

The Group's operating segments are as follows:

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

(i) Property investments

Property investments segment includes net property income from existing shopping centres and completed developments, revaluation of existing centres and other operational expenses. A geographic analysis of net property investment income is also provided.

(ii) Property and project management

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

(b) Development

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

NOTE 4 SEGMENT REPORTING (CONTINUED)

(c) Corporate

The corporate business unit includes unallocated corporate entity expenses.

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

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

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

(a) Income and expenses

31 December 2012	Operational Property investments $million	Operational Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	2,693.1	–	42.8	2.6	2,738.5
Property development and project management revenue	–	451.9	–	–	451.9
Property management income	–	173.8	–	–	173.8
	2,693.1	**625.7**	**42.8**	**2.6**	**3,364.2**
Expenses					
Property expenses, outgoings and other costs	(776.3)	–	(16.8)	–	(793.1)
Property development and project management costs	–	(258.4)	–	–	(258.4)
Property management costs	–	(45.6)	–	–	(45.6)
Overheads	(79.5)	(23.0)	(89.0)	(32.7)	(224.2)
	(855.8)	**(327.0)**	**(105.8)**	**(32.7)**	**(1,321.3)**
Segment result	**1,837.3**	**298.7**	**(63.0)**	**(30.1)**	**2,042.9**
Segment revaluations					
Revaluation of properties and development projects	138.0	–	94.0	–	232.0
Equity accounted – revaluation of properties and development projects	490.6	–	92.0	–	582.6
	628.6	**–**	**186.0**	**–**	**814.6**
Inter-segmental transactions					
Transfer of completed developments			499.8		499.8
Carrying value of developments transferred			(499.8)		(499.8)
	–	**–**	**–**	**–**	**–**
Currency derivatives					3.7
Gain/(loss) from capital transactions					(41.2)
Interest income					66.3
Financing costs					(916.4)
Tax expense					(204.6)
External non controlling interests					(47.2)
Net profit attributable to members of the Westfield Group (i)					**1,718.1**

(i) Net profit attributable to members of the Westfield Group was $1,718.1 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of $47.2 million was $1,765.3 million.

(b) Assets and liabilities

	Property investments	Property and project management	Development	Corporate	Total
Total segment assets	**33,376.3**	**137.1**	**1,229.2**	**1,063.4**	**35,806.0**
Total segment liabilities	**1,987.6**	**16.6**	**41.1**	**17,996.4**	**20,041.7**
Total segment net assets	**31,388.7**	**120.5**	**1,188.1**	**(16,933.0)**	**15,764.3**
Equity accounted associates included in – segment assets	14,353.3	–	326.5	–	14,679.8
Equity accounted associates included in – segment liabilities (excluding deferred tax liabilities)	274.7	–	–	1,404.0	1,678.7
Additions to segment non current assets during the year	367.1	–	841.1	–	1,208.2

NOTE 4 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

31 December 2012	Australia & New Zealand $million	United Kingdom $million	United States & Brazil $million	Total $million
Property revenue – operating	1,110.6	321.2	1,261.3	2,693.1
Property revenue – development	22.0	–	20.8	42.8
Property development and project management revenue	346.9	51.2	53.8	451.9
Property management revenue	119.1	13.3	41.4	173.8
Other	–	2.6	–	2.6
Total revenue	**1,598.6**	**388.3**	**1,377.3**	**3,364.2**

(d) Geographic information – Net property income

Shopping centre base rent and other property income	1,149.9	330.9	1,332.9	2,813.7
Amortisation of tenant allowances	(19.9)	(4.5)	(50.8)	(75.2)
Property revenue	1,130.0	326.4	1,282.1	2,738.5
Property expenses, outgoings and other costs	(266.1)	(115.1)	(411.9)	(793.1)
Net property income	**863.9**	**211.3**	**870.2**	**1,945.4**

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

Property investments assets	**15,092.0**	**4,538.7**	**13,745.6**	**33,376.3**
Non current assets	14,307.8	4,263.1	13,094.4	31,665.3
Group non current assets				716.3
Total non current assets	**14,307.8**	**4,263.1**	**13,094.4**	**32,381.6**

(f) Reconciliation of segmental results

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

31 December 2012	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,652.1	1,086.4	2,738.5
Property development and project management revenue	451.9	–	451.9
Property management income	173.8	–	173.8
	2,277.8	**1,086.4**	**3,364.2**
Expenses			
Property expenses, outgoings and other costs	(510.4)	(282.7)	(793.1)
Property development and project management costs	(258.4)	–	(258.4)
Property management costs	(45.6)	–	(45.6)
Overheads	(224.2)	–	(224.2)
	(1,038.6)	**(282.7)**	**(1,321.3)**
Segment result	**1,239.2**	**803.7**	**2,042.9**
Segment revaluations			
Revaluation of properties and development projects	232.0	–	232.0
Equity accounted-revaluation of properties and development projects	–	582.6	582.6
	232.0	**582.6**	**814.6**
Currency derivatives	3.7	–	3.7
Gain/(loss) from capital transactions	(45.2)	4.0	(41.2)
Interest income	57.4	8.9	66.3
Financing costs	(831.6)	(84.8)	(916.4)
Tax expense	(203.7)	(0.9)	(204.6)
External non controlling interests	(47.2)	–	(47.2)
Net profit attributable to members of the Westfield Group	**404.6**	**1,313.5**	**1,718.1**
Cash	1,099.2	172.2	1,271.4
Shopping centre investments	17,053.1	14,116.6	31,169.7
Development projects and construction in progress	902.7	326.5	1,229.2
Inventories	91.6	–	91.6
Other assets	1,979.8	64.3	2,044.1
Total segment assets	**21,126.4**	**14,679.6**	**35,806.0**
Interest bearing liabilities	11,177.6	1,404.0	12,581.6
Other financial liabilities	1,656.3	–	1,656.3
Deferred tax liabilities	2,893.9	153.1	3,047.0
Other liabilities	2,581.7	175.1	2,756.8
Total segment liabilities	**18,309.5**	**1,732.2**	**20,041.7**
Total segment net assets	**2,816.9**	**12,947.4**	**15,764.3**

NOTE 4 SEGMENT REPORTING (CONTINUED)

(a) Income and expenses

31 December 2011	Operational: Property investments $million	Operational: Property and project management $million	Development $million	Corporate $million	Total $million
Revenue					
Property revenue	2,677.7	–	93.8	2.5	2,774.0
Property development and project management revenue	–	1,928.0	–	–	1,928.0
Property management income	–	155.3	–	–	155.3
	2,677.7	**2,083.3**	**93.8**	**2.5**	**4,857.3**
Expenses					
Property expenses, outgoings and other costs	(783.4)	–	(32.9)	–	(816.3)
Property development and project management costs	–	(1,779.7)	–	–	(1,779.7)
Property management costs	–	(41.4)	–	–	(41.4)
Overheads	(82.9)	(26.0)	(85.6)	(37.4)	(231.9)
	(866.3)	**(1,847.1)**	**(118.5)**	**(37.4)**	**(2,869.3)**
Segment result	**1,811.4**	**236.2**	**(24.7)**	**(34.9)**	**1,988.0**
Segment revaluations					
Revaluation of properties and development projects	208.3	–	19.1	–	227.4
Equity accounted – revaluation of properties and development projects	138.2	–	110.5	–	248.7
	346.5	**–**	**129.6**	**–**	**476.1**
Inter-segmental transactions					
Transfer of completed developments			1,470.4		1,470.4
Carrying value of developments transferred			(1,470.4)		(1,470.4)
	–	**–**	**–**	**–**	**–**
Currency derivatives					(50.9)
Gain from capital transactions					46.5
Interest income					58.2
Financing costs					(913.9)
Tax expense					(137.8)
External non controlling interests					(13.3)
Net profit attributable to members of the Westfield Group (i)					**1,452.9**

(i) Net profit attributable to members of the Westfield Group was $1,452.9 million. Net profit after tax for the period which includes profit attributable to external non controlling interests of $13.3 million was $1,466.2 million.

(b) Assets and liabilities

31 December 2011	Property investments $million	Property and project management $million	Development $million	Corporate $million	Total $million
Total segment assets	**33,362.2**	**96.7**	**3,824.7**	**1,399.8**	**38,683.4**
Total segment liabilities	**1,933.3**	**14.1**	**204.9**	**20,769.0**	**22,921.3**
Total segment net assets	**31,428.9**	**82.6**	**3,619.8**	**(19,369.2)**	**15,762.1**
Equity accounted associates included in segment assets	11,458.1	–	356.9	–	11,815.0
Equity accounted associates included in – segment liabilities (excluding deferred tax liabilities)	254.7	–	–	1,353.2	1,607.9
Additions to segment non current assets during the year	28.2	–	1,317.0	–	1,345.2

NOTE 4 SEGMENT REPORTING (CONTINUED)

(c) Geographic information – Total revenue

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

(d) Geographic information – Net property income

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

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

Property investments assets	**12,785.0**	**4,543.8**	**16,033.4**	**33,362.2**
Non current assets	13,790.3	4,306.0	15,845.8	33,942.1
Group non current assets				989.5
Total non current assets	**13,790.3**	**4,306.0**	**15,845.8**	**34,931.6**

(f) Reconciliation of segmental results

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

31 December 2011	Consolidated $million	Equity Accounted $million	Total $million
Revenue			
Property revenue	1,922.7	851.3	2,774.0
Property development and project management revenue	1,928.0	–	1,928.0
Property management income	155.3	–	155.3
	4,006.0	**851.3**	**4,857.3**
Expenses			
Property expenses, outgoings and other costs	(596.2)	(220.1)	(816.3)
Property development and project management costs	(1,779.7)	–	(1,779.7)
Property management costs	(41.4)	–	(41.4)
Overheads	(231.9)	–	(231.9)
	(2,649.2)	**(220.1)**	**(2,869.3)**
Segment result	**1,356.8**	**631.2**	**1,988.0**
Segment revaluations			
Revaluation of properties and development projects	227.4	–	227.4
Equity accounted-revaluation of properties and development projects	–	248.7	248.7
	227.4	**248.7**	**476.1**
Currency derivatives	(50.9)	–	(50.9)
Gain from capital transactions	46.5	–	46.5
Interest income	52.6	5.6	58.2
Financing costs	(856.5)	(57.4)	(913.9)
Tax expense	(117.2)	(20.6)	(137.8)
External non controlling interests	(13.3)	–	(13.3)
Net profit attributable to members of the Westfield Group	**645.4**	**807.5**	**1,452.9**
Cash	196.2	194.6	390.8
Shopping centre investments	21,524.5	11,187.4	32,711.9
Development projects and construction in progress	1,583.8	356.9	1,940.7
Inventories	50.0	–	50.0
Other assets	3,513.9	76.1	3,590.0
Total segment assets	**26,868.4**	**11,815.0**	**38,683.4**
Interest bearing liabilities	13,885.5	1,353.2	15,238.7
Other financial liabilities	1,823.6	–	1,823.6
Deferred tax liabilities	2,886.2	185.8	3,072.0
Other liabilities	2,654.4	132.6	2,787.0
Total segment liabilities	**21,249.7**	**1,671.6**	**22,921.3**
Total segment net assets	**5,618.7**	**10,143.4**	**15,762.1**

	Notes	31 Dec 12 $million	31 Dec 11 $million
NOTE 5 PROPERTY REVENUE			
Shopping centre base rent and other property income		**1,702.0**	1,977.9
Amortisation of tenant allowances		**(49.9)**	(55.2)
		1,652.1	1,922.7
NOTE 6 CURRENCY DERIVATIVES			
Realised gain on income hedging currency derivatives		**24.3**	4.6
Net fair value loss on currency derivatives that do not qualify for hedge accounting	9	**(20.6)**	(55.5)
		3.7	(50.9)
NOTE 7 FINANCING COSTS			
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)		**(496.2)**	(496.5)
Financing costs capitalised to qualifying development projects, construction in progress and inventories		**63.7**	174.6
Financing costs		**(432.5)**	(321.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	9	**(212.0)**	(128.2)
Finance leases interest expense		**(3.3)**	(7.6)
Interest expense on other financial liabilities		**(107.4)**	(117.3)
Net fair value loss on other financial liabilities	9	**(76.4)**	(182.4)
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	9	**–**	(99.1)
		(831.6)	(856.5)
NOTE 8 GAIN/(LOSS) FROM CAPITAL TRANSACTIONS			
Asset sales and capital costs			
– proceeds from asset dispositions	48	**3,379.0**	382.4
– less: carrying value of assets disposed and other capital costs		**(3,377.4)**	(335.9)
		1.6	46.5
Termination costs in relation to the repayment of surplus fixed rate borrowings with the proceeds from the disposition of property investments		**(27.1)**	–
Net costs in respect of business combinations and property transactions		**(19.7)**	–
	9	**(45.2)**	46.5
NOTE 9 SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations		**232.0**	227.4
Equity accounted property revaluations	16(a)	**582.6**	248.7
Net fair value loss on currency derivatives that do not qualify for hedge accounting	6	**(20.6)**	(55.5)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	7	**(212.0)**	(128.2)
Net fair value loss on other financial liabilities	7	**(76.4)**	(182.4)
Net fair value loss on the termination of surplus interest rate swaps upon the restructure of the Group's interest rate hedge portfolio (2011 – primarily in relation to the joint venturing of Stratford City)	7	**–**	(99.1)
Equity accounted net fair value loss on interest rate hedges that do not qualify for hedge accounting	16(a)	**(10.0)**	(0.7)
Gain/(loss) from capital transactions	8	**(45.2)**	46.5
Equity accounted gain/(loss) from capital transactions	16(a)	**4.0**	–
Tax on capital transactions	10	**–**	(1.1)
Deferred tax	10	**(125.7)**	(21.8)
Equity accounted deferred tax	16(a)	**15.9**	(4.8)
NOTE 10 TAXATION			
(a) Tax expense			
Current – underlying operations		**(78.0)**	(94.3)
Current – tax on capital transactions	9	**–**	(1.1)
Deferred tax	9	**(125.7)**	(21.8)
		(203.7)	(117.2)

	31 Dec 12 $million	31 Dec 11 $million

NOTE 10 TAXATION (CONTINUED)

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

	31 Dec 12 $million	31 Dec 11 $million
Profit before income tax	**1,969.0**	1,583.4
Prima facie tax expense at 30%	**(590.7)**	(475.0)
WT income not assessable	**306.1**	208.6
WAT income not assessable	**70.2**	77.1
Differential of tax rates on foreign income	**26.6**	50.0
Benefit from reduction in tax rate	**–**	12.9
Capital transactions not (deductible)/assessable	**(13.6)**	12.8
Prior year (under)/over provision	**(0.2)**	0.9
Other items	**(2.1)**	(4.5)
Tax expense	**(203.7)**	(117.2)
(b) Deferred tax assets		
Provisions and accruals	**108.0**	138.7
	108.0	138.7
(c) Deferred tax liabilities		
Tax effect of book value in excess of the tax cost base of investment properties	**2,728.7**	2,638.9
Unrealised fair value gain on financial derivatives	**27.2**	106.2
Other timing differences	**138.0**	141.1
	2,893.9	2,886.2

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

The closing balance of deferred tax assets and deferred tax liabilities includes amounts charged to the foreign currency translation reserve of $2.0 million (31 December 2011: credit of $5.0 million).

NOTE 11 DERIVATIVE ASSETS

	Note	31 Dec 12 $million	31 Dec 11 $million
Current			
Receivables on currency derivatives		**90.3**	133.1
Receivables on interest rate derivatives		**48.2**	54.9
Receivables on equity share plan swaps		**7.4**	–
		145.9	188.0
Non Current			
Receivables on interest rate derivatives		**483.6**	669.3
Receivables on currency derivatives		**49.2**	108.9
Receivables on equity share plan swaps		**5.2**	–
		538.0	778.2

NOTE 12 RECEIVABLES

	Note	31 Dec 12 $million	31 Dec 11 $million
Current			
Amount receivable from Westfield Retail Trust	46	**29.5**	1,314.7
Sundry debtors		**182.7**	151.4
		212.2	1,466.1
Non Current			
Sundry debtors		**18.4**	4.7
		18.4	4.7

NOTE 13 PREPAYMENTS AND DEFERRED COSTS

	Note	31 Dec 12 $million	31 Dec 11 $million
Current			
Prepayments and deposits		**75.5**	93.3
Deferred costs – other		**24.9**	23.9
		100.4	117.2
Non Current			
Deferred costs – other		**81.4**	86.5
		81.4	86.5

	31 Dec 12 $million	31 Dec 11 $million
NOTE 14 INVESTMENT PROPERTIES		
Shopping centre investments	**17,053.2**	21,524.5
Development projects and construction in progress	**902.7**	1,583.8
	17,955.9	23,108.3
Movement in total investment properties		
Balance at the beginning of the year	**23,108.3**	22,922.2
Acquisition of properties	**–**	–
Disposal of properties	**(3,336.4)**	(9.3)
Transfer to and from equity accounted investment properties	**(2,468.7)**	(1,244.0)
Redevelopment costs	**441.2**	1,151.4
Net revaluation increment	**294.1**	291.0
Retranslation of foreign operations	**(82.6)**	(3.0)
Balance at the end of the year [(i)]	**17,955.9**	23,108.3

(i) The fair value of investment properties at the end of the year of $17,955.9 million (31 December 2011: $23,108.3 million) comprises investment properties at market value of $17,918.3 million (31 December 2011: $23,054.9 million) and ground leases included as finance leases of $37.6 million (31 December 2011: $53.4 million).

	Notes	31 Dec 12 $million	31 Dec 11 $million
NOTE 15 DETAILS OF SHOPPING CENTRE INVESTMENTS			
Consolidated Australia shopping centres	15(a)	**7,077.4**	6,329.8
Consolidated United Kingdom shopping centres	15(c)	**2,474.0**	2,340.2
Consolidated United States shopping centres	15(d)	**7,501.8**	12,854.5
Total consolidated shopping centres	14	**17,053.2**	21,524.5
Equity accounted Australia shopping centres	15(a)	**5,915.2**	5,711.9
Equity accounted New Zealand shopping centres	15(b)	**1,061.6**	1,103.1
Equity accounted Brazil shopping centres		**344.3**	206.8
Equity accounted United Kingdom shopping centres	15(c)	**1,803.9**	1,965.1
Equity accounted United States shopping centres	15(d)	**4,991.6**	2,200.5
Total equity accounted shopping centres	16(b)	**14,116.6**	11,187.4
		31,169.8	32,711.9

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

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

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

Australian shopping centres

- CB Richard Ellis Pty Limited
- Colliers International C&V Pty Limited
- Cushman & Wakefield Inc.
- Jones Lang La Salle
- Knight Frank Valuations
- Savills Valuations Pty Limited

New Zealand shopping centres

- CB Richard Ellis Pty Limited
- Collier International New Zealand Limited

United States shopping centres

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

United Kingdom shopping centres

- CBRE Limited
- GVA Grimley Limited
- Knight Frank LLP

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

Australian shopping centres	**Ownership Interest 31 Dec 12 %**	Ownership Interest 31 Dec 11 %	**Carrying Amount 31 Dec 12 $million**	**Estimated Weighted Average Yield 31 Dec 12 %**	Carrying Amount 31 Dec 11 $million	Estimated Weighted Average Yield 31 Dec 11 %
AUSTRALIAN CAPITAL TERRITORY			**552.5**	**6.17%**	557.5	6.17%
Belconnen	**50.0 C**	50.0 C		**6.13%**		6.13%
Woden	**25.0 C**	25.0 C		**6.25%**		6.25%
NEW SOUTH WALES			**6,742.2**	**5.81%**	6,342.9	5.86%
Bondi Junction	**50.0 E**	50.0 E		**5.25%**		5.25%
Burwood	**50.0 C**	50.0 C		**6.00%**		6.00%
Chatswood	**50.0 E**	50.0 E		**6.00%**		6.00%
Figtree	**50.0 C**	50.0 C		**7.50%**		7.50%
Hornsby	**50.0 E**	50.0 E		**6.00%**		6.00%
Hurstville	**25.0 C**	25.0 C		**7.00%**		7.00%
Kotara	**50.0 E**	50.0 E		**6.25%**		6.25%
Liverpool	**25.0 C**	25.0 C		**6.25%**		6.25%
Macquarie (i)	**–**	27.5 E		**–**		6.00%
Miranda	**25.0 C**	25.0 C		**5.75%**		5.75%
Mt Druit	**25.0 E**	25.0 E		**7.00%**		7.00%
North Rocks	**50.0 E**	50.0 E		**7.50%**		7.50%
Parramatta	**25.0 C**	25.0 C		**5.75%**		5.75%
Penrith	**25.0 C**	25.0 C		**6.00%**		6.00%
Tuggerah	**50.0 E**	50.0 E		**6.25%**		6.25%
Warrawong	**50.0 C**	50.0 C		**8.00%**		8.00%
Warringah Mall (ii)	**25.0 E**	12.5 E		**6.00%**		6.00%
Westfield Sydney (iii)	**50.0 C/E**	50.0 C/E		**5.29%**		5.37%
QUEENSLAND			**2,258.1**	**5.86%**	2,071.7	5.91%
Carindale (iv) (v)	**50.0 C**	50.0 C		**5.75%**		5.75%
Chermside	**50.0 C**	50.0 C		**5.50%**		5.50%
Helensvale	**25.0 C**	25.0 C		**6.50%**		6.50%
Mt Gravatt (ii)	**50.0 E**	37.5 E		**6.00%**		6.00%
North Lakes	**25.0 C**	25.0 C		**6.25%**		6.25%
Pacific Fair (i)	**–**	22.0 E		**–**		6.25%
Strathpine	**50.0 C**	50.0 C		**7.25%**		7.25%
SOUTH AUSTRALIA			**604.5**	**6.06%**	593.5	6.06%
Marion	**25.0 C**	25.0 C		**5.90%**		5.90%
Tea Tree Plaza	**31.3 E**	31.3 E		**6.13%**		6.13%
West Lakes	**25.0 C**	25.0 C		**6.38%**		6.38%
VICTORIA			**1,984.5**	**5.94%**	1,562.7	6.05%
Airport West	**25.0 C**	25.0 C		**7.00%**		7.00%
Doncaster	**25.0 E**	25.0 E		**5.50%**		5.75%
Fountain Gate (v)	**50.0 E**	50.0 E		**5.75%**		6.00%
Geelong	**25.0 C**	25.0 C		**6.25%**		6.25%
Knox (ii)	**25.0 E**	15.0 E		**6.50%**		6.35%
Plenty Valley	**25.0 C**	25.0 C		**6.50%**		6.50%
Southland	**25.0 E**	25.0 E		**5.90%**		5.90%
WESTERN AUSTRALIA			**850.8**	**6.15%**	913.4	6.32%
Booragoon (i)	**–**	12.5 E		**–**		6.00%
Carousel	**50.0 C**	50.0 C		**5.75%**		6.00%
Innaloo	**50.0 C**	50.0 C		**7.00%**		7.00%
Karrinyup	**16.7 E**	16.7 E		**6.00%**		6.50%
Whitford City	**25.0 C**	25.0 C		**6.75%**		6.75%
Total Australian portfolio			**12,992.6**	**5.89%**	12,041.7	5.95%
Consolidated			**7,077.4**		6,329.8	
Equity accounted			**5,915.2**		5,711.9	
Total Australian portfolio			**12,992.6**		12,041.7	

C Consolidated

E Equity Accounted

(i) During the year, the Group sold its interest in Booragoon, Macquarie and Pacific Fair.

(ii) During the year, the Group acquired additional interest in Knox, Mt Gravatt and Warringah Mall.

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

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

(v) Development completed during the year.

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

New Zealand shopping centres	**Ownership Interest 31 Dec 12 %**	Ownership Interest 31 Dec 11 %	**Carrying Amount 31 Dec 12 NZ$million**	**Estimated Weighted Average Yield 31 Dec 12 %**	Carrying Amount 31 Dec 11 NZ$million	Estimated Weighted Average Yield 31 Dec 11 %
Albany	**50.0 E**	50.0 E		**6.75%**		6.75%
Chartwell	**50.0 E**	50.0 E		**8.50%**		8.50%
Downtown (i)	**–**	50.0 E		**–**		8.00%
Glenfield	**50.0 E**	50.0 E		**8.50%**		8.50%
Manukau	**50.0 E**	50.0 E		**7.63%**		7.63%
Newmarket	**50.0 E**	50.0 E		**7.25%**		7.25%
Pakuranga (i)	**–**	50.0 E		**–**		8.75%
Queensgate	**50.0 E**	50.0 E		**7.25%**		7.25%
Riccarton	**50.0 E**	50.0 E		**8.00%**		8.00%
Shore City (i)	**–**	50.0 E		**–**		8.38%
St Lukes	**50.0 E**	50.0 E		**6.88%**		6.88%
WestCity	**50.0 E**	50.0 E		**8.38%**		8.38%
Total New Zealand portfolio			**1,339.0**	**7.48%**	1,450.7	7.56%
Exchange rate			**1.2613**		1.3151	
Total New Zealand portfolio in A$			**1,061.6**		1,103.1	
Consolidated			**–**		–	
Equity accounted			**1,061.6**		1,103.1	
Total New Zealand portfolio			**1,061.6**		1,103.1	

C Consolidated
E Equity Accounted
(i) During the year, the Group sold its interest in Downtown, Pakuranga and Shore City.

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

United Kingdom shopping centres	**Ownership Interest 31 Dec 12 %**	Ownership Interest 31 Dec 11 %	**Carrying Amount 31 Dec 12 £million**	**Estimated Weighted Average Yield 31 Dec 12 %**	Carrying Amount 31 Dec 11 £million	Estimated Weighted Average Yield 31 Dec 11 %
Belfast (i)	**–**	33.3 E		**–**		7.50%
Derby (ii)	**100.0 C**	100.0 C		**6.50%**		6.50%
Guildford (i)	**–**	50.0 E		**–**		6.75%
Merry Hill (iii)	**33.3 E**	33.3 E		**5.70%**		5.70%
Sprucefield	**100.0 C**	100.0 C		**6.00%**		6.00%
Stratford City	**50.0 E**	50.0 E		**5.50%**		5.50%
Tunbridge Wells (i)	**–**	33.3 E		**–**		6.75%
Westfield London	**50.0 C**	50.0 C		**5.50%**		5.50%
Total United Kingdom portfolio			**2,744.7**	**5.67%**	2,835.9	5.76%
Exchange rate			**0.6416**		0.6587	
Total United Kingdom portfolio in A$			**4,277.9**		4,305.3	
Consolidated			**2,474.0**		2,340.2	
Equity accounted			**1,803.9**		1,965.1	
Total United Kingdom portfolio			**4,277.9**		4,305.3	

C Consolidated
E Equity Accounted
(i) During the year, the Group sold its interest in the Castlecourt Shopping Centre at Belfast, the Friary Centre at Guildford and Royal Victoria Place at Tunbridge Wells.
(ii) 100% interest in this shopping centre is consolidated and 33.3% is shown as external non controlling interest. The Group's 66.7% economic interest in Derby includes a 16.7% investment held via the Group's one third interest in Westfield UK Shopping Centre Fund.
(iii) The Group's 33.3% investment in Merry Hill includes an 8.3% investment held via the Group's one third interest in Westfield UK Shopping Centre Fund.

NOTE 15(d) DETAILS OF INVESTMENT PROPERTIES – UNITED STATES

United States shopping centres	**Ownership Interest 31 Dec 12 %**	Ownership Interest 31 Dec 11 %	**Carrying Amount 31 Dec 12 US$million**	**Estimated Weighted Average Yield 31 Dec 12 %**	Carrying Amount 31 Dec 11 US$million	Estimated Weighted Average Yield 31 Dec 11 %
EAST COAST			**3,987.7**	**6.27%**	4,219.0	6.42%
Annapolis (i)	**55.0 E**	100.0 C		**5.57%**		5.79%
Brandon	**100.0 C**	100.0 C		**6.27%**		6.27%
Broward	**100.0 C**	100.0 C		**6.40%**		6.40%
Citrus Park	**100.0 C**	100.0 C		**6.73%**		6.73%
Connecticut Post	**100.0 C**	100.0 C		**7.00%**		7.30%
Countryside	**100.0 C**	100.0 C		**6.49%**		7.00%
Eastridge	**100.0 C**	100.0 C		**8.50%**		9.80%
Garden State Plaza	**50.0 E**	50.0 E		**5.50%**		5.85%
Meriden	**100.0 C**	100.0 C		**7.01%**		7.58%
Montgomery	**50.0 E**	50.0 E		**5.56%**		5.56%
Sarasota	**100.0 C**	100.0 C		**6.40%**		6.40%
South Shore	**100.0 C**	100.0 C		**7.66%**		7.66%
Southgate	**100.0 C**	100.0 C		**7.10%**		7.10%
Sunrise	**100.0 C**	100.0 C		**6.60%**		6.60%
Trumbull	**100.0 C**	100.0 C		**6.00%**		6.00%
Westland (ii)	**–**	100.0 C		**–**		6.63%
Wheaton	**100.0 C**	100.0 C		**7.26%**		7.26%
MID WEST			**1,885.6**	**6.52%**	2,411.3	6.84%
Belden Village	**100.0 C**	100.0 C		**6.41%**		6.82%
Chicago Ridge (ii)	**–**	100.0 C		**–**		7.31%
Fox Valley	**100.0 C**	100.0 C		**7.24%**		8.10%
Franklin Park	**100.0 C**	100.0 C		**6.89%**		7.00%
Gateway (ii)	**–**	100.0 C		**–**		7.13%
Great Northern	**100.0 C**	100.0 C		**6.80%**		6.80%
Hawthorn	**100.0 C**	100.0 C		**7.00%**		7.20%
Louis Joliet (ii)	**–**	100.0 C		**–**		6.42%
Old Orchard	**100.0 C**	100.0 C		**5.99%**		6.25%
Southlake	**100.0 C**	100.0 C		**6.22%**		6.28%
Southpark (ii)	**–**	100.0 C		**–**		7.00%
WEST COAST			**7,082.3**	**5.85%**	8,680.6	6.11%
Capital	**100.0 C**	100.0 C		**6.66%**		6.90%
Century City	**100.0 C**	100.0 C		**5.09%**		5.38%
Culver City (i)	**55.0 E**	100.0 C		**5.83%**		5.83%
Eastland (ii)	**–**	100.0 C		**–**		6.50%
Fashion Square	**50.0 E**	50.0 E		**5.94%**		6.31%
Galleria at Roseville	**100.0 C**	100.0 C		**5.94%**		5.85%
Horton Plaza (i)	**55.0 E**	100.0 C		**6.26%**		6.26%
Mainplace	**100.0 C**	100.0 C		**7.25%**		7.30%
Mission Valley (i)	**41.7 E**	100.0 C		**6.50%**		6.62%
North County (i)	**55.0 E**	100.0 C		**6.51%**		6.93%
Oakridge (i)	**55.0 E**	100.0 C		**5.86%**		6.44%
Palm Desert	**100.0 C**	100.0 C		**7.74%**		8.00%
Parkway	**100.0 C**	100.0 C		**6.36%**		6.29%
Plaza Bonita (i)	**55.0 E**	100.0 C		**6.48%**		6.50%
Plaza Camino Real	**100.0 C**	100.0 C		**7.00%**		7.00%
Promenade (i)	**55.0 E**	100.0 C		**6.70%**		7.10%
San Francisco Centre	**100.0 C**	100.0 C		**5.34%**		5.82%
San Francisco Emporium	**50.0 E**	50.0 E		**5.34%**		5.82%
Santa Anita (i)	**49.3 E**	100.0 C		**6.08%**		6.17%
Solano (ii)	**–**	100.0 C		**–**		7.40%
Southcenter (i)	**55.0 E**	100.0 C		**5.57%**		5.58%
Topanga (i)	**55.0 E**	100.0 C		**5.59%**		6.04%
UTC (iii)	**50.0 E**	50.0 E		**5.58%**		6.00%
Valencia Town Center	**50.0 E**	50.0 E		**6.00%**		6.50%
Valley Fair	**50.0 E**	50.0 E		**5.20%**		5.36%
Vancouver	**100.0 C**	100.0 C		**6.05%**		6.05%
West Covina	**100.0 C**	100.0 C		**5.62%**		5.62%
Total United States portfolio			**12,955.6**	**6.07%**	15,310.9	6.32%
Exchange Rate			**1.0370**		1.0170	
Total United States portfolio in A$			**12,493.4**		15,055.0	
Consolidated			**7,501.8**		12,854.5	
Equity accounted			**4,991.6**		2,200.5	
Total United States portfolio			**12,493.4**		15,055.0	

C Consolidated
E Equity Accounted
(i) During the year, the Canada Pension Plan Investment Board (CPPIB) became a 45% joint venture partner in these assets. As a result, these previously consolidated centres are now equity accounted.
(ii) During the year, the Group divested these non-core shopping centres.
(iii) Development completed during the year.

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

	Australia and New Zealand [i]		United Kingdom		United States and Brazil		Total	
	31 Dec 12 $million	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million
(a) Details of the Westfield Group's aggregate share of equity accounted entities net profit								
Shopping centre base rent and other property income	**591.8**	593.2	**135.7**	85.2	**384.2**	189.5	**1,111.7**	867.9
Amortisation of tenant allowances	**(10.6)**	(9.5)	**(0.3)**	(1.9)	**(14.4)**	(5.2)	**(25.3)**	(16.6)
Property revenue	**581.2**	583.7	**135.4**	83.3	**369.8**	184.3	**1,086.4**	851.3
Interest income	**0.8**	1.2	**0.8**	–	**7.3**	4.4	**8.9**	5.6
Revenue	**582.0**	584.9	**136.2**	83.3	**377.1**	188.7	**1,095.3**	856.9
Property expenses, outgoings and other costs	**(133.2)**	(134.5)	**(49.8)**	(28.9)	**(99.7)**	(56.7)	**(282.7)**	(220.1)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	**(0.2)**	–	**(9.8)**	(0.7)	**–**	–	**(10.0)**	(0.7)
Borrowing costs	**(1.9)**	(1.8)	**(17.5)**	(10.0)	**(55.4)**	(44.9)	**(74.8)**	(56.7)
Gain/(loss) from capital transactions	**4.0**	–	**–**	–	**–**	–	**4.0**	–
Expenses	**(131.3)**	(136.3)	**(77.1)**	(39.6)	**(155.1)**	(101.6)	**(363.5)**	(277.5)
Share of profit from equity accounted entities before property revaluations and tax expense	**450.7**	448.6	**59.1**	43.7	**222.0**	87.1	**731.8**	579.4
Property revaluations	**274.5**	103.9	**58.6**	40.6	**249.5**	104.2	**582.6**	248.7
Share of profit before tax of equity accounted entities	**725.2**	552.5	**117.7**	84.3	**471.5**	191.3	**1,314.4**	828.1
Current tax	**(14.9)**	(14.2)	**–**	–	**(1.9)**	(1.6)	**(16.8)**	(15.8)
Deferred tax	**(1.9)**	(4.8)	**–**	–	**17.8**	–	**15.9**	(4.8)
Share of after tax profit of equity accounted entities	**708.4**	533.5	**117.7**	84.3	**487.4**	189.7	**1,313.5**	807.5
(b) Details of the Westfield Group's aggregate share of equity accounted entities assets and liabilities								
Cash	**24.7**	28.8	**43.7**	49.5	**103.8**	116.3	**172.2**	194.6
Receivables	**7.7**	13.9	**7.7**	29.8	**19.0**	12.3	**34.4**	56.0
Shopping centre investments	**6,976.8**	6,815.0	**1,803.9**	1,965.1	**5,335.9**	2,407.3	**14,116.6**	11,187.4
Development projects and construction in progress	**69.0**	146.4	**10.0**	23.3	**247.5**	187.2	**326.5**	356.9
Other assets	**6.9**	3.7	**10.9**	7.5	**12.1**	8.9	**29.9**	20.1
Total assets	**7,085.1**	7,007.8	**1,876.2**	2,075.2	**5,718.3**	2,732.0	**14,679.6**	11,815.0
Payables	**(95.9)**	(104.2)	**(50.4)**	(83.5)	**(128.4)**	(67.0)	**(274.7)**	(254.7)
Interest bearing liabilities – current	**(0.1)**	(0.2)	**–**	(66.3)	**(114.8)**	(156.9)	**(114.9)**	(223.4)
Interest bearing liabilities – non current	**(19.6)**	(29.8)	**(428.6)**	(417.5)	**(840.9)**	(682.5)	**(1,289.1)**	(1,129.8)
Total liabilities (excluding potential deferred tax liability in respect of investment properties)	**(115.6)**	(134.2)	**(479.0)**	(567.3)	**(1,084.1)**	(906.4)	**(1,678.7)**	(1,607.9)
Net assets (excluding potential deferred tax liability in respect of investment properties) [ii]	**6,969.5**	6,873.6	**1,397.2**	1,507.9	**4,634.2**	1,825.6	**13,000.9**	10,207.1
Carrying value of equity accounted investments	**6,882.3**	6,789.7	**1,397.2**	1,507.9	**4,667.9**	1,845.7	**12,947.4**	10,143.3

(i) The Group's investment in its New Zealand equity accounted entities is represented by contributed equity of $527.6 million (31 December 2011: $488.6 million) and long term loans of $445.3 million (31 December 2011: $528.8 million).

(ii) The aggregate amount of potential deferred tax liability on the fair value of the investment properties in excess of the tax cost base for the Group's equity accounted entities was $153.1 million (31 December 2011: $185.8 million), of which $87.2 million relate to the New Zealand investment properties and $65.9 million relate to the Brazil investment properties (31 December 2011: $83.8 million related to New Zealand investment properties and $102.0 million to the Brazil investment properties).

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	Committed financing facilities 31 Dec 12 $million	**Total interest bearing liabilities 31 Dec 12 $million**	Committed financing facilities 31 Dec 11 $million	Total interest bearing liabilities 31 Dec 11 $million
(c)(i) Summary of equity accounted financing facilities and interest bearing liabilities				
Secured loans	**104.0**	**104.0**	112.5	112.5
Secured mortgages	**1,270.8**	**1,270.8**	1,216.9	1,216.9
Total secured debt	**1,374.8**	**1,374.8**	1,329.4	1,329.4
Finance leases	**29.2**	**29.2**	23.8	23.8
	1,404.0	**1,404.0**	1,353.2	1,353.2
Interest bearing liabilities – current	**114.9**	**114.9**	223.4	223.4
Interest bearing liabilities – non current	**1,289.1**	**1,289.1**	1,129.8	1,129.8
	1,404.0	**1,404.0**	1,353.2	1,353.2
(c)(ii) Summary of maturity and amortisation profile of equity accounted financing facilities and interest bearing liabilities				
Year ending December 2012	**–**	**–**	224.3	224.3
Year ending December 2013	**114.9**	**114.9**	109.2	109.2
Year ending December 2014	**301.5**	**301.5**	259.5	259.5
Year ending December 2015	**5.9**	**5.9**	14.9	14.9
Year ending December 2016	**6.6**	**6.6**	5.0	5.0
Year ending December 2017	**645.6**	**645.6**	637.1	637.1
Year ending December 2018	**8.2**	**8.2**	6.5	6.5
Year ending December 2019	**9.3**	**9.3**	7.5	7.5
Year ending December 2020	**122.7**	**122.7**	8.8	8.8
Year ending December 2021	**9.6**	**9.6**	10.1	10.1
Year ending December 2022	**11.0**	**11.0**	9.2	9.2
Due thereafter	**168.7**	**168.7**	61.1	61.1
	1,404.0	**1,404.0**	1,353.2	1,353.2

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 12 million**	**Total interest bearing liabilities (local currency) 31 Dec 12 million**	Committed financing facilities (local currency) 31 Dec 11 million	Total interest bearing liabilities (local currency) 31 Dec 11 million
(c)(iii) Details of equity accounted financing facilities and interest bearing liabilities					
Secured mortgage – Bulletin Building	11-May-12	**–**	**–**	US$8.7	US$8.7
Secured mortgage – Valley Fair	11-Jul-12	**–**	**–**	US$149.5	US$149.5
Secured mortgage – Belfast [(i)]	25-Oct-12	**–**	**–**	£43.7	£43.7
Secured mortgage – Valencia Town Center [(ii)]	21-May-13	**–**	**–**	US$109.7	US$109.7
Secured mortgage – Plaza Bonita [(iii) (iv)]	11-Jun-13	**US$41.6**	**US$41.6**	–	–
Secured mortgage – Santa Anita [(iii) (v)]	11-Jul-13	**US$75.6**	**US$75.6**	–	–
Secured mortgage – Garden State Plaza	06-Jun-14	**US$260.0**	**US$260.0**	US$260.0	US$260.0
Secured mortgage – Mission Valley [(iii)]	04-Nov-14	**US$47.9**	**US$47.9**	–	–
Secured loan – Pacific Fair and Macquarie [(vi)]	12-Nov-15	**–**	**–**	A$10.5	A$10.5
Secured mortgage – San Francisco Emporium	11-Jan-17	**US$217.5**	**US$217.5**	US$217.5	US$217.5
Secured mortgage – Stratford City	14-Sep-17	**£275.0**	**£275.0**	£275.0	£275.0
Secured mortgage – Southcenter [(iii)]	11-Jan-20	**US$133.2**	**US$133.2**	–	–
Secured loan – Balneario Camboriu [(vii)]	30-Jun-21	**–**	**–**	R$25.1	R$25.1
Secured mortgage – Valencia Town Center	01-Jan-23	**US$97.5**	**US$97.5**	–	–
Secured loan – Continente Park	01-Apr-25	**R$57.8**	**R$57.8**	R$22.0	R$22.0
Secured loan – Blumenau Norte	02-Apr-25	**R$49.4**	**R$49.4**	R$43.9	R$43.9
Secured loan – Neumarkt	30-May-25	**R$40.7**	**R$40.7**	R$38.3	R$38.3
Secured loan – Joinville Garten	10-Sep-27	**R$72.9**	**R$72.9**	R$64.1	R$64.1
Total A$ equivalent of the above		**1,374.8**	**1,374.8**	1,329.4	1,329.4
Add:					
Finance leases		**29.2**	**29.2**	23.8	23.8
		1,404.0	**1,404.0**	1,353.2	1,353.2

(i) During the year, the Group sold its interest in Belfast (33%).
(ii) During the year, the loan on this property was refinanced.
(iii) During the year, the Canada Pension Plan Investment Board (CPPIB) became a 45% joint venture partner in these properties. As a result, these previously consolidated liabilities are now equity accounted.
(iv) In January 2013, the loan on this property was repaid.
(v) In January 2013, the loan on this property was refinanced.
(vi) During the year, the Group restructured its ownership interest in a portfolio of seven Australian shopping centres with AMP Capital (AMPC) and Westfield Retail Trust (ASX:WRT), which included the sale of Pacific Fair.
(vii) During the year, the loan on this property was repaid.

Total equity accounted secured liabilities are $1,374.8 million (31 December 2011: $1,329.4 million). The aggregate net asset value of equity accounted entities with secured borrowings is $2,682.4 million (31 December 2011: $2,246.0 million). These properties are noted above. The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	31 Dec 12 $million	31 Dec 11 $million
(d) Equity accounted gain/(loss) from capital transactions		
Asset sales and capital costs		
– proceeds from asset dispositions	**647.0**	–
– less: carrying value of assets disposed and other capital costs	**(643.0)**	–
	4.0	–

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	Australia and New Zealand		United Kingdom		United States and Brazil		Total	
	31 Dec 12 $million	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million
(e) Details of the Westfield Group's aggregate share of equity accounted entities lease commitments								
Operating lease receivables								
Future minimum rental revenues under non cancellable operating retail property leases								
Due within one year	**406.6**	398.9	**82.2**	74.1	**280.9**	125.7	**769.7**	598.7
Due between one and five years	**994.1**	988.8	**331.0**	348.5	**876.4**	396.0	**2,201.5**	1,733.3
Due after five years	**673.8**	661.6	**621.3**	683.8	**559.1**	219.9	**1,854.2**	1,565.3
	2,074.5	2,049.3	**1,034.5**	1,106.4	**1,716.4**	741.6	**4,825.4**	3,897.3
(f) Details of the Westfield Group's aggregate share of equity accounted entities capital expenditure commitments								
Estimated capital expenditure commitments in relation to development projects								
Due within one year	**7.5**	79.6	**–**	–	**125.2**	79.8	**132.7**	159.4
Due between one and five years	**–**	–	**–**	–	**365.3**	–	**365.3**	–
	7.5	79.6	**–**	–	**490.5**	79.8	**498.0**	159.4
(g) Details of the Westfield Group's aggregate share of equity accounted entities contingent liabilities								
Performance guarantees	**3.0**	7.0	**18.5**	18.0	**6.0**	1.7	**27.5**	26.7
	3.0	7.0	**18.5**	18.0	**6.0**	1.7	**27.5**	26.7

Name of investments	Type of equity	Balance Date	Economic interest 31 Dec 12	Economic interest 31 Dec 11
(h) Equity accounted entities economic interest				
Australian investments (i)				
Bondi Junction	Trust units	31 Dec	**50.0%**	50.0%
Booragoon (iii)	Trust units	31 Dec	**–**	12.5%
Chatswood	Trust units	31 Dec	**50.0%**	50.0%
Doncaster	Trust units	31 Dec	**25.0%**	25.0%
Fountain Gate	Trust units	31 Dec	**50.0%**	50.0%
Hornsby	Trust units	31 Dec	**50.0%**	50.0%
Karrinyup (ii)	Trust units	30 Jun	**16.7%**	16.7%
Knox (iv)	Trust units	31 Dec	**25.0%**	15.0%
Kotara	Trust units	31 Dec	**50.0%**	50.0%
Macquarie (iii)	Trust units	31 Dec	**–**	27.5%
Mount Druitt (ii)	Trust units	30 Jun	**25.0%**	25.0%
Mt Gravatt (iv)	Trust units	31 Dec	**50.0%**	37.5%
North Rocks	Trust units	31 Dec	**50.0%**	50.0%
Pacific Fair (iii)	Trust units	31 Dec	**–**	22.0%
Southland (ii)	Trust units	30 Jun	**25.0%**	25.0%
Sydney Central Plaza	Trust units	31 Dec	**50.0%**	50.0%
Tea Tree Plaza (ii)	Trust units	30 Jun	**31.3%**	31.3%
Tuggerah	Trust units	31 Dec	**50.0%**	50.0%
Warringah Mall (iv)	Trust units	31 Dec	**25.0%**	12.5%
New Zealand investments (i)				
Albany	Shares	31 Dec	**50.0%**	50.0%
Chartwell	Shares	31 Dec	**50.0%**	50.0%
Downtown (iii)	Shares	31 Dec	**–**	50.0%
Glenfield	Shares	31 Dec	**50.0%**	50.0%
Manukau	Shares	31 Dec	**50.0%**	50.0%
Newmarket	Shares	31 Dec	**50.0%**	50.0%
Pakuranga (iii)	Shares	31 Dec	**–**	50.0%
Queensgate	Shares	31 Dec	**50.0%**	50.0%
Riccarton	Shares	31 Dec	**50.0%**	50.0%
Shore City (iii)	Shares	31 Dec	**–**	50.0%
St Lukes	Shares	31 Dec	**50.0%**	50.0%
WestCity	Shares	31 Dec	**50.0%**	50.0%

NOTE 16 DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

Name of investments	Type of equity	Balance date	Economic interest 31 Dec 12	Economic interest 31 Dec 11
United Kingdom investments [(i)]				
Belfast [(iii)]	Partnership interest	31 Dec	**–**	33.3%
Guildford [(iii)]	Partnership interest	31 Dec	**–**	50.0%
Merry Hill [(v)]	Partnership interest	31 Dec	**33.3%**	33.3%
Tunbridge Wells [(iii)]	Partnership interest	31 Dec	**–**	33.3%
Stratford City	Partnership interest	31 Dec	**50.0%**	50.0%
Sprucefield [(vii)]	Shares	31 Dec	**50.0%**	50.0%
United States investments [(i)]				
Annapolis [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Culver City [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Fashion Square	Partnership units	31 Dec	**50.0%**	50.0%
Garden State Plaza	Partnership units	31 Dec	**50.0%**	50.0%
Horton Plaza [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Mission Valley [(vi)]	Partnership units	31 Dec	**41.7%**	n/a
Montgomery	Partnership units	31 Dec	**50.0%**	50.0%
North County [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Oakridge [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Plaza Bonita [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Promenade [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
San Francisco Emporium	Partnership units	31 Dec	**50.0%**	50.0%
Santa Anita [(vi)]	Partnership units	31 Dec	**49.3%**	n/a
Southcenter [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
Topanga [(vi)]	Partnership units	31 Dec	**55.0%**	n/a
UTC	Partnership units	31 Dec	**50.0%**	50.0%
Valencia Town Center	Partnership units	31 Dec	**50.0%**	50.0%
Valley Fair	Partnership units	31 Dec	**50.0%**	50.0%
Brazil investments [(i)]				
Westfield Almeida Junior Shopping Centres S.A.	Shares	31 Dec	**50.0%**	50.0%

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

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

(iii) During the year, the Group sold its interest in Booragoon (12.5%), Macquarie (27.5%), Pacific Fair (22%), Downtown (50%), Pakuranga (50%), Shore City (50%), Belfast (33%), Tunbridge Hills (33%) and Guildford (50%).

(iv) During the year, the Group acquired additional interest in Knox, Mt Gravatt and Warringah Mall.

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

(vi) During the year, the Group entered into a joint venture with the Canada Pension Plan Investment Board (CPPIB). The Group retained a 55% interest in the joint venture and CPPIB acquired a 45% interest. As unanimous consent is required on all major decisions by both CPPIB and the Group, it is considered that both parties have joint control over the joint venture and accordingly the joint venture is equity accounted.

(vii) Interest in property held for redevelopment.

NOTE 17 OTHER INVESTMENTS

	31 Dec 12 $million	31 Dec 11 $million
Listed investments	**122.0**	100.5
Unlisted investments	**463.6**	410.4
	585.6	510.9
Movement in other investments		
Balance at the beginning of the year	**510.9**	521.5
Additions	**61.1**	2.2
Net revaluation increment/(decrement) to income statement	**21.5**	(13.7)
Retranslation of foreign operations	**(7.9)**	0.9
Balance at the end of the year	**585.6**	510.9

	31 Dec 12 $million	31 Dec 11 $million

NOTE 18 PLANT AND EQUIPMENT

At cost	**336.5**	411.4
Accumulated depreciation	**(189.6)**	(250.4)
Total plant and equipment	**146.9**	161.0
Movement in plant and equipment		
Balance at the beginning of the year	**161.0**	193.6
Additions	**23.6**	28.2
Disposals/transfers	**(3.0)**	(9.3)
Depreciation expense	**(34.0)**	(47.5)
Retranslation of foreign operations and other differences	**(0.7)**	(4.0)
Balance at the end of the year	**146.9**	161.0

Plant and equipment of $146.9 million (31 December 2011: $161.0 million) comprises the following: aircraft $67.9 million (31 December 2011: $71.8 million); and other plant and equipment $79.0 million (31 December 2011: $89.2 million).

NOTE 19 PAYABLES AND OTHER CREDITORS

Current		
Payables and other creditors	**1,603.0**	1,698.2
Employee benefits	**86.6**	98.3
	1,689.6	1,796.5
Non current		
Sundry creditors and accruals	**58.4**	104.1
Employee benefits	**49.7**	49.8
	108.1	153.9

	Note	31 Dec 12 $million	31 Dec 11 $million

NOTE 20 INTEREST BEARING LIABILITIES

Current			
Unsecured			
Bank overdraft	27(a)	**0.7**	5.7
Notes payable			
– € denominated		**–**	712.4
– US$ denominated		**–**	590.0
Finance leases		**0.5**	0.9
Secured			
Bank loans and mortgages			
– US$ denominated		**367.4**	199.4
– £ denominated		**–**	373.5
		368.6	1,881.9
Non current			
Unsecured			
Bank loans			
– US$ denominated		**–**	757.0
– £ denominated		**221.3**	545.0
– NZ$ denominated		**442.4**	520.5
– A$ denominated		**–**	40.0
Notes payable			
– US$ denominated		**7,052.2**	6,981.1
– £ denominated		**1,636.5**	910.9
Finance leases		**38.0**	52.5
Secured			
Bank loans and mortgages			
– US$ denominated		**1,219.6**	2,070.2
– A$ denominated		**199.0**	126.4
		10,809.0	12,003.6
Total interest bearing liabilities		**11,177.6**	13,885.5

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.

NOTE 20 INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 12 $million	31 Dec 11 $million
(a) Summary of financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**15,896.3**	18,960.9
Amounts drawn	**(11,177.6)**	(13,885.5)
Amounts utilised by bank guarantees	**(30.3)**	(39.6)
Available financing facilities [(i)]	**4,688.4**	5,035.8
Cash	**1,099.2**	196.2
Financing resources available at the end of the year	**5,787.6**	5,232.0

(i) Total available financing facilities at the end of the financial year of $4,688.4 million (31 December 2011: $5,035.8 million) is in excess of the Group's net current liabilities of $861.0 million (31 December 2011: $2,021.5 million). Net current liabilities comprises current assets less current liabilities.

These facilities comprise fixed and floating rate secured facilities, fixed rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Group to comply with specific minimum financial requirements. These facilities exclude other financial liabilities set out in Note 21. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

	Committed financing facilities 31 Dec 12 $million	Total interest bearing liabilities 31 Dec 12 $million	Committed financing facilities 31 Dec 11 $million	Total interest bearing liabilities 31 Dec 11 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending December 2012	**–**	**–**	1,957.0	1,881.9
Year ending December 2013	**368.6**	**368.6**	4,058.5	2,112.1
Year ending December 2014	**3,106.3**	**2,146.0**	3,348.9	2,367.8
Year ending December 2015	**2,535.0**	**1,314.6**	1,720.6	992.0
Year ending December 2016	**3,041.7**	**1,019.0**	2,644.4	1,300.2
Year ending December 2017	**1,458.0**	**942.7**	1,071.5	1,071.5
Year ending December 2018	**1,203.9**	**1,203.9**	1,233.1	1,233.1
Year ending December 2019	**1,214.0**	**1,214.0**	1,243.9	1,243.9
Year ending December 2020	**296.9**	**296.9**	516.8	516.8
Year ending December 2021	**1,054.7**	**1,054.7**	1,121.9	1,121.9
Year ending December 2022	**1,584.4**	**1,584.4**	1.1	1.1
Due thereafter	**32.8**	**32.8**	43.2	43.2
	15,896.3	**11,177.6**	18,960.9	13,885.5

NOTE 20 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 12 million**	**Total interest bearing liabilities (local currency) 31 Dec 12 million**	Committed financing facilities (local currency) 31 Dec 11 million	Total interest bearing liabilities (local currency) 31 Dec 11 million
(c) Details of consolidated financing facilities and interest bearing liabilities					
Secured loan – Derby	25-Jan-12	**–**	**–**	£246.0	£246.0
Unsecured notes payable – bonds	27-Jun-12	**–**	**–**	€560.0	€560.0
Secured mortgage – Galleria at Roseville (i)	1-Oct-12	**–**	**–**	US$89.0	US$89.0
Secured mortgage – Mainplace (i)	1-Oct-12	**–**	**–**	US$95.1	US$95.1
Unsecured notes payable – bonds	1-Oct-12	**–**	**–**	US$600.0	US$600.0
Unsecured bank loan – bilateral facility	13-Dec-12	**–**	**–**	A$75.0	–
Unsecured bank loans – syndicated facility (ii)	14-Jan-13	**–**	**–**	US$2,475.0	US$209.9 £359.0 A$40.0
Unsecured bank loans – syndicated loan (ii)	14-Jan-13	**–**	**–**	US$560.0	US$560.0
Secured mortgage – Broward (ix)	19-Feb-13	**US$52.0**	**US$52.0**	US$52.0	US$52.0
Secured mortgage – Vancouver (vi)	11-Jun-13	**US$54.7**	**US$54.7**	US$56.2	US$56.2
Secured mortgage – Plaza Bonita (iv)	11-Jun-13	**–**	**–**	US$77.6	US$77.6
Unsecured bank loans – bilateral facility (iii)	28-Jun-13	**–**	**–**	A$250.0	–
Secured mortgage – Century City	11-Jul-13	**US$269.8**	**US$269.8**	US$273.5	US$273.5
Secured mortgage – Santa Anita (iv)	11-Jul-13	**–**	**–**	US$157.1	US$157.1
Unsecured bank loan – bilateral facility (ii)	31-Jul-13	**–**	**–**	A$220.0	NZ$218.0
Unsecured bank loans – bilateral facility	31-Jan-14	**A$200.0**	**NZ$250.0**	A$200.0	NZ$237.0
Unsecured notes payable – bonds (viii)	2-Jun-14	**US$546.7**	**US$546.7**	US$700.0	US$700.0
Unsecured bank loan – bilateral facility (vii)	30-Jun-14	**–**	**–**	A$75.0	–
Unsecured bank loan – bilateral facility (ii)	5-Jul-14	**US$280.0**	**–**	–	–
Unsecured bank loan – bilateral facility	19-Jul-14	**A$150.0**	**NZ$186.0**	A$150.0	–
Unsecured bank loan – bilateral facility	22-Jul-14	**US$100.0**	**–**	US$100.0	–
Unsecured bank loan – bilateral facility	22-Jul-14	**US$60.0**	**–**	US$60.0	–
Unsecured bank loan – bilateral facility	31-Jul-14	**A$150.0**	**–**	A$150.0	–
Unsecured bank loan – bilateral facility	4-Aug-14	**A$120.0**	**–**	A$120.0	–
Unsecured bank loan – bilateral facility	11-Aug-14	**US$90.0**	**–**	US$90.0	–
Unsecured bank loan – bilateral facility	6-Oct-14	**A$100.0**	**–**	A$100.0	–
Unsecured bank loan – bilateral facility	6-Oct-14	**A$75.0**	**–**	A$75.0	–
Unsecured bank loan – bilateral facility	20-Oct-14	**£30.0**	**£30.0**	£30.0	–
Secured mortgage – Mission Valley (iv)	4-Nov-14	**–**	**–**	US$115.0	US$115.0
Unsecured notes payable – bonds (viii)	15-Nov-14	**US$1,266.3**	**US$1,266.3**	US$1,400.0	US$1,400.0
Unsecured bank loan – bilateral facility	31-Jan-15	**A$250.0**	**–**	A$250.0	–
Unsecured bank loan – bilateral facility (ii)	26-Jun-15	**A$100.0**	**NZ$60.0**	–	–
Unsecured bank loan – bilateral facility (ii)	1-Jul-15	**US$130.0**	**–**	–	–
Unsecured bank loan – bilateral facility	1-Jul-15	**A$250.0**	**–**	–	–
Secured mortgage – San Francisco Centre	6-Jul-15	**US$120.0**	**US$120.0**	US$120.0	US$120.0
Unsecured bank loan – bilateral facility (ii)	6-Jul-15	**A$50.0**	**–**	–	–
Unsecured bank loan – bilateral facility (ii)	6-Jul-15	**A$50.0**	**NZ$62.0**	–	–
Unsecured bank loan – bilateral facility (ii)	27-Jul-15	**US$120.0**	**–**	–	–
Unsecured bank loan – bilateral facility	31-Jul-15	**A$200.0**	**–**	A$200.0	–
Unsecured bank loan – bilateral facility	31-Jul-15	**A$175.0**	**£112.0**	A$175.0	–
Unsecured bank loan – bilateral facility (ii)	2-Aug-15	**US$150.0**	**–**	–	–
Unsecured notes payable – bonds	2-Sep-15	**US$750.0**	**US$750.0**	US$750.0	US$750.0
Secured mortgage – Carindale	6-Sep-15	**A$230.0**	**A$199.0**	A$230.0	A$126.4
Unsecured bank loans – bilateral facility	27-Mar-16	**A$180.0**	**–**	A$180.0	NZ$229.5
Secured mortgage – Gateway (v)	11-May-16	**–**	**–**	US$83.0	US$83.0
Unsecured bank loan – bilateral facility (ii)	4-Jul-16	**US$110.0**	**–**	–	–
Unsecured bank loan – bilateral facility (ii)	4-Jul-16	**US$110.0**	**–**	–	–
Unsecured bank loans – bilateral facility	22-Jul-16	**US$90.0**	**–**	US$90.0	–
Unsecured bank loan – bilateral facility (ii)	27-Jul-16	**A$75.0**	**–**	–	–
Unsecured bank loan – bilateral facility (ii)	27-Jul-16	**US$250.0**	**–**	–	–
Unsecured notes payable – bonds	1-Oct-16	**US$900.0**	**US$900.0**	US$900.0	US$900.0
Unsecured bank loans – bilateral facility	6-Oct-16	**A$85.0**	**–**	A$85.0	–
Secured mortgage – Fox Valley	11-Nov-16	**US$150.0**	**US$150.0**	US$150.0	US$150.0
Unsecured bank loans – syndicated facility	14-Dec-16	**US$1,185.0**	**–**	US$1,185.0	–
Secured mortgage – Southpark (v)	8-Mar-17	**–**	**–**	US$150.0	US$150.0
Unsecured bank loan – bilateral facility (ii)	26-Jun-17	**A$250.0**	**–**	–	–
Unsecured notes payable – bonds	27-Jun-17	**£600.0**	**£600.0**	£600.0	£600.0
Unsecured bank loan – bilateral facility (ii)	1-Jul-17	**US$120.0**	**–**	–	–
Unsecured bank loan – bilateral facility (ii)	1-Jul-17	**US$65.0**	**–**	–	–
Unsecured bank loan – bilateral facility (ii)	3-Jul-17	**US$90.0**	**–**	–	–

NOTE 20 INTEREST BEARING LIABILITIES (CONTINUED)

Type	Maturity date	**Committed financing facilities (local currency) 31 Dec 12 million**	**Total interest bearing liabilities (local currency) 31 Dec 12 million**	Committed financing facilities (local currency) 31 Dec 11 million	Total interest bearing liabilities (local currency) 31 Dec 11 million
(c) Details of consolidated financing facilities and interest bearing liabilities (continued)					
Secured mortgage – Southlake	11-Jan-18	**US$140.0**	**US$140.0**	US$140.0	US$140.0
Unsecured notes payable – bonds	15-Apr-18	**US$1,100.0**	**US$1,100.0**	US$1,100.0	US$1,100.0
Unsecured notes payable – bonds	2-Sep-19	**US$1,250.0**	**US$1,250.0**	US$1,250.0	US$1,250.0
Secured mortgage – Southcenter (iv)	11-Jan-20	**–**	**–**	US$245.0	US$245.0
Secured mortgage – Brandon	1-Mar-20	**US$150.3**	**US$150.3**	US$152.1	US$152.1
Secured mortgage – Old Orchard	1-Mar-20	**US$193.9**	**US$193.9**	US$196.3	US$196.3
Secured mortgage – Westland (v)	1-Jan-21	**–**	**–**	US$56.2	US$56.2
Unsecured notes payable – bonds	10-May-21	**US$1,000.0**	**US$1,000.0**	US$1,000.0	US$1,000.0
Secured mortgage – Belden Village	1-Jul-21	**US$100.0**	**US$100.0**	US$100.0	US$100.0
Secured mortgage – Galleria at Roseville (i)	1-Jun-22	**US$275.0**	**US$275.0**	–	–
Secured mortgage – Mainplace (i)	1-Jun-22	**US$140.0**	**US$140.0**	–	–
Unsecured notes payable – bonds	11-Jul-22	**£450.0**	**£450.0**	–	–
Unsecured notes payable – bonds	3-Oct-22	**US$500.0**	**US$500.0**	–	–
Total A$ equivalent of the above		**15,857.1**	**11,138.4**	18,901.8	13,826.4
Add:					
Finance leases		**38.5**	**38.5**	53.4	53.4
Bank overdraft		**0.7**	**0.7**	5.7	5.7
Consolidated financing facilities and interest bearing liabilities		**15,896.3**	**11,177.6**	18,960.9	13,885.5

(i) During the year, the loans on these properties were refinanced.
(ii) In August 2012, the $3.0 billion Global Syndicated Facility was cancelled and partially refinanced by $1.7 billion of new unsecured bilateral loan facilities.
(iii) During the year, this bilateral facility was refinanced.
(iv) During the year, the Canada Pension Plan Investment Board (CPPIB) became a 45% joint venture partner in these properties. As a result, these previously consolidated liabilities are now equity accounted.
(v) During the year, the Group divested these properties.
(vi) In January 2013, the loan on this property was repaid.
(vii) During the year, this bilateral facility was cancelled.
(viii) During the year, US$286.9 million of 144A bonds were repurchased and cancelled.
(ix) In February 2013, the loan on this property was refinanced.

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

Total secured liabilities are $1,786.0 million (31 December 2011: $2,769.5 million). Secured liabilities are borrowings secured by mortgages over properties or loans secured over development projects that have an aggregate fair value of $4.8 billion (31 December 2011: $7.4 billion). These properties and development projects are noted above.

The terms of the debt facilities preclude the properties from being used as security for other debt without the permission of the first mortgage holder. The debt facilities also require the properties to be insured.

	Note	**31 Dec 12 $million**	31 Dec 11 $million
NOTE 21 OTHER FINANCIAL LIABILITIES			
Current			
Convertible redeemable preference shares	(b)	**2.3**	17.4
Other redeemable preference units	(c)	**100.1**	91.2
		102.4	108.6
Non current			
Property linked notes	(a)	**1,341.4**	1,328.0
Convertible redeemable preference shares/units	(b)	**102.9**	243.1
Other redeemable preference units	(c)	**109.6**	143.9
		1,553.9	1,715.0
The maturity profile in respect of current and non current other financial liabilities is set out below:			
Current – within one year		**102.4**	108.6
Non current – after one year		**1,553.9**	1,715.0
		1,656.3	1,823.6

NOTE 21 OTHER FINANCIAL LIABILITIES (CONTINUED)

(a) Property linked notes

The Property Linked Notes (Notes) are designed to provide returns based on the economic performance of the following Westfield Australian super regional and regional shopping centres: Parramatta, Hornsby and Burwood in Sydney, Southland in Melbourne, Tea Tree Plaza in Adelaide and Belconnen in the ACT (collectively the Westfield centres). The return under the Notes is based on a proportional interest, in respect of the relevant Westfield centre, as specified in the Note (Reference Property Interest). The coupon is payable semi annually on 15 March and 15 September each year for as long as the Note remains outstanding. The review date for each Note is 31 December 2016 and each fifth anniversary of that date. Redemption events under the Notes include non performance events by the Issuer, changes in tax laws and sale of the relevant Westfield centre. The Notes may also be redeemed by agreement at a Review Date.

The redemption value of a Note is effectively calculated as the market value of the Note holder's Reference Property Interest at the date of redemption and the final coupon (if applicable). On redemption, the obligation to pay the amount due on the Notes, can, in certain circumstances, be satisfied by the transfer of the underlying Reference Property Interest to the Note holder. The Notes are subordinated to all other secured and unsecured debt of the Group. The Notes are guaranteed (on a subordinated basis) by the Parent Company and Westfield America Management Limited as responsible entity of WAT. The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period with gains or losses recorded through the income statement. The gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre.

(b) Convertible redeemable preference shares/units

The convertible redeemable preference shares/units comprise: (i) Series G Partnership Preferred Units (Series G units) issued to the Jacobs Group; (ii) Series I Partnership Preferred Units (Series I units); (iii) Series J Partnership Preferred Units (Series J units), (iv) Investor unit rights in the operating and property partnerships and (v) WEA common shares.

(i) As at 31 December 2012, the Jacobs Group holds 1,564,399 (31 December 2011: 10,442,688) Series G units in the operating partnership. The holders have the right that requires WEA to purchase up to 10% of the shares redeemed for cash.

(ii) As at 31 December 2012, the previous owners of the Sunrise Mall holds Series I units 1,401,426 (31 December 2011: 1,401,426). At any time after the earlier of (i) 21 July 2005, (ii) dissolution of the operating partnership, and (iii) the death of the holder, such holder (or the Holder's Estate) has the right to require the operating partnership to redeem its Series I units at the Group's discretion either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

(iii) As at 31 December 2012, 1,538,481 (31 December 2011: 1,538,481) Series J units are outstanding. At the holder's discretion, such holder has the right to require the operating partnership to redeem its Series J units, at the Group's discretion, either for: (i) cash; (ii) shares in WEA (with the holder having the right to exchange such WEA shares for stapled securities); or (iii) a combination of both.

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

(v) As at 31 December 2012, 764,205 (31 December 2011: 764,205) WEA common shares are held by certain third party investors. At any time after 19 May 2014, such holders have the right to require WEA to redeem their WEA common shares, at the Group's discretion, either for (i) cash; (ii) stapled securities; or (iii) a combination of both.

(c) Other redeemable preference units

The other redeemable preference units comprise: (i) partnership interest in the Urban Shopping Centres, L.P. (the Urban OP); (ii) Series H-2 Partnership Preferred Units (Series H-2 units); (iii) a Preferred Partnership in Head Acquisition L.P. (Head LP); (iv) Series A Partnership Preferred Units (Series A units); and (v) limited partnership interests in certain properties.

(i) In connection with the acquisition of RNA, WEA, Rouse and Simon acquired a 94.44% general partnership interest of Urban Shopping Centres, L.P. WEA's share of the general partnership interest is 54.2%. The 5.56% limited partnership interest in the Urban OP is held by certain third party investors (the Limited Partners). The Limited Partners have 1,946,080 units and the right to sell their units in the Urban OP to the Urban OP at any time during the first calendar month of each calendar quarter beginning 8 November 2005 or on or prior to the first anniversary of the date of the death of such Limited Partner for cash.

The Limited Partners have the right to receive quarterly distributions from available cash of the Urban OP in accordance with a tiered distribution schedule. If the partners do not receive a certain level of distributions, interest accrues at a rate of 8% per annum on the unpaid distributions.

(ii) The former partners in the San Francisco Centre hold 360,000 Series H-2 Units in the operating partnership. Each Series H-2 unit will be entitled to receive quarterly distributions equal to US$0.125 for the first four calendar quarters after the Series H-2 units are issued (the Base Year) and for each calendar quarter thereafter, US$0.125 multiplied by a growth factor. The growth factor is an amount equal to one plus or minus, 25% of the percentage increase or decrease in the distributions payable with respect to a partnership common unit of the Operating Partnership for such calendar quarter relative to 25% of the aggregate distributions payable with respect to a partnership common unit for the Base Year.

(iii) In September 2003, WEA sold its entire interest in WEA HRE-Abbey, Inc. In connection with the transaction, the acquirer has a preferred limited partner interest in Head L.P. The holder of this interest receives a rate of return per annum equal to 3-month LIBOR plus 0.90%.

(iv) In connection with the completion of the San Francisco Emporium development, 1,000 Westfield Growth, LP Series A units were issued to Forest City Enterprises, Inc. Redemption of these securities by the holder can only be made at the time that the San Francisco Centre (which includes San Francisco Emporium) is sold or otherwise divested. Should this occur, the redemption of these securities is required to be made in cash but only out of funds legally available from Westfield Growth, LP.

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

	31 Dec 12 $million	31 Dec 11 $million
NOTE 22 DERIVATIVE LIABILITIES		
Current		
Payables on currency derivatives	**56.6**	92.4
Payables on interest rate derivatives	**2.7**	7.2
Payables on equity share plan swaps	**–**	6.0
	59.3	105.6
Non current		
Payables on currency derivatives	**234.3**	245.5
Payables on interest rate derivatives	**157.1**	135.2
Payables on equity share plan swaps	**–**	8.6
	391.4	389.3

	Securities	Securities
NOTE 23 CONTRIBUTED EQUITY		
(a) Number of securities on issue		
Balance at the beginning of the year	**2,303,119,114**	2,303,119,114
Buy-back and cancellation of securities	**(80,585,177)**	–
Balance at the end of the year [(i)]	**2,222,533,937**	2,303,119,114

(i) The Westfield Executive Share Option Plan Trust holds 5,869,425 (31 December 2011: 5,869,425) securities in the Group, which have been consolidated and eliminated in accordance with accounting standards.

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

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

	$million	$million
(b) Amount of contributed equity		
of WHL	**1,448.2**	1,479.8
of WT and WAT	**14,957.0**	15,701.4
of the Group	**16,405.2**	17,181.2
Movement in contributed equity attributable to members of the Group [(i)]		
Balance at the beginning of the year	**17,181.2**	17,181.2
Buy-back and cancellation of securities	**(770.2)**	–
Cost associated with the buy-back of securities	**(1.8)**	–
Transfer of residual balance of exercised rights from the employee share plan benefits reserve	**(4.0)**	–
Balance at the end of the year [(i)]	**16,405.2**	17,181.2

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

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

For the year ended 31 December 2012, the Westfield Group's FFO in excess of dividends/distributions for the period was $365.6 million. In addition the Group bought back/reduced $776.0 million of equity during the year. The residual amount of contributed equity at 31 December 2012 is $12,858.3 million.

	Note	Number of rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12	Number of rights 31 Dec 11	Weighted average exercise price $ 31 Dec 11

NOTE 24 SHARE BASED PAYMENTS

(a) Rights over Westfield Group stapled securities

	Note	Number of rights 31 Dec 12	Weighted average exercise price $ 31 Dec 12	Number of rights 31 Dec 11	Weighted average exercise price $ 31 Dec 11
– Executive performance rights	24(b)(i)	**8,830,931**	**–**	3,486,156	–
– Partnership incentive rights	24(b)(ii)	**2,390,823**	**–**	1,087,249	–
		11,221,754	**–**	4,573,405	–
Movement in rights on issue					
Balance at the beginning of the year		**4,573,405**	**–**	4,401,980	–
Movement in Executive performance rights					
Rights issued during the year		**5,929,556**	**–**	2,699,163	–
Rights exercised during the year		**(583,679)**	**–**	(2,005,118)	–
Rights forfeited during the year		**(1,102)**	**–**	(75,291)	–
Movement in Partnership incentive rights					
Rights issued during the year		**1,966,324**	**–**	–	–
Rights exercised during the year		**(662,750)**	**–**	(447,329)	–
Balance at the end of the year (i)		**11,221,754**	**–**	4,573,405	–

(i) At 31 December 2012, the 11,221,754 rights (31 December 2011: 4,573,405 rights) on issue are convertible to 11,221,754 (31 December 2011: 4,573,405) Westfield Group stapled securities.

(b) Executive Performance Rights and Partnership Incentive Rights Plans

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

	Number of rights 31 Dec 12	Number of rights 31 Dec 11
Movement in Executive Performance Rights		
Balance at the beginning of the year	**3,486,156**	2,867,402
Rights issued during the year	**5,929,556**	2,699,163
Rights exercised during the year	**(583,679)**	(2,005,118)
Rights forfeited during the year	**(1,102)**	(75,291)
Balance at the end of the year	**8,830,931**	3,486,156

Vesting profile	Fair value granted $million 31 Dec 12	Number of rights at (i) 31 Dec 12	Fair value granted $million 31 Dec 11	Number of rights at (i) 31 Dec 11
2012	**–**	**–**	4.7	583,360
2013	**0.6**	**83,586**	–	–
2014	**28.4**	**4,169,708**	2.0	265,393
2015	**23.7**	**3,190,947**	20.1	2,637,403
2016	**8.3**	**1,386,690**	–	–
	61.0	**8,830,931**	26.8	3,486,156

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

NOTE 24 SHARE BASED PAYMENTS (CONTINUED)

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

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

The EPR Plan is a plan in which senior executives and high performing employees participate. As noted in previous years, until 2012, the Co-Chief Executive Officers did not participate in the EPR Plan. However, the Co-Chief Executive Officers participate in the EDA Plan. The fair value of rights issued under the EPR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Executives are not able to call for early exercise of the rights, however there are provisions in the plan to allow for early vesting at the discretion of the Board. Vesting conditions such as the number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. The terms of the EPR Plan are described in section 1 of the Appendix to Remuneration Report of the Directors' Report.

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

	Number of rights 31 Dec 12	Number of rights 31 Dec 11
Movement in Partnership Incentive Rights		
Balance at the beginning of the year	**1,087,249**	1,534,578
Rights issued during the year [(i)]	**1,966,324**	–
Rights exercised during the year	**(662,750)**	(447,329)
Balance at the end of the year	**2,390,823**	1,087,249

[(i)] As outlined in section 8.4(c) of the Directors' Report, certain performance hurdles must be met in order for participants to be entitled to awards under the PIR Plan. For 2012, 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 2012 will be published at the end of the 4 year qualifying period.

Vesting profile	**Fair value granted $million 31 Dec 12**	**Number of rights at[(i)] 31 Dec 12**	Fair value granted $million 31 Dec 11	Number of rights at[(i)] 31 Dec 11
2012	**–**	**–**	4.6	662,750
2013	**2.1**	**424,499**	2.1	424,499
2014	**–**	**–**	–	–
2015	**5.9**	**930,213**	–	–
2016	**6.1**	**1,016,558**	–	–
2017	**0.1**	**19,553**	–	–
	14.2	**2,390,823**	6.7	1,087,249

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

The senior leadership team of the Westfield Group participate in the PIR Plan. As noted in previous years, until 2012, the Co-Chief Executive Officers did not participate in the PIR Plan. However, the Co-Chief Executive Officers do now participate in the PIP Plan (refer to Note 24c(ii)). The fair value of rights issued under the PIR Plan is measured at each grant date using a Black Scholes option pricing model. The inputs include the Group's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected dividend yield during the vesting period. Expected volatility is based on the historical security price volatility over the past 3 years. Other vesting conditions include meeting the performance hurdle(s) applicable under the PIR Plan as determined annually by the Remuneration Committee. The hurdles chosen by the Remuneration Committee for the 2012 qualifying year are set out in section 8.4(c) of the Directors' Report. Vesting conditions such as number of employees remaining in service is taken into account in determining the total amortisation for each reporting period. In calculating the Black Scholes' value of rights granted it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the PIR Plan are described in section 1 of the Appendix to Remuneration Report of the Directors' Report.

Accounting for equity settled Share Based Payments

During the year, $21.1 million (31 December 2011: charge of $11.9 million) was charged to the income statement as gross amortisation in respect of equity settled share based payments and the corresponding entry is recorded against employee share plan benefits reserve.

NOTE 24 SHARE BASED PAYMENTS (CONTINUED)

(c) Executive Deferred Award and Partnership Incentive Plans

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

	Number of award securities 31 Dec 12	Number of award securities 31 Dec 11
Movement in Executive Deferred Awards		
Balance at the beginning of the year	**8,078,145**	8,579,478
Awards issued during the year	**–**	4,754,461
Distribution reinvested as awards during the year	**15,044**	213,349
Awards exercised during the year	**(3,081,242)**	(5,099,434)
Awards lapsed during the year	**(347,807)**	(369,709)
Balance at the end of the year	**4,664,140**	8,078,145

Vesting profile	Cumulative value granted $million 31 Dec 12	Number of award securities 31 Dec 12	Cumulative value granted $million 31 Dec 11	Number of award securities 31 Dec 11
2012	**–**	**–**	31.5	3,228,426
2013	**31.2**	**3,245,520**	32.4	3,369,339
2014	**2.5**	**257,986**	3.1	319,746
2015	**11.1**	**1,160,634**	11.1	1,160,634
	44.8	**4,664,140**	78.1	8,078,145

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

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

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

	Number of award securities 31 Dec 12	Number of award securities 31 Dec 11
Movement in Partnership Incentive Plan		
Balance at the beginning of the year	**4,870,623**	3,695,017
Awards issued during the year	**–**	1,922,350
Distribution reinvested as awards during the year	**14,408**	48,729
Awards exercised during the year	**(820,167)**	(795,473)
Balance at the end of the year	**4,064,864**	4,870,623

Vesting profile	Cumulative value granted $million 31 Dec 12	Number of award securities 31 Dec 12	Cumulative value granted $million 31 Dec 11	Number of award securities 31 Dec 11
2012	**–**	**–**	7.6	805,759
2013	**13.5**	**1,530,784**	13.5	1,530,784
2014	**16.7**	**1,753,264**	16.7	1,753,264
2015	**7.6**	**780,816**	7.6	780,816
	37.8	**4,064,864**	45.4	4,870,623

The senior leadership team of the Westfield Group, including the Co-Chief Executive Officers, participate in the PIP Plan. The fair value of the PIP Plan is measured at each reporting date using inputs that include the Group achieving the performance hurdles, the number of employees remaining in service, the volume weighted average of the Group stapled security prices and the distribution policy during the vesting period. The PIP Plan operates in much the same manner as the PIR Plan except that the entitlements will be satisfied by a cash payment as opposed to delivery of securities.

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

Accounting for cash settled Share Based Payments

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

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

During the year, $32.4 million (31 December 2011: $38.1 million) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

	31 Dec 12 $million	31 Dec 11 $million
NOTE 25 RESERVES		
of WHL	**(805.1)**	(779.2)
of WT and WAT	**(548.8)**	(588.5)
of the Westfield Group	**(1,353.9)**	(1,367.7)
Total reserves of the Group		
Foreign currency translation reserve	**(1,395.7)**	(1,391.4)
Employee share plan benefits reserve	**38.5**	28.9
Equity share plan swaps reserve	**3.3**	(5.2)
Balance at the end of the year	**(1,353.9)**	(1,367.7)
Movement in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the year	**(1,391.4)**	(1,437.3)
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	**(2.3)**	(23.3)
– deferred tax effect	**(2.0)**	5.0
– accumulated exchange differences transferred to retained earnings on realisation of net investment in foreign operations	**–**	64.2
Balance at the end of the year	**(1,395.7)**	(1,391.4)
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	**28.9**	34.8
– movement in equity settled share based payment	**9.6**	(5.9)
Balance at the end of the year	**38.5**	28.9
Movement in equity share plan swaps reserve		
The equity share plan swaps reserve reflects cumulative gains or losses on the equity share plan swaps that relates to future service provided.		
Balance at the beginning of the year	**(5.2)**	2.4
– gain/(loss) on employee share plan swaps	**26.2**	(21.8)
– amount transferred to income statement	**(14.1)**	11.0
– deferred tax effect on employee share plan swaps	**(3.6)**	3.2
Balance at the end of the year	**3.3**	(5.2)

	31 Dec 12 $million	31 Dec 11 $million
NOTE 26 RETAINED PROFITS		
of WHL	**172.9**	(98.5)
of WT and WAT	**105.3**	(226.0)
of the Group	**278.2**	(324.5)
Movement in retained profits		
Balance at the beginning of the year	**(324.5)**	(428.9)
Profit after tax for the period	**1,718.1**	1,452.9
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	**–**	(64.2)
Dividend/distribution paid	**(1,115.4)**	(1,284.3)
Balance at the end of the year	**278.2**	(324.5)

	Note	31 Dec 12 $million	31 Dec 11 $million
NOTE 27 CASH AND CASH EQUIVALENTS			
(a) Components of cash and cash equivalents			
Cash		**1,099.2**	196.2
Bank overdrafts	20	**(0.7)**	(5.7)
Total cash and cash equivalents		**1,098.5**	190.5
(b) Reconciliation of profit after tax to net cash flows from operating activities			
Profit after tax		**1,765.3**	1,466.2
Property revaluations		**(232.0)**	(227.4)
Share of associates profit in excess of dividend/distribution		**(670.2)**	(345.3)
Deferred tax		**125.7**	21.8
Tax on capital transactions		**–**	1.1
Net fair value loss of forward exchange contracts		**20.6**	55.5
Borrowing costs		**831.6**	856.5
Interest income		**(57.4)**	(52.6)
(Gain)/loss from capital transactions		**45.2**	(46.5)
Decrease in working capital attributable to operating activities		**215.1**	606.0
Net cash flows from operating activities		**2,043.9**	2,335.3
NOTE 28 DIVIDENDS/DISTRIBUTIONS			
(a) Final dividend/distribution paid			
Dividend/distribution in respect of the 6 months to 31 December 2012 – to be paid on 28 February 2013			
WT: 21.45 cents per unit, 15% estimated tax deferred		**476.8**	–
WAT: 3.30 cents per unit, 0% estimated tax deferred		**73.3**	–
Dividend/distribution in respect of the 6 months to 31 December 2011 – paid on 29 February 2012			
WT: 17.45 cents per unit, 65% tax deferred (includes 31% capital gains tax concession)		**–**	401.9
WAT: 6.75 cents per unit, 55% tax deferred		**–**	155.5
Westfield Group 24.75 cents per stapled security (31 Dec 11: 24.20 cents)		**550.1**	557.4

Interim dividend/distributions of 24.75 cents were paid on 31 August 2012. Final dividend/distributions will be paid on 28 February 2013. The record date for the final dividends/distributions was 5pm, 14 February 2013. The Westfield Group Distribution Reinvestment Plan (DRP) was suspended from operation on 2 February 2010. Accordingly, the DRP will not be in operation for the distribution payment on 28 February 2013.

		31 Dec 12 $million	31 Dec 11 $million
(b) Dividends/distributions paid during the year			
Dividend/distribution in respect of the 6 months to 30 June 2012			
WT: 12.37 cents per unit, 15% estimated tax deferred		**278.9**	–
WAT: 12.38 cents per unit, 0% estimated tax deferred		**279.1**	–
Dividend/distribution in respect of the 6 months to 31 December 2011			
WT: 17.45 cents per unit, 65% tax deferred (includes 31% capital gains tax concession)		**401.9**	–
WAT: 6.75 cents per unit, 55% tax deferred		**155.5**	–
Dividend/distribution in respect of the 6 months to 30 June 2011			
WT: 15.20 cents per unit, 65% tax deferred (includes 31% capital gains tax concession)		**–**	350.1
WAT: 9.00 cents per unit, 55% tax deferred		**–**	207.3
Dividend/distribution in respect of the 6 months to 31 December 2010			
WHL: 5.00 cents per unit, 100% franked		**–**	115.2
WT: 18.00 cents per unit, 83% tax deferred		**–**	414.6
WAT: 8.56 cents per unit, 27% tax deferred		**–**	197.1
		1,115.4	1,284.3

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

		31 Dec 12 $million	31 Dec 11 $million
(c) Franking credit balance of the Parent Company			
The amount of franking credits available on a tax paid basis for future distributions are:			
– franking credits balance as at the end of the year at the corporate tax rate of 30%		**5.7**	0.2
– franking credits arising from the payment of income tax provided in this financial report		**49.8**	26.5
Franking credits available for distribution		**55.5**	26.7
– reduction in franking credits that arise from the payment of the final dividend		**–**	–
Franking credits available for future distributions		**55.5**	26.7

	31 Dec 12 $	31 Dec 11 $
NOTE 29 NET TANGIBLE ASSET BACKING		
Net tangible asset backing per security	**6.90**	6.73

Net tangible asset backing per security is calculated by dividing total equity attributable to stapled security holders of the Group by the number of securities on issue. The number of securities used in the calculation of the consolidated net tangible asset backing is 2,222,533,937 (31 December 2011: 2,303,119,114).

NOTE 30 LEASE COMMITMENTS

Operating lease receivables

Substantially all of the property owned and leased by the Group is leased to third party retailers. Lease terms vary between retailers and some leases include percentage rental payments based on sales revenue.

Future minimum rental revenues under non cancellable operating retail property leases

	31 Dec 12 $million	31 Dec 11 $million
Due within one year	**941.0**	1,199.1
Due between one and five years	**2,773.1**	3,678.6
Due after five years	**1,972.2**	2,604.3
	5,686.3	7,482.0

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

Operating lease payables

Expenditure contracted but not provided for		
Due within one year	**12.1**	16.1
Due between one and five years	**44.3**	29.2
Due after five years	**81.6**	40.1
	138.0	85.4

NOTE 31 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure committed at balance date but not provided for in relation to development projects.		
Due within one year	**260.8**	233.2
Due between one and five years	**–**	–
Due after five years	**–**	–
	260.8	233.2

NOTE 32 CONTINGENT LIABILITIES

Performance guarantees	**95.7**	884.8
Special tax assessment municipal bonds	**31.3**	33.7
	127.0	918.5

The Group's obligation in respect of performance guarantees may be called on at anytime dependant upon the performance or non performance of certain third parties.

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

NOTE 33 CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 34 FINANCIAL RISK MANAGEMENT

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

The Group manages its exposure to key financial risks in accordance with the Group's treasury risk management policies. These policies have been established to manage the key financial risks such as interest rate, foreign exchange, counterparty credit and liquidity.

The Group's treasury risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and procedures, has developed a disciplined and constructive control environment in which relevant treasury and finance personnel understand their roles and obligations in respect of the Group's treasury management objectives.

The Group has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Board Risk Management Committee comprising three Directors. The Board Risk Management Committee reviews and oversees management's compliance with these policies, procedures and limits. The Board Risk Management Committee is assisted in its oversight role by the Group's Executive Risk Management Committee, Treasury Finance Committee and internal audit function.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group enters into derivative financial instruments, principally interest rate swaps, interest rate options, cross currency swaps, forward exchange contracts and currency options. The purpose of these transactions is to manage the interest rate and currency risks arising from the Group's operations, cash flows, interest bearing liabilities and its net investments in foreign operations. The Group seeks to deal only with creditworthy counterparties and these assessments are regularly reviewed. Liquidity risk is monitored through the use of future rolling cash flow forecasts.

NOTE 35 INTEREST RATE RISK MANAGEMENT

The Group is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. These activities are evaluated regularly to determine that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

Summary of interest rate positions at balance date

The Group has interest rate risk on borrowings which are typically floating rate debt or notional borrowings entered into under currency derivatives. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable and receivable exposures

	Note	**31 Dec 12 $million**	31 Dec 11 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	20	**368.6**	1,881.9
Non current interest bearing liabilities	20	**10,809.0**	12,003.6
Share of equity accounted entities interest bearing liabilities	16(c)(i)	**1,404.0**	1,353.2
Cross currency swaps			
– A$	36(ii)	**1,175.8**	1,727.1
– £160.0 million (31 December 2011: £121.1 million)	36(i)	**249.4**	183.9
– £365.0 million (31 December 2011: £590.0 million)	36(iv)	**568.9**	895.7
– US$nil (31 December 2011: US$452.8 million)	36(i)	**–**	445.2
– US$1,602.0 million (31 December 2011: US$2,297.0 million)	36(iv)	**1,544.8**	2,258.6
Foreign currency swaps			
– A$	36(ii)	**442.7**	–
– £373.1 million (31 December 2011: nil)	36(ii)	**581.5**	–
– US$nil (31 December 2011: US$640.7 million)	36(ii)	**–**	630.0
Principal amounts subject to interest rate payable exposure		**17,144.7**	21,379.2
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– A$	36(iv)	**3,081.2**	4,574.4
– €nil (31 December 2011: €560.0 million)	36(i)	**–**	712.4
– US$1,253.0 million (31 December 2011: US$1,500.0 million)	36(i),36(ii)	**1,208.3**	1,474.9
Foreign currency swaps			
– A$	36(ii)	**–**	420.3
– £288.0 million (31 December 2011: £137.0 million)	36(ii)	**448.9**	208.0
– US$601.8 million (31 December 2011: nil)	36(ii)	**580.3**	–
Cash	27(a)	**1,099.2**	196.2
Share of equity accounted entities cash	16(b)	**172.2**	194.6
Amount receivable from Westfield Retail Trust	12,46	**–**	780.0
Principal amounts subject to interest rate receivable exposure		**6,590.1**	8,560.8
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		**10,554.6**	12,818.4

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(i) Interest payable and receivable exposures (continued)

	Note	31 Dec 12 $million	31 Dec 11 $million
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
– €nil (31 December 2011: €560.0 million)	35(ii)	–	712.4
– £1,050.0 million (31 December 2011: £600.0 million)	35(ii)	1,636.5	910.9
– US$9,717.3 million (31 December 2011: US$10,488.8 million)	35(ii)	9,370.6	10,313.5
Fixed rate derivatives			
– A$	35(ii)	678.0	1,300.5
– £225.0 million (31 December 2011: £524.3 million)	35(ii)	350.7	795.9
– US$2,750.0 million (31 December 2011: US$2,750.0 million)	35(ii)	2,651.9	2,704.0
– NZ$260.0 million (31 December 2011: NZ$260.0 million)	35(ii)	206.1	197.7
Interest rate options			
– A$	35(iii)	200.0	1,000.0
– NZ$70.0 million (31 December 2011: NZ$240.0 million)	35(iii)	55.5	182.5
Foreign currency swaps			
– A$	36(ii)	442.7	–
– £373.1 million (31 December 2011: nil)	36(ii)	581.5	–
– US$nil (31 December 2011: US$640.7 million)	36(ii)	–	630.0
Principal amounts on which interest rate payable exposure has been hedged		16,173.5	18,747.4
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	35(ii)	3,086.0	4,250.0
– €nil (31 December 2011: €560.0 million)	35(ii)	–	712.4
– US$2,450.0 million (31 December 2011: US$3,250.0 million)	35(ii)	2,362.6	3,195.7
Foreign currency swaps			
– A$	36(ii)	–	420.3
– £288.0 million (31 December 2011: £137.0 million)	36(ii)	448.9	208.0
– US$601.8 million (31 December 2011: nil)	36(ii)	580.3	–
Amount receivable from Westfield Retail Trust	12,46	–	780.0
Principal amounts on which interest rate receivable exposure has been hedged		6,477.8	9,566.4
Principal amounts on which net interest rate payable exposure has been hedged		**9,695.7**	9,181.0

At 31 December 2012, the Group has hedged 92% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and interest rate options of varying durations. The remaining 8% is exposed to floating rates on a principal payable of $858.9 million, at an average interest rate of 1.9%, including margin (31 December 2011: 72% hedged with floating exposure of $3,637.4 million at an average rate of 1.8%). Changes to derivatives due to interest rate movements are set out in Notes 35(ii) and 35(iii).

Interest rate sensitivity	Interest rate movement	31 Dec 12 $million	31 Dec 11 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:		(Increase)/decrease in interest expense	
	–2.0%	17.2	72.7
	–1.0%	8.6	36.4
	–0.5%	4.3	18.2
	0.5%	(4.3)	(18.2)
	1.0%	(8.6)	(36.4)
	2.0%	(17.2)	(72.7)

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		**Fixed rate borrowings**		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**31 Dec 12 Notional principal amount million**	**31 Dec 12 Average rate**	**31 Dec 12 Principal amount million**	**31 Dec 12 Average rate including margin**	31 Dec 11 Notional principal amount million	31 Dec 11 Average rate	31 Dec 11 Principal amount million	31 Dec 11 Average rate including margin
A$ payable								
31 December 2011	–	–	–	–	A$(1,300.5)	4.31%	–	–
31 December 2012	**A$(678.0)**	**4.04%**	–	–	A$(328.0)	4.72%	–	–
31 December 2013	**A$(928.0)**	**4.38%**	–	–	A$(578.0)	4.97%	–	–
31 December 2014	**A$(924.0)**	**4.37%**	–	–	A$(574.0)	4.96%	–	–
31 December 2015	**A$(844.5)**	**4.40%**	–	–	A$(544.5)	4.93%	–	–
31 December 2016	**A$(489.5)**	**4.14%**	–	–	A$(289.5)	4.57%	–	–
£ payable								
31 December 2011	–	–	–	–	£(524.3)	3.76%	£(600.0)	5.39%
31 December 2012	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(600.0)	5.39%
31 December 2013	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(600.0)	5.39%
31 December 2014	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(600.0)	5.39%
31 December 2015	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(600.0)	5.39%
31 December 2016	**£(225.0)**	**1.82%**	**£(1,050.0)**	**4.87%**	£(225.0)	1.82%	£(600.0)	5.39%
31 December 2017	–	–	**£(450.0)**	**4.18%**	–	–	–	–
31 December 2018	–	–	**£(450.0)**	**4.18%**	–	–	–	–
31 December 2019	–	–	**£(450.0)**	**4.18%**	–	–	–	–
31 December 2020	–	–	**£(450.0)**	**4.18%**	–	–	–	–
31 December 2021	–	–	**£(450.0)**	**4.18%**	–	–	–	–
US$ payable								
31 December 2011	–	–	–	–	US$(2,750.0)	1.82%	US$(10,488.8)	5.87%
31 December 2012	**US$(2,750.0)**	**1.82%**	**US$(9,717.3)**	**5.69%**	US$(2,750.0)	1.82%	US$(9,547.4)	5.89%
31 December 2013	**US$(2,750.0)**	**1.82%**	**US$(9,277.1)**	**5.70%**	US$(2,750.0)	1.82%	US$(9,009.1)	5.92%
31 December 2014	**US$(2,750.0)**	**1.82%**	**US$(7,149.8)**	**5.73%**	US$(2,750.0)	1.82%	US$(6,553.2)	6.03%
31 December 2015	–	–	**US$(6,278.2)**	**5.74%**	–	–	US$(5,679.0)	6.09%
31 December 2016	–	–	**US$(5,228.6)**	**5.76%**	–	–	US$(4,543.7)	6.20%
31 December 2017	**US$(1,000.0)**	**3.94%**	**US$(5,002.0)**	**5.75%**	US$(1,000.0)	3.94%	US$(4,164.2)	6.23%
31 December 2018	**US$(1,000.0)**	**3.94%**	**US$(3,752.2)**	**5.34%**	US$(1,000.0)	3.94%	US$(2,911.3)	5.92%
31 December 2019	–	–	**US$(2,491.7)**	**4.66%**	–	–	US$(1,647.6)	5.33%
31 December 2020	–	–	**US$(2,082.5)**	**4.23%**	–	–	US$(1,139.9)	4.65%
31 December 2021	–	–	**US$(989.4)**	**3.77%**	–	–	–	–
NZ$ payable								
31 December 2011	–	–	–	–	NZ$(260.0)	4.07%	–	–
31 December 2012	**NZ$(260.0)**	**4.07%**	–	–	NZ$(260.0)	4.07%	–	–
31 December 2013	**NZ$(260.0)**	**4.07%**	–	–	NZ$(260.0)	4.07%	–	–
31 December 2014	**NZ$(180.0)**	**4.23%**	–	–	NZ$(180.0)	4.23%	–	–
31 December 2015	**NZ$(105.0)**	**4.38%**	–	–	NZ$(105.0)	4.38%	–	–
31 December 2016	**NZ$(35.0)**	**4.53%**	–	–	NZ$(35.0)	4.53%	–	–
€ payable								
31 December 2011	–	–	–	–	–	–	€(560.0)	3.58%
€ receivable								
31 December 2011	–	–	–	–	€560.0	3.58%	–	–

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

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

Fixed rate debt and swaps contracted as at the reporting date and outstanding at	**Interest rate swaps** 31 Dec 12 Notional principal amount million	**Interest rate swaps** 31 Dec 12 Average rate	**Fixed rate borrowings** 31 Dec 12 Principal amount million	**Fixed rate borrowings** 31 Dec 12 Average rate including margin	Interest rate swaps 31 Dec 11 Notional principal amount million	Interest rate swaps 31 Dec 11 Average rate	Fixed rate borrowings 31 Dec 11 Principal amount million	Fixed rate borrowings 31 Dec 11 Average rate including margin
A$ receivable								
31 December 2011	–	–	–	–	A$4,250.0	6.35%	–	–
31 December 2012	**A$3,086.0**	**6.28%**	–	–	A$3,086.0	6.28%	–	–
31 December 2013	**A$1,150.0**	**6.37%**	–	–	A$1,150.0	6.37%	–	–
31 December 2014	**A$200.0**	**6.77%**	–	–	A$200.0	6.77%	–	–
US$ receivable								
31 December 2011	–	–	–	–	US$3,250.0	3.29%	–	–
31 December 2012	**US$2,450.0**	**3.42%**	–	–	US$2,300.0	3.56%	–	–
31 December 2013	**US$5,000.0**	**3.71%**	–	–	US$4,850.0	3.78%	–	–
31 December 2014	**US$4,150.0**	**3.57%**	–	–	US$4,000.0	3.66%	–	–
31 December 2015	**US$650.0**	**3.22%**	–	–	US$500.0	3.77%	–	–
31 December 2016	**US$650.0**	**3.22%**	–	–	US$500.0	3.77%	–	–
31 December 2017	**US$650.0**	**3.22%**	–	–	US$500.0	3.77%	–	–
31 December 2018	**US$650.0**	**3.22%**	–	–	US$500.0	3.77%	–	–
31 December 2019	**US$650.0**	**3.22%**	–	–	US$500.0	3.77%	–	–
31 December 2020	**US$150.0**	**1.65%**	–	–	–	–	–	–
31 December 2021	**US$150.0**	**1.65%**	–	–	–	–	–	–
£ receivable								
31 December 2014	**£125.0**	**1.12%**	–	–	–	–	–	–
31 December 2015	**£250.0**	**1.18%**	–	–	–	–	–	–
31 December 2016	**£250.0**	**1.18%**	–	–	–	–	–	–

The Group's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of interest expense. At 31 December 2012, the aggregate fair value is a receivable of $294.9 million (31 December 2011: $372.4 million). The change in fair value for the year ended 31 December 2012 was $77.5 million (31 December 2011: $571.2 million).

Fair value sensitivity		**31 Dec 12 $million**	31 Dec 11 $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%	**126.3**	153.6
	–1.0%	**62.1**	76.1
	–0.5%	**30.8**	37.7
	0.5%	**(29.8)**	(37.8)
	1.0%	**(59.0)**	(75.4)
	2.0%	**(115.2)**	(150.3)

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.

NOTE 35 INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(iii) Interest rate options

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

	Interest rate options		Interest rate options	
Interest rate options contracted as at the reporting date and outstanding at	**31 Dec 12 Notional principal amount million**	**31 Dec 12 Average strike rates**	31 Dec 11 Notional principal amount million	31 Dec 11 Average strike rate
A$ payable caps				
31 December 2011	**–**	**–**	A$(1,000.0)	6.53%
31 December 2012	**A$(150.0)**	**3.75%**	A$(300.0)	6.60%
31 December 2013	**A$(150.0)**	**3.75%**	–	–
NZ$ payable caps				
31 December 2011	**–**	**–**	NZ$(240.0)	3.37%
31 December 2012	**NZ$(70.0)**	**3.95%**	NZ$(140.0)	3.68%
A$ payable collar				
31 December 2012	**A$(50.0)**	**2.53%-4.00%**	–	–
31 December 2013	**A$(50.0)**	**2.53%-4.00%**	–	–
31 December 2014	**A$(50.0)**	**2.53%-4.00%**	–	–

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 2012, the aggregate fair value is a payable of $1.2 million (31 December 2011: $2.7 million). The change in fair value for the year ended 31 December 2012 was $1.5 million (31 December 2011: $8.0 million).

Fair value sensitivity		**31 Dec 12 $million**	31 Dec 11 $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%	**(1.7)**	(0.5)
	–1.0%	**(0.8)**	(0.4)
	–0.5%	**(0.4)**	(0.3)
	0.5%	**0.4**	0.6
	1.0%	**1.1**	1.6
	2.0%	**3.4**	4.9

NOTE 36 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	Note	**31 Dec 12 million**	31 Dec 11 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$10,680.3**	US$12,981.1
US$ borrowings		**US$(9,877.8)**	US$(11,577.8)
US$ cross currency swaps	36(i)	**–**	US$(452.8)
US$ currency swaps	36(i),36(ii)	**US$1,854.8**	US$859.3
US$ denominated net assets		**US$2,657.3**	US$1,809.8
New Zealand Dollar			
NZ$ net assets		**NZ$1,262.4**	NZ$1,365.7
NZ$ borrowings		**NZ$(575.8)**	NZ$(702.8)
NZ$ denominated net assets		**NZ$686.6**	NZ$662.9
British Pound			
£ net assets		**£2,840.0**	£2,839.4
£ borrowings		**£(1,467.0)**	£(1,523.7)
£ cross currency swaps	36(i)	**£(160.0)**	£(121.1)
£ currency swaps	36(ii)	**£(85.1)**	£137.0
£ denominated net assets		**£1,127.9**	£1,331.6
Brazilian Real			
R$ net assets		**R$922.4**	R$892.5
R$ borrowings		**R$(220.8)**	R$(193.4)
R$ denominated net assets		**R$701.6**	R$699.1

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

Summary of foreign exchange balance sheet positions at balance date (continued)

The Group's foreign currency net investments are subject to exchange rate risk. Gains and losses arising from changes in fair value of the Group's foreign currency denominated shopping centre and other assets together with associated hedging instruments are reflected in the foreign currency translation reserve where the Group has satisfied the accounting requirements to qualify for hedge accounting treatment.

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

Foreign currency sensitivity		**31 Dec 12 $million**	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million
The sensitivity of US$ denominated net assets to changes in the year end A$/US$1.0370 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 cents	**472.4**	409.3	**132.1**	64.1
	–10 cents	**211.0**	182.3	**58.8**	28.8
	–5 cents	**100.1**	86.5	**27.8**	13.7
	+5 cents	**(90.9)**	(78.4)	**(25.3)**	(12.3)
	+10 cents	**(173.9)**	(149.7)	**(48.5)**	(23.7)
	+20 cents	**(319.6)**	(274.8)	**(88.8)**	(43.5)
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.2613 rate is as follows:	A$/NZ$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 cents	**102.6**	90.4	**–**	–
	–10 cents	**46.9**	41.5	**–**	–
	–5 cents	**22.5**	19.9	**–**	–
	+5 cents	**(20.8)**	(18.5)	**–**	–
	+10 cents	**(40.0)**	(35.6)	**–**	–
	+20 cents	**(74.5)**	(66.5)	**–**	–
The sensitivity of £ denominated net assets to changes in the year end A$/£0.6416 rate is as follows:	A$/£ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 pence	**856.2**	790.8	**(59.9)**	38.1
	–10 pence	**349.1**	324.6	**(24.5)**	13.8
	– 5 pence	**159.8**	149.0	**(11.2)**	6.0
	+5 pence	**(136.7)**	(128.0)	**9.6**	(4.6)
	+10 pence	**(254.9)**	(239.0)	**18.0**	(8.2)
	+20 pence	**(449.3)**	(442.4)	**31.7**	(13.2)
The sensitivity of R$ denominated net assets to changes in the year end A$/R$2.1240 rate is as follows:	A$/R$ Currency movement	Gain/(loss) to foreign currency translation reserve		Gain/(loss) to income statement	
	–20 centavos	**34.3**	43.4	**–**	–
	–10 centavos	**16.3**	20.5	**–**	–
	–5 centavos	**8.0**	10.0	**–**	–
	+5 centavos	**(7.6)**	(9.5)	**–**	–
	+10 centavos	**(14.9)**	(18.4)	**–**	–
	+20 centavos	**(28.4)**	(35.1)	**–**	–

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

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

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 12	Weighted average exchange rate 31 Dec 11	Amount receivable/(payable) 31 Dec 12 million	Amount receivable/(payable) 31 Dec 12 million	Amount receivable/(payable) 31 Dec 11 million	Amount receivable/(payable) 31 Dec 11 million
£						
Contracts to receive € [i] and pay £						
31 December 2011	**–**	0.6488	**–**	**–**	€186.7	£(121.1)
Contracts to receive US$ [ii] and pay £						
31 December 2012	**1.5810**	–	**US$253.0**	**£(160.0)**	–	–
US$						
Contracts to receive € [i] and pay US$						
31 December 2011	**–**	1.2128	**–**	**–**	€373.3	US$(452.8)

[i] The receive € exposure is matched with a pay € exposure in the income statement.

[ii] The receive US$ exposure does not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement and is matched with pay US$ exposures.

These cross currency swaps are effective net investment hedges and recorded directly in the foreign currency translation reserve. At 31 December 2012, the aggregate fair value is a payable of $8.7 million (31 December 2011: receivable of $133.8 million). The change in fair value for the year ended 31 December 2012 was $142.5 million (31 December 2011: $42.3 million).

Foreign currency sensitivity	A$/US$ Currency movement	Gain/(loss) to foreign currency translation reserve 31 Dec 12 $million	Gain/(loss) to foreign currency translation reserve 31 Dec 11 $million	Gain/(loss) to income statement 31 Dec 12 $million	Gain/(loss) to income statement 31 Dec 11 $million
The sensitivity of cross currency swaps to changes in the year end A$/US$1.0370 rate is as follows:					
	–20 cents	**–**	(109.0)	**58.9**	–
	–10 cents	**–**	(48.6)	**26.3**	–
	–5 cents	**–**	(23.0)	**12.4**	–
	+5 cents	**–**	20.9	**(11.3)**	–
	+10 cents	**–**	39.9	**(21.6)**	–
	+20 cents	**–**	73.2	**(39.6)**	–

Foreign currency sensitivity	A$/£ Currency movement	Gain/(loss) to foreign currency translation reserve 31 Dec 12 $million	Gain/(loss) to foreign currency translation reserve 31 Dec 11 $million	Gain/(loss) to income statement 31 Dec 12 $million	Gain/(loss) to income statement 31 Dec 11 $million
The sensitivity of cross currency swaps to changes in the year end A$/£0.6416 rate is as follows:					
	–20 pence	**(112.9)**	(80.2)	**–**	–
	–10 pence	**(46.0)**	(32.9)	**–**	–
	–5 pence	**(21.0)**	(15.1)	**–**	–
	+5 pence	**18.1**	13.0	**–**	–
	+10 pence	**33.7**	24.2	**–**	–
	+20 pence	**59.3**	42.8	**–**	–

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

The following table details the other financial derivatives in respect of the Group's foreign currency assets and liabilities outstanding at reporting date. These contracts do not qualify as hedges of net investments of foreign operations.

Foreign currency swaps contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate **31 Dec 12**	Weighted average exchange rate 31 Dec 11	Amount receivable/(payable) **31 Dec 12 million**	Amount receivable/(payable) **31 Dec 12 million**	Amount receivable/(payable) 31 Dec 11 million	Amount receivable/(payable) 31 Dec 11 million
US$						
Contracts to buy A$ and sell US$						
31 December 2012	**–**	1.0064	**–**	**–**	A$420.3	US$(423.0)
£						
Contracts to buy £ and sell US$						
31 December 2012	**–**	1.5891	**–**	**–**	£137.0	US$(217.7)
Contracts to buy £ and sell A$						
31 December 2013	**0.6505**	–	**£288.0**	**A$(442.7)**	–	–
Contracts to buy US$ and sell £						
31 December 2013	**1.6131**	–	**US$601.8**	**£(373.1)**	–	–
Cross currency swaps contracted as at the reporting date and outstanding at						
US$						
Contracts to receive US$ and pay A$						
31 December 2011	**–**	0.8685	**–**	**–**	A$(1,727.1)	US$1,500.0
31 December 2012	**0.8505**	0.8505	**A$(1,175.8)**	**US$1,000.0**	A$(1,175.8)	US$1,000.0
31 December 2013	**0.8505**	0.8505	**A$(1,175.8)**	**US$1,000.0**	A$(1,175.8)	US$1,000.0
31 December 2014	**0.8273**	0.8273	**A$(906.6)**	**US$750.0**	A$(906.6)	US$750.0

At 31 December 2012, 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 2012, the aggregate fair value is a payable of $195.6 million (31 December 2011: $243.3 million). The change in fair value for the year ended 31 December 2012 was $47.7 million (31 December 2011: $60.0 million).

Foreign currency sensitivity		**31 Dec 12 $million**	31 Dec 11 $million
The sensitivity of currency swaps to changes in the year end A$/US$1.0370 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	–20 cents	**221.6**	244.6
	–10 cents	**98.8**	109.2
	–5 cents	**46.9**	51.8
	+5 cents	**(42.9)**	(46.9)
	+10 cents	**(81.5)**	(89.7)
	+20 cents	**(149.7)**	(164.7)
The sensitivity of currency swaps to changes in the year end £/US$1.6163 rate is as follows:	£/US$ Currency movement	Gain/(loss) to income statement	
	–20 pence/–20 cents	**(124.3)**	38.1
	–10 pence/–10 cents	**(45.3)**	13.8
	–5 pence/–5 cents	**(19.7)**	6.0
	+5 pence/+5 cents	**15.3**	(4.6)
	+10 pence/+10 cents	**27.2**	(8.2)
	+20 pence/+20 cents	**44.2**	(13.2)
The sensitivity of currency swaps to changes in the year end $A/£0.6416 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	–20 pence	**203.5**	–
	–10 pence	**82.9**	–
	–5 pence	**37.9**	–
	+5 pence	**(32.4)**	–
	+10 pence	**(60.4)**	–
	+20 pence	**(106.5)**	–

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

These derivatives manage the impact of exchange rate movements on the Group's foreign currency denominated earnings and the Group's distribution.

The following table details the forward exchange contracts outstanding at reporting date and are considered ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate 31 Dec 12	31 Dec 11	Amount receivable/(payable) 31 Dec 12 million	31 Dec 12 million	31 Dec 11 million	31 Dec 11 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2012	–	1.2172	–	–	A$135.8	NZ$(165.3)
	–	1.2697	–	–	A$(130.2)	NZ$165.3
31 December 2013	**1.2245**	1.2245	**A$78.2**	**NZ$(95.7)**	A$78.2	NZ$(95.7)
	1.2563	1.2563	**A$(76.2)**	**NZ$95.7**	A$(76.2)	NZ$95.7
US$						
Contracts to buy A$ and sell US$						
31 December 2012	–	0.8241	–	–	A$123.9	US$(102.1)
	–	0.9501	–	–	A$(107.5)	US$102.1
31 December 2013	**0.8136**	0.8136	**A$197.3**	**US$(160.5)**	A$197.3	US$(160.5)
	0.9429	0.9429	**A$(170.2)**	**US$160.5**	A$(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 2012, 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 2012, the aggregate fair value is a receivable of $52.8 million (31 December 2011: $68.5 million). The change in fair value for the year ended 31 December 2012 was $15.7 million (31 December 2011: $7.8 million).

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

(iv) Cross currency interest rate swaps to hedge the Group's foreign currency earnings

The Group has entered into the following foreign currency derivative financial instruments to sell US$ and £ and purchase A$ at floating interest rates on notional principals at fixed exchange rates.

The following table details the cross currency interest rate swaps outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's earnings and are ineffective hedges for accounting purposes.

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 12	31 Dec 11	Amount receivable/(payable) 31 Dec 12 million	31 Dec 12 million	31 Dec 11 million	31 Dec 11 million
US$						
Contracts to receive A$ and pay US$						
31 December 2011	–	0.7199	–	–	A$3,190.7	US$(2,297.0)
31 December 2012	**0.7199**	0.7199	**A$2,225.2**	**US$(1,602.0)**	A$2,225.2	US$(1,602.0)
31 December 2013	**0.7181**	0.7181	**A$1,160.0**	**US$(833.0)**	A$1,160.0	US$(833.0)
£						
Contracts to receive A$ and pay £						
31 December 2011	–	0.4264	–	–	A$1,383.7	£(590.0)
31 December 2012	**0.4264**	0.4264	**A$856.0**	**£(365.0)**	A$856.0	£(365.0)
31 December 2013	**0.4265**	0.4265	**A$504.1**	**£(215.0)**	A$504.1	£(215.0)
31 December 2014	**0.4270**	0.4270	**A$210.8**	**£(90.0)**	A$210.8	£(90.0)

At 31 December 2012, 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 2012, the aggregate fair value is a receivable of $78.3 million (31 December 2011: $212.2 million). The change in fair value for the year ended 31 December 2012 was $133.9 million (31 December 2011: $288.2 million).

NOTE 36 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

(iv) Cross currency interest rate swaps to hedge the Group's foreign currency earnings (continued)

Foreign currency sensitivity		31 Dec 12 $million	31 Dec 11 $million
The sensitivity of cross currency interest rate swaps to changes in the year end A$/US$1.0370 rate is as follows:	A$/US$ Currency movement	Gain/(loss) to income statement	
	–20 cents	**(1.1)**	(5.7)
	–10 cents	**(0.5)**	(2.6)
	–5 cents	**(0.3)**	(1.3)
	+5 cents	**0.2**	1.0
	+10 cents	**0.4**	2.0
	+20 cents	**0.7**	3.7
The sensitivity of cross currency interest rate swaps to changes in the year end A$/£0.6416 rate is as follows:	A$/£ Currency movement	Gain/(loss) to income statement	
	–20 pence	**(2.7)**	(9.1)
	–10 pence	**(1.1)**	(3.7)
	–5 pence	**(0.5)**	(1.7)
	+5 pence	**0.5**	1.4
	+10 pence	**0.8**	2.7
	+20 pence	**1.5**	4.9

NOTE 37 CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit limits have been established to ensure that the Group deals only with approved counterparties and that counterparty concentration risk is addressed and the risk of loss is mitigated. Counterparty exposure is measured as the aggregate of all obligations of any single legal entity or economic entity to the Group, after allowing for appropriate set offs which are legally enforceable. A maximum credit limit is allocated to each counterparty based on its credit rating. The counterparty credit risk associated with investment instruments is assessed based on its outstanding face value.

At 31 December 2012, the aggregate credit risk in respect of cash and cash equivalents is $1,099.2 million (31 December 2011: $196.2 million).

At 31 December 2012, the aggregate credit risk in respect of derivative financial instruments is $683.9 million (31 December 2011: $966.2 million). In accordance with the Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 38% (31 December 2011: 36%) of its aggregate credit risk spread over three counterparties each with an S&P long term rating of A or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher.

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

Interest bearing liabilities, and funding facilities and their maturity profiles, are set out in Note 20.

NOTE 38 FINANCIAL COVENANTS

The Group is required to comply with certain financial covenants in respect of its unsecured borrowings facilities and bond offerings. The major financial covenants are summarised as follows:

a) Leverage ratio (net debt to net assets)
   – shall not exceed 65%

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

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

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

At and during the years ended 31 December 2012 and 2011, the Group was in compliance with all the above financial covenants.

NOTE 39 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 12 $million	31 Dec 11 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 20) together with the aggregate future estimated interest thereon is set out below:		
Due within one year	**(956.3)**	(2,529.2)
Due between one and five years	**(7,113.3)**	(8,659.4)
Due after five years	**(6,038.9)**	(5,936.5)
	(14,108.5)	(17,125.1)
Comprising:		
– principal amounts of current and non current interest bearing liabilities	**(11,177.6)**	(13,885.5)
– aggregate future estimated interest	**(2,930.9)**	(3,239.6)
	(14,108.5)	(17,125.1)
Derivatives		
Maturity profile of the estimated future cash flows in respect of interest and currency derivative contracts is set out below:		
Due within one year	**271.2**	219.4
Due between one and five years	**5.6**	265.2
Due after five years	**39.8**	18.4
	316.6	503.0

Contingent liabilities are set out in Note 32 and are not included in the amounts shown above.

NOTE 40 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 12 $million	31 Dec 11 $million	**31 Dec 12 $million**	31 Dec 11 $million
Consolidated assets				
Cash	**1,099.2**	196.2	**1,099.2**	196.2
Trade receivables (i)	**31.4**	47.7	**31.4**	47.7
Receivables (i)	**230.6**	1,466.1	**230.6**	1,466.1
Other investments (ii)	**585.6**	510.9	**585.6**	510.9
Derivative assets (ii)	**683.9**	966.2	**683.9**	966.2
Consolidated liabilities				
Payables (i)	**1,964.0**	2,091.5	**1,964.0**	2,091.5
Interest bearing liabilities (ii)				
– Fixed rate debt	**11,558.9**	12,079.0	**10,225.5**	11,300.3
– Floating rate debt	**951.9**	2,590.0	**952.1**	2,585.2
Other financial liabilities (ii)	**1,656.3**	1,823.6	**1,656.3**	1,823.6
Derivative liabilities (ii)	**450.7**	494.9	**450.7**	494.9

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

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

Determination of fair value

The 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.

NOTE 40 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				
– Listed investments	**122.0**	122.0	–	–
– Unlisted investments	**463.6**	–	–	463.6
Derivative assets				
– Interest rate derivatives	**531.8**	–	531.8	–
– Currency derivatives	**139.5**	–	139.5	–
– Equity share plan swaps	**12.6**	–	12.6	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	**11,558.9**	–	11,558.9	–
– Floating rate debt	**951.9**	–	951.9	–
Other financial liabilities				
– Property linked notes	**1,341.4**	–	–	1,341.4
– Redeemable preference shares/units	**314.9**	–	–	314.9
Derivative liabilities				
– Currency derivatives	**290.9**	–	290.9	–
– Interest rate derivatives	**159.8**	–	159.8	–

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

	31 Dec 11 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Other investments				
– Listed investments	100.5	100.5	–	–
– Unlisted investments	410.4	–	–	410.4
Derivative assets				
– Interest rate derivatives	724.2	–	724.2	–
– Currency derivatives	242.0	–	242.0	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	12,079.0	–	12,079.0	–
– Floating rate debt	2,590.0	–	2,590.0	–
Other financial liabilities				
– Property linked notes	1,328.0	–	–	1,328.0
– Redeemable preference shares/units	495.6	–	–	495.6
Derivative liabilities				
– Currency derivatives	337.9	–	337.9	–
– Interest rate derivatives	142.4	–	142.4	–
– Equity share plan swaps	14.6	–	14.6	–

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

	Unlisted investments(i) 31 Dec 12 $million	**Property linked notes(ii) 31 Dec 12 $million**	**Redeemable preference shares/units(iii) 31 Dec 12 $million**	Unlisted investments(i) 31 Dec 11 $million	Property linked notes(ii) 31 Dec 11 $million	Redeemable preference shares/units(iii) 31 Dec 11 $million
Level 3 fair value movement						
Balance at the beginning of the year	**410.4**	**1,328.0**	**495.6**	409.5	1,288.0	355.4
Additions	**61.1**	**–**	**–**	–	–	–
Disposals	**–**	**–**	**(187.9)**	–	–	–
Net revaluation increment/(decrement) to income statement	**–**	**13.4**	**16.8**	–	40.0	136.3
Retranslation of foreign operations	**(7.9)**	**–**	**(9.6)**	0.9	–	3.9
Balance at the end of the year	**463.6**	**1,341.4**	**314.9**	410.4	1,328.0	495.6

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

(ii) The fair value of the property linked notes has been determined by reference to the fair value of the relevant Westfield shopping centres (refer Note 21(a)).

(iii) The fair value of the redeemable preference shares/units has generally been determined by applying the relevant earnings yield to the underlying net income of the relevant securities. At 31 December 2012, an increment of 1% to the earnings yield would result in an additional gain of $44.7 million (31 December 2011: $70.8 million) in the income statement. Similarly, a decrement of 1% to the yield would result in an additional loss of $64.1 million (31 December 2011: $99.6 million) in the income statement.

	31 Dec 12 $million	31 Dec 11 $million

NOTE 41 PARENT COMPANY

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

	31 Dec 12 $million	31 Dec 11 $million
(a) Assets		
Current assets	**322.8**	1,288.1
Non current assets	**2,214.5**	2,447.1
Total assets	**2,537.3**	3,735.2
(b) Liabilities		
Current liabilities	**1,394.3**	2,508.0
Non current liabilities	**–**	–
Total liabilities	**1,394.3**	2,508.0
(c) Total equity		
Contributed equity	**1,510.7**	1,542.1
Employee share plan benefits reserve	**2.1**	1.5
Retained profits	**(369.8)**	(316.4)
Total equity	**1,143.0**	1,227.2
(d) Comprehensive income		
Profit/(loss) after tax for the period	**(53.4)**	47.9
Other comprehensive income	**–**	–
Total comprehensive income for the period	**(53.4)**	47.9
(e) Contingent liabilities		
Guaranteed borrowings of controlled entities	**9,521.8**	11,390.8
Guaranteed borrowings of subsidiaries	**1,172.0**	994.4
	10,693.8	12,385.2

NOTE 42 AUDITOR'S REMUNERATION

Amounts received or due and receivable by the auditors of the Parent Company and any other entity in the Group for:

	31 Dec 12 $000	31 Dec 11 $000
– Audit or review of the financial reports	**5,680**	5,447
– Assurance and compliance services	**201**	352
– Taxation advice and compliance	**75**	363
– Technical accounting advice and services	**283**	253
– Due diligence services	**325**	1,720
	6,564	8,135

Amounts received or due and receivable by affiliates of the auditors of the Parent Company for:

	31 Dec 12 $000	31 Dec 11 $000
– Audit or review of the financial reports	**3,783**	3,579
– Assurance and compliance services	**6**	132
– Taxation advice and compliance	**221**	323
– Technical accounting advice and services	**–**	28
– Due diligence services	**–**	219
	4,010	4,281
	10,574	12,416

NOTE 43 SUPERANNUATION COMMITMENTS

The Group sponsors accumulation style superannuation funds to provide retirement benefits to its employees. There are no unfunded liabilities in respect of these superannuation funds and plans. The Group does not sponsor defined benefits style superannuation funds and plans.

NOTE 44 RELATED PARTY DISCLOSURES

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

(a) Nature of relationship with related parties

Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for details of Key Management Personnel.

Other Related Parties

Westfield Retail Trust is considered to be a related party of the Group as subsidiaries of WHL are the responsible entities of the Trust and also manage the shopping centres held by Westfield Retail Trust. Details of transactions with Westfield Retail Trust are set out in Note 46.

LFG International Pty Limited, its related entities and other entities controlled by members of the Lowy family (LFG) are considered to be related parties of the Group. This is due to LFG being under the control or significant influence of certain Directors of the Group, being Mr Frank Lowy, Mr Steven Lowy and Mr Peter Lowy.

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

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

Transactions with Key Management Personnel of the entity

Refer to the Remuneration Report in the Directors' Report for remuneration of Key Management Personnel.

Transactions with Other Related Parties

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

The Group owns two aircraft for business use by its executives. One is located in Australia and the other is located in the United States. The Group and LFG have entered into an aircraft interchange agreement, whereby the Group provides its aircraft (when the aircraft are not required for Westfield Group business use) and flight crew to LFG in exchange for equal time usage of an equivalent standard aircraft owned by LFG and flight crew provided by LFG. The agreement is for rolling periods of one year but may be terminated by either party by giving 30 days written notice. This arrangement has been entered into on arm's length commercial terms. During the financial year, LFG utilised 104 hours (31 December 2011: 40 hours) of the Group's aircraft which was offset by the Group's business use of the LFG aircraft for an equivalent number of hours.

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

The Group incurred costs in the financial year amounting to $589,423 (31 December 2011: $1,347,000) in relation to the use of the LFG aircraft in excess of the interchange agreement. Amounts charged were payable on 30 day terms.

The Group also has aircraft operation, maintenance, crew sharing, and hangar facility agreements with LFG. The agreements enable the parties to, where possible, cooperate with each other with a view to enhancing the economy of operation of their respective aircraft through their combined resources and purchasing power, including in relation to the cost of fuel, parts, maintenance, landing, engineering, insurance and aircrew services. During the financial year, the Group charged LFG $817,834 (31 December 2011: $571,000) in relation to the provision of aircrew, aircraft maintenance and use of the hangar facility, which amounts were payable on seven day terms. Also during the period, the Group was charged $122,864 (31 December 2011: $58,449) for use of aircraft crew employed by LFG, which amounts were payable on 30 day terms.

LFG subleased premises from the Group at Westfield Towers. During the period $45,127 (31 December 2011: $364,620) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and is payable on seven day terms.

The Group and Westfield Retail Trust have entered into a leasing agreement with LFG to provide office space at Westfield Sydney. The rental of the space commenced in 2012 and is on commercial arm's length terms. The Group's 50% share of rental for the Westfield Sydney lease was $743,503 (31 December 2011: nil).

During the financial year, the Group charged LFG amounts totalling $416,607 (31 December 2011: $282,938) for design and construction services on arm's length terms and conditions relating to the office relocation.

During the financial year, the Group charged The Lowy Institute amounts totalling $54,103 (31 December 2011: $nil) for design and construction services.

During the financial year, the Group charged The Lowy Institute $20,000 (31 December 2011: $20,000) for service costs in relation to the provision of communication and security services.

During the financial year, the Group charged LFG $697,189 (31 December 2011: $552,980) for service costs in relation to the provision of communication and security services.

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

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

Nature	Type	**2012** **$**	2011 $
Owing to LFG	Current payable	**nil**	17,055
Owing from LFG	Current receivable	**nil**	nil

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

NOTE 45 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

(a) Remuneration of Key Management Personnel

The amounts below represent the total remuneration amounts for Key Management Personnel of the Westfield Group. The Group has applied AASB 124 *Related Party Disclosures* which allows certain remuneration details to be disclosed in the Directors' Report rather than the financial report so as to avoid duplication of information. These transferred disclosures have been audited. As such refer to the Remuneration Report in the Directors' Report for further details concerning Key Management Personnel remuneration disclosures.

The aggregate remuneration for the 12 months was:

	Short term benefits				Post Employment	Share Based	Total
Key Management Personnel	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non–monetary benefits $	Other short term employee benefits [i] $	Other post employment benefits $	Amortisation of cash and equity settled share based payments [ii] $	$
Key Management Personnel – Directors							
31 December 2012	**8,961,214**	**8,643,556**	**–**	**(16,126)**	**–**	**12,380,435**	**29,969,079**
31 December 2011	11,979,537	11,436,636	525,470	24,481	10,848	7,667,490	31,644,462
Key Management Personnel – Non Directors							
31 December 2012	**2,800,000**	**2,800,000**	**191,762**	**89,437**	**42,578**	**6,371,060**	**12,294,837**
31 December 2011	3,472,093	5,872,093	714,118	164,149	38,970	6,688,692	16,950,115
Total Key Management Personnel							
31 December 2012	**11,761,214**	**11,443,556**	**191,762**	**73,311**	**42,578**	**18,751,495**	**42,263,916**
31 December 2011	15,451,630	17,308,729	1,239,588	188,630	49,818	14,356,182	48,594,577

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

(ii) Cash settled share based payments represent amounts amortised relating to the EDA and PIP Plans. Equity settled share based payments represent amounts amortised relating to the EPR and PIR Plans. Refer to the Remuneration Report in the Directors' Report for further details regarding the operation of these plans.

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

During the financial year and comparative financial year, no options or awards were issued to the Key Management Personnel under the Executive Option Plan or the Executive Performance Share Plan (together known as the Option Plans). None of the Key Management Personnel hold any options or awards under the Option Plans. Rights held by Key Management Personnel under EPR Plan and PIR Plan are disclosed in the Directors' Report.

(c) Shareholdings of Key Management Personnel and their associates

Stapled securities held in the Group (number)	Balance at 1 January 2012	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2012
Frank Lowy, Peter Lowy, Steven Lowy (i)	179,598,386				179,598,386
Peter Allen	402,703	116,869			519,572
Ilana Atlas	–			5,000	5,000
Roy Furman	50,000				50,000
Peter Goldsmith	5,000				5,000
Fred Hilmer	238,512				238,512
Stephen Johns	1,552,476				1,552,476
Mark Johnson	62,000				62,000
John McFarlane	51,951				51,951
Brian Schwartz	21,110				21,110
Judith Sloan	3,000				3,000
Michael Gutman	196,029	54,928			250,957
Robert Jordan	940,604	116,869			1,057,473
Total	**183,121,771**	**288,666**	**–**	**5,000**	**183,415,437**

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

NOTE 45 REMUNERATION, OPTIONS, RIGHTS AND SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(d) Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 44.

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

NOTE 46 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST

(a) Arrangements with WRT

These primary arrangements between the Group and WRT are summarised as follows:

- the Group and WRT directly and indirectly co-own the properties including properties where there are existing third party joint venture partners;
- the Group act in most cases as the property manager;
- the Group act in most cases as the property developer;
- the Group and WRT co-operate to source new investment opportunities in Australia and New Zealand;
- the Group own the WRT responsible entities and WRT will have access to the Westfield brand; and
- the Group initially provide corporate services to WRT.

Various agreements have been entered into in order to manage and develop this relationship. The following is a high level summary only. These comprise:

(i) Co-operation Deed

The Co-operation deed governs the relationship between the Group and WRT in connection with any new investment opportunities to acquire an interest in a retail property or a retail development site in Australia or New Zealand. The deed also governs the use of Westfield trade marks and will provide the Group with rights in relation to certain properties in circumstances where the Group wishes to dispose of its interest.

Further, WHL has agreed not to dispose of its shareholdings in the WRT responsible entities for as long as they are the WRT responsible entities.

(ii) Co-ownership arrangements

The Co-ownership arrangements are regulated by Co-ownership agreements, Unitholder agreements and Shareholder agreements. In general terms, these agreements have the following features:

- proportionate sharing of income and expenses;
- the establishment of committees having proportionate representation and voting rights to deal with major decisions and the resolution of disputes;
- pre-emptive rights in relation to dealings with specified exceptions; and
- remedies where defaults in obligations occur.

(iii) Property management agreement

The Group is entitled to a management fee equal to 5% of the annual gross income of the property and is entitled to be reimbursed for its out of pocket expenses and other costs agreed upfront. The Group is also entitled to recover WRT's share of the tenancy, design and co-ordination fees of up to $7,000 per specialty store (increasing by CPI).

(iv) Development framework agreements

Where a development project is undertaken with WRT, the following fees are charged:

- a development fee of 3% of the project price payable in stages;
- a design fee of 10% of the project price payable in stages;
- a project leasing fee of up to 15% of the tenant's first year net rent payable for leases of new specialty shops created by the development;
- a tenancy, design and co-ordination fee of $7,000 per specialty store lease entered into in respect of a project (increasing by CPI); and
- major tenant new and renewal lease fee and market rent review fee.

(v) Corporate services agreement

The Group provides corporate services to WRT at a cost commensurate with the Group's cost in providing those services. These services, including accounting, tax, treasury, corporate, human resources, information technology and compliance are provided at the direction of the Board and management of WRT. The cost for these services for the first 12 months from listing of WRT was $23.0 million, payable in quarterly instalments. The continued provision of these services is at the discretion of WRT and the agreement may be terminated by either party with twelve months notice following the initial twelve month term. The scope and cost of the services is reviewed annually by WRT and the Group.

(vi) Westfield Sydney arrangements

WRT is a 50% joint venture owner with the Group in Westfield Sydney, which was completed during the 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 Group advanced $942.0 million under the Westfield Sydney facility to WRT in order to fund the acquisition of a 50% interest in stage one of Westfield Sydney. There were two separate loans comprising $500.0 million at an interest rate of 6.75% repayable seven days after practical completion of the development and an interest free loan of $442.0 million repayable on demand.

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

The Group will provide WRT with an income guarantee for each of the three years commencing after practical completion of the redevelopment which will ensure that WRT receives a minimum annual yield of 5.6% of its total investment in Westfield Sydney.

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

During the financial year, transactions with WRT were as follows:

Property management fee

During the financial year, the Group charged WRT property management fee of $48.8 million (31 December 2011: $46.1 million).

Tenancy coordination fee

During the financial year, the Group charged WRT tenancy coordination fee of $5.4 million (31 December 2011: $4.8 million).

Reimbursement of expenses

During the financial year, the Group charged WRT $19.0 million (31 December 2011: $16.8 million) for the reimbursement of shopping centre indirect overheads expenses. In addition, the Group also recharged WRT for direct expenses of shopping centre employees (salaries, wages and all on-costs).

NOTE 46 ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD RETAIL TRUST (CONTINUED)

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

Corporate services agreement

During the financial year, the Group charged WRT corporate services fee of $23.0 million (31 December 2011: $23.0 million).

Development framework agreements

During the financial year, the Group charged WRT property development progress billings and fees of $132.7 million (31 December 2011: $128.7 million).

Westfield Sydney redevelopment arrangements

For the year ended 31 December 2012, amounts charged by the Group for progress billings under the Project Design and Construction Agreement (as described in Note 46(a)) amounted to $118.0 million (31 December 2011: $280.0 million) (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 (31 December 2011: $42.4 million).

In April 2012, WRT repaid $1,397.4 million to the Group representing all amounts outstanding on the Westfield Sydney Facility loan, progress billings, and accumulated interest (excluding GST). As at 31 December 2011, amounts owed to the Group amounted to $1,265.4 million, comprised of $442.0 million of interest free loan and $500.0 million of interest bearing loan under the Westfield Sydney Facility Agreement, $280.0 million progress billings under the Project Design and Construction Agreement (excluding GST) and interest payable of $43.4 million.

Other

During the financial year, the Group charged WRT $0.2 million (31 December 2011: $0.1 million) for the lease of office space.

During the financial year, the Group paid WRT $5.3 million (31 December 2011: $1.7 million) for the lease of office space.

During the year ending 31 December 2011, the Group charged WRT $8.7 million for New Zealand tax losses ceded by a WDC Group entity to the St Lukes Group in respect of the 31 December 2010 tax year.

At 31 December 2012 the following amounts were recorded in the Group's balance sheet as payable/receivable with WRT:

- $24.3 million (31 December 2011: $29.4 million) receivable for property development progress billings and fees.
- $5.2 million (31 December 2011: $5.9 million) receivable relating to property management fees, tenancy coordination fee and reimbursement of shopping centre indirect expenses.
- $3.8 million (31 December 2011: $4.7 million) payable relating to property related advertising and promotional income collected by the Group on behalf of WRT.

NOTE 47 SUBSEQUENT EVENTS

Since the end of the financial year the Group has:

a) Acquired a 50% interest in the £115.0 million Centrale shopping centre from Hammerson. The Group and Hammerson intend to redevelop and combine the two main Croydon shopping centres (the Whitgift Centre and Centrale).

b) Bought back and cancelled 375,581 stapled securities. There are 2,222,158,356 stapled securities on issue following the cancellation.

NOTE 48 SIGNIFICANT TRANSACTIONS

a) During the year, the Group completed a number of transactions which are treated as asset sales under IFRS that have resulted in $4.1 billion (consolidated: $3.4 billion and equity accounted: $0.7 billion) of revenue being recognised in the current year result. These asset sales included 8 properties in the United States, 3 properties in Australia, 3 properties in the United Kingdom and 3 properties in New Zealand.

   The Group also admitted Canada Pension Plan Investment Board (CPPIB) as a 45% partner in 12 properties in the United States. Such transaction is treated as an asset disposition under IFRS. The Group has retained the property management and development rights over those centres.

   During the period, the Group also acquired additional interests in 3 properties in Australia for $0.3 billion. The Group has property management and development rights over those centres.

NOTE 49 DETAILS OF MATERIAL AND SIGNIFICANT ENTITIES

Name of entity	31 Dec 12 – Interest Beneficial[(i)] Parent Company %	31 Dec 12 – Interest Beneficial[(i)] Westfield Group %	31 Dec 12 – Interest Consolidated or Equity accounted %	31 Dec 11 – Interest Beneficial[(i)] Parent Company %	31 Dec 11 – Interest Beneficial[(i)] Westfield Group %	31 Dec 11 – Interest Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA						
Parent Company						
Westfield Holdings Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Consolidated Controlled Entities						
Westfield Trust	**–**	**100.0**	**100.0**	–	100.0	100.0
Westfield America Trust	**–**	**100.0**	**100.0**	–	100.0	100.0
Westfield Capital Corporation Pty Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Finance (Aust) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Investments Pty Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
WFA Finance (Aust) Pty Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
WT Finance (Aust) Pty Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
ENTITIES INCORPORATED IN IRELAND						
Consolidated Controlled Entities						
Westfield Europe Finance PLC	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN New Zealand						
Consolidated Controlled Entities						
Westfield Finance (NZ) Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield Trust (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
WT Finance (NZ) Limited	**–**	**100.0**	**100.0**	–	100.0	100.0
ENTITIES INCORPORATED IN United Kingdom						
Consolidated Controlled Entities						
Westfield Shoppingtowns Limited	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
Westfield UK & Europe Finance PLC	**100.0**	**100.0**	**100.0**	100.0	100.0	100.0
ENTITIES INCORPORATED IN United States						
Consolidated Controlled Entities						
Westfield America, Inc.	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
WCI Finance, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
WEA Finance, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
Westfield, LLC	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
Westfield America, LP	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0
Westfield Head, LP	**15.9**	**100.0**	**100.0**	15.9	100.0	100.0

(i) Beneficial interest in underlying controlled and equity accounted entities reflects the Parent Company being Westfield Holdings Limited and its subsidiaries (excluding WT and WAT) and the Westfield Group's ownership interest as determined under International Financial Reporting Standards (IFRS) excluding certain convertible redeemable preference shares/units and other redeemable preference units which have been accounted for as other financial liabilities in these financial statements.

Directors' Declaration

The Directors of Westfield Holdings Limited (Company) declare that:

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

(b) in the Directors opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 27 February 2013 in accordance with a resolution of the Board of Directors.

Frank Lowy AC
Chairman

Fred Hilmer AO
Director

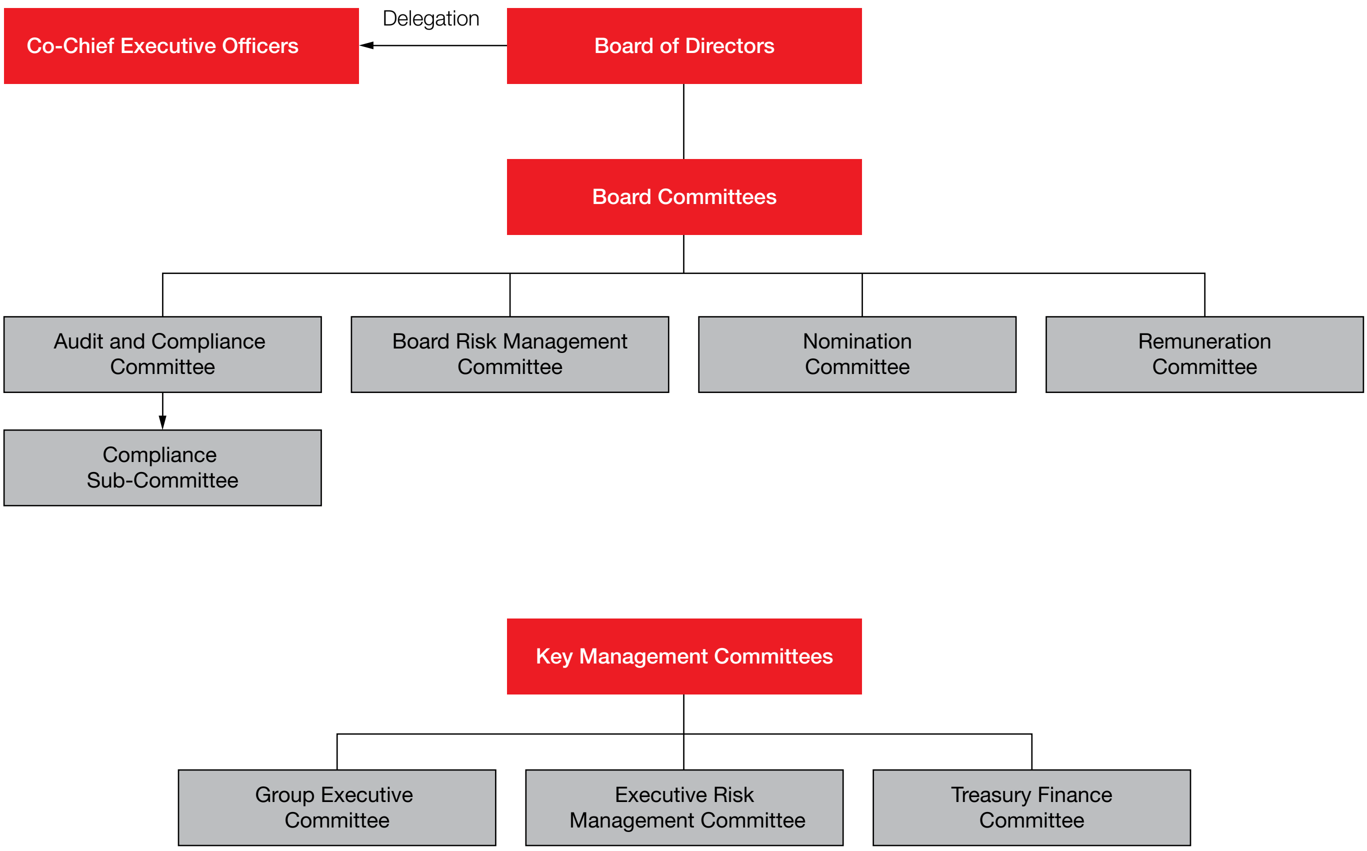
27 February 2013

Corporate Governance Statement

This statement outlines the Westfield Group's system of governance during the Financial Year and the extent of the Group's compliance, as at the end of the Financial Year, by reference to the second edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (as amended in 2010).

As at 31 December 2012, the Westfield Group complies with the recommendations in all respects other than the requirement for an independent Chairman and for the Nomination Committee to be chaired by an independent Director. Corporate governance documentation, including board and committee charters and relevant corporate policies and codes referred to in this statement, can be found on the westfield.com/corporate website in the corporate governance section.

GOVERNANCE FRAMEWORK



1. WESTFIELD GROUP BOARD

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

The Boards of Westfield Holdings Limited (Company), Westfield Management Limited (Westfield Management) (the responsible entity of Westfield Trust) and Westfield America Management Limited (Westfield America Management) (the responsible entity of Westfield America Trust) each have common membership.[1] Each Board has adopted a common Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board.

The Board is responsible for overseeing the effective management and control of the Westfield Group. The Board is accountable to members and seeks to ensure that the business objectives of the Westfield Group are aligned with the expectations of members and that the operations of the Group are being effectively managed in a manner that is focussed on those business objectives as well as conforming to regulatory and ethical requirements.

1.1 Board Charter and Board Responsibility

The Board Charter sets out the primary objectives of the Board and includes the practices and processes the Board has adopted to discharge its responsibilities including matters that are reserved for the Board and the delegation of authority to the Co-Chief Executive Officers, including the limits on the way in which the Co-Chief Executive Officers can execute that authority.

Specifically, the Board has reserved its authority over the following matters (with a power of delegation to a committee of the Board, a Chief Executive Officer or another nominated member of the senior management team):

Strategy and direction

- Setting policies regarding the Group's overall strategic direction and plans for each of the Group's major business units, key business and financial objectives.
- Approving the distribution policy, amounts and timing of any distribution payments.
- Approving any significant acquisitions or disposals of assets and significant expenditure.

Financial controls, compliance and risk management

- Approving annual operating and capital expenditure budgets for the Group.
- Approving treasury policies.
- Approving financial statements and published reports, including the directors' report, remuneration report and the corporate governance statement.
- Approving any significant changes in accounting policies or procedures.
- Reviewing the effectiveness of the internal control systems and risk management processes and compliance with statutory and regulatory obligations.
- Approving any matters impacting on compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on the Group's business.

Capital and debt structure

- Approving any changes to the Group's capital structure including any reductions in share capital, buy-backs or issue of new securities other than in accordance with the Group's equity linked incentive plans.
- Approving changes to the Group's debt structure including entry into new facilities, the refinancing of existing debt and the issue of bonds and other instruments in local and international markets.

Appointments

- Appointing Directors to the Board, following a review by the Nomination Committee.
- Appointing and reviewing the performance of the Co-Chief Executive Officers and the Group Chief Financial Officer.
- Appointing the external auditors, on the recommendation of the Audit and Compliance Committee and approving the fees payable to the external auditor.
- Appointing the Company Secretary.

Delegation of authority

- Approving any changes to the membership or charter of any Committee of the Board.
- Determining the scope of authority delegated to the Co-Chief Executive Officers, the Group Chief Financial Officer and any other significant matters.

Policies

- Approving significant policies for the Westfield Group including the Code of Conduct, security trading policies, health and safety policies, risk management policies and continuous disclosure and communications policies.

Corporate governance matters

- Determining the independence of Non-Executive Directors.
- Taking into account the recommendations of the Remuneration Committee in determining the remuneration of Non-Executive Directors and senior executive team.
- Determining the resolutions and documentation to be put to members in general meeting.
- Approving announcements and media releases concerning matters decided by the Board, including announcements relating to the operating performance of the Group.

The Board may amend the matters reserved for its consideration and decision subject to the limitations imposed by the constitutional documents and the law.

1.2 Delegation to Management

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

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

The Board has delegated to management responsibility for:

- *Strategy:* development of strategies and the management and performance of the business and operations, and making recommendations to the Board on such strategies.
- *Management:* managing the Westfield Group in accordance with the strategy, business plans and policies approved by the Board.
- *Financial performance:* developing the Group's annual budget, managing day to day operations within the budget and ensuring that the financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards.
- *Risk management:* establishing and maintaining effective risk management frameworks and internal control systems.
- *Continuous disclosure:* keeping the Board and the market fully informed about material developments in the Group's business.
- *Selection of senior management:* making recommendations for the appointment of senior executives, determining terms of appointment, evaluating performance and developing and maintaining succession plans for senior management.

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

1.3 Board Composition

The membership of the Board is reviewed by the full Board, from time to time, having regard to the ongoing needs of the Group. It is the policy of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Westfield Group, and non-executive members who bring to the Board a broad range of general commercial expertise and experience.

The Group's objective is that the Board should be of a size and composition that is conducive to effective decision making with the benefit of a variety of perspectives and skills and in the interests of the Westfield Group.

The appointment of a new member to the Board is only made after consultation between the Nomination Committee and the Board. New Directors are initially appointed by the full Board and must then submit themselves to election by members of Westfield Holdings Limited at the Annual General Meeting (AGM) following their appointment and, except in the case of the Chief Executive Officer (or one of them when there is more than one Chief Executive Officer), are subject to re-election by members of the Company every three years. The notice of meeting for the AGM contains a statement by the Board as to whether it supports the proposed candidates.

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

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

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

In recent years, the Board's renewal process has seen the appointment of Mr Brian Schwartz in 2009 on the retirement of Ms Carla Zampatti; the appointment of Mr Mark Johnson in 2010 on the retirement of Dr Gary Weiss and the appointment of Ms Ilana Atlas in 2011.

Notably in May 2011, Mr Frank Lowy assumed the role of non-executive Chairman, and Mr David Lowy (who was Deputy Chairman at the time) and Mr David Gonski retired from the Board. Consequently, Mr Brian Schwartz was appointed as Deputy Chairman (and lead independent director). In addition, Mr Peter Allen, the Group's Chief Financial Officer, was appointed as an Executive Director.

The current composition of the Board is set out in the table below:

Name	Position held	Independent (Y/N)	Date appointed to Company Board	Date appointed to WML Board	Date appointed to WAML Board	Length of tenure at 31/12/12[1]
Frank Lowy	Chairman/ Non-Executive Director	N	1960	1979	1996	52 years[2]
Brian Schwartz	Deputy Chairman/ Non-Executive Director	Y	2009	2009	2009	3 years 6 months
Peter Allen	Group Chief Financial Officer/ Executive Director	N	2011	2011	2011	1 year 7 months
Ilana Atlas	Non-Executive Director	Y	2011	2011	2011	1 year 7 months
Roy Furman	Non-Executive Director	Y	2004	2004	2004	9 years
Peter Goldsmith	Non-Executive Director	Y	2008	2008	2008	4 years
Fred Hilmer	Non-Executive Director	Y	1991	2004[3]	2004[3]	21 years
Stephen Johns	Non-Executive Director	N	1985	1985	1996	27 years
Mark Johnson	Non-Executive Director	Y	2010	2010	2010	2.5 years
Peter Lowy	Co-Chief Executive Officer/ Executive Director	N	1987	1986	1996	26 years
Steven Lowy	Co-Chief Executive Officer/ Executive Director	N	1989	1989	1996	23 years
John McFarlane	Non-Executive Director	Y	2008	2008	2008	5 years
Judith Sloan	Non-Executive Director	Y	2008	2008	2008	5 years

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

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

(3) Professor Fred Hilmer, previously served as a Director of this Board, but resigned in May 2002. This date reflects the most recent date of appointment to this Board.

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

1.4 Code of Conduct

The Directors' Code of Conduct summarises the responsibilities of the Westfield Group Directors in maintaining the Group's commitment to high standards of ethical conduct. A copy of the Code of Conduct appears in the corporate governance section of the westfield.com/corporate website.

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

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

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

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

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

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

1.5 Directors' Independence

The Board currently has 13 members. Of these, 8 are independent Non-Executive Directors. These Directors are considered by the Board to be independent of management and free of any business or other relationship or any other circumstance that could materially interfere with the exercise of objective, unfettered or independent judgement.

The Board considers that it should include significant representation by Directors who are capable and willing to make decisions which are in the best interests of members, free from interests and influences which conflict with that duty and are also independent of management.

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

In making this determination the Board is seeking to assess whether Directors are:

(a) independent of management; and

(b) free of any business or other relationship that could materially interfere or be perceived to materially interfere with their unfettered and independent judgement; and

(c) capable of making decisions without bias and which are in the best interests of all members.

A Non-Executive Director will not be regarded as an independent director if that Director:

(a) is a substantial securityholder of the Westfield Group or an officer of, or otherwise associated directly with, a substantial securityholder of the Westfield Group;

(b) within the last 3 years has been employed in an executive capacity by any member of the Group, or has been a Director after ceasing to hold any such employment;

(c) within the last 3 years has been a partner or a senior management executive with audit responsibilities of a firm which has acted in the capacity of statutory auditor of any member of the Group;

(d) within the last 3 years has been a principal, employee or consultant of a material professional adviser to any member of the Group – for this purpose a material professional adviser is an adviser whose billings to the Group exceed 1% of the adviser's total revenues;

(e) is a principal, employee or associate of a material supplier to, or material customer of, any member of the Group – for this purpose a material supplier to the Group means a supplier whose revenues from the Group exceed 5% of the supplier's total revenues. A material customer is a customer whose payments to the Group exceed 1% of the customer's operating costs;

(f) has a material contractual relationship with any member of the Group other than as a Director of the Westfield Group Board; and

(g) has any interest or business or other relationship which could materially interfere with the Director's ability to act in the best interests of the Group and independently of management.

As regards the Non-Executive Directors, applying the criteria set out in the Board Charter, the Board has made the following determinations:

- Mr Stephen Johns is not independent given his prior longstanding executive role with the Westfield Group (Mr Johns resigned as an executive in October 2003);
- Mr Brian Schwartz, Ms Ilana Atlas, Mr Roy Furman, Lord Peter Goldsmith, Professor Fred Hilmer, Mr Mark Johnson, Mr John McFarlane and Professor Judith Sloan are all considered to be independent Directors;
- In respect of Professor Fred Hilmer, the Nomination Committee and the Board have considered the independence of Professor Hilmer in view of his lengthy service on the Board, and concluded that the independence of Professor Hilmer has not been affected, and that he should continue to be classified as an independent director.

That conclusion was reached based on the Board's knowledge of the significant contribution made by Professor Hilmer to the business of the Board and its Committees, including the willingness of Professor Hilmer to debate issues openly and constructively and freely express his views and opinions on matters being considered by the Board, including on occasions where those views are contrary to those expressed by the Executive Directors and management.

The Board further notes the following observations by Cameron Ralph Pty Limited in its assessment of the Board undertaken in January 2010:

> "Cameron Ralph was satisfied that the Board has both people and processes that enable it to apply independent judgement to its actions and decisions. The presence on the Board of the major shareholder, several Executive Directors and Non-Executive Directors with long tenures, has not detracted from the Board's effectiveness or its ability to act in the best interests of all shareholders."

In determining the independence of Lord Goldsmith, the Board has noted that Lord Goldsmith is the European Chair of Litigation at Debevoise & Plimpton LLP (Debevoise) based in London. Debevoise is one of a number of law firms which provide legal services to the Westfield Group in the United States. The fees charged by Debevoise in the United States are on arm's length terms and are no more favourable than those paid to other advisers providing similar services. The Board noted that the fees derived by Debevoise represented considerably less than 1% of the total revenues of Debevoise's operations in the United States in the same period and an even smaller percentage of the revenues of the global Debevoise firm. In view of that, the Board considered that the engagement of Debevoise was not a material contractual relationship to the Westfield Group or to Debevoise, such as might give rise to any actual or perceived loss of independence on the part of Lord Goldsmith.

Professor Sloan currently sits on the board of directors of the Lowy Institute for International Policy, an independent international policy think tank providing analysis on international issues affecting Australians. The Lowy Institute is a not-for-profit organisation and members of the board, a majority of whom are independent of the Lowy family, do not receive any remuneration for provision of their services. The Board has assessed the relationship between the Group and the Institute, and is of the view that the fact that Professor Sloan is a director of the Lowy Institute does not interfere with the exercise by Professor Sloan of objective, unfettered or independent judgement or her ability to act in the best interests of the Group.

Finally, in relation to Mr Schwartz, it should be noted that, whilst working with Ernst & Young, the Group's external auditors, Mr Schwartz was not personally involved in the Westfield Group audit at any time. Mr Schwartz left Ernst & Young more than 8 years ago. As a result, the Board does not regard Mr Schwartz's prior association with Ernst & Young as an impediment to treating Mr Schwartz as an independent Director. Furthermore, Mr Schwartz's other previous and current roles are not considered by the Board to give rise to any actual or perceived loss of independence on the part of Mr Schwartz.

Each Non-Executive Director has signed a letter of appointment which, amongst other things, places an onus on each independent Director to promptly and fully disclose to the Board any matter or circumstance which may impact on their status as an independent Director, or the likely perception of their status, as an independent member of the Board. Where the Board concludes that a Director has lost their status as an independent Director, that determination will be advised to the market.

The Nomination Committee's Charter discloses a process for selection and appointment of new Directors and re-election of incumbent Directors. The role and responsibilities of the Nomination Committee are set out later in this statement.

1.6 Chairperson and Independence

The Westfield Group notes the ASX Corporate Governance Council's recommendation that listed companies should have an independent director as chairman, and that the roles of chairman and Chief Executive Officer should not be held by the same person.

As noted earlier, Mr Frank Lowy assumed the role of non-executive Chairman in May 2011, with Mr Peter Lowy and Mr Steven Lowy appointed as Co-Chief Executive Officers. For the reasons set out below, the Board considers that Mr Frank Lowy is the most appropriate person to act as Chairman of the Westfield Group Boards, notwithstanding that he is not an independent Director.

Mr Lowy is the co-founder of the Westfield Group and has overseen the success of the Group since 1960. With over 50 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's extensive knowledge, experience and reputation is unrivalled in the industry.

In Australia and internationally, Mr Lowy is regarded as an exceptional and unique individual who has overseen the growth of a global retail business which is a leader in its industry. Mr Lowy's knowledge of Westfield, its corporate history, its growth and of the broader industry in which the Group operates, both locally and globally, is widely acknowledged.

For these reasons, the Board takes the view that it is in the best interests of members that Mr Lowy, with his extensive background and experience, be the Chairman of the Westfield Group Board.

In arriving at this view, the Board made the following observations:

– there is a majority of independent Directors serving on the Board (8 out of the 13 Directors on the Board);
– the delegation of certain responsibilities to Board committees (of which the Chairman is not a member), the Chairman being a member of the Nomination Committee only; and
– the appointment of Mr Brian Schwartz as Deputy Chairman and lead independent Director. Where necessary, Mr Schwartz will act as an intermediary for independent Directors and confer with the Chairman and with independent Directors on Board matters.

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

1.7 The Company Secretary

The Company Secretary is appointed and removed by the Board. The Company Secretary works with the Chairman, the Board and the Board Committees on all governance related issues. All Directors have access to the Company Secretary for the purpose of obtaining information or advice. The Company Secretary may also retain the services of independent advisory bodies if requested by the Board or Board Committees. The office of the Company Secretary is responsible for the systems and processes that enable the Board to perform its role and provides secretariat services for each of the Board Committees. The Committee agendas, papers and minutes are available to all members of the Board.

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

1.8 Board Self-Assessment and Performance

The Board undertakes ongoing self-assessment and review of its performance and of the performance of the Board Committees. Board surveys are conducted on a regular basis in order to establish the views of all Directors on these issues as well as views on the composition of the Board and the range of skills of Board members.

A survey was conducted by Mr Brian Schwartz, Deputy Chairman and Lead Independent Director, during the Financial Year. Following the survey the Board remains satisfied that the composition of the Board continues to reflect the required mix of skills, experience and perspectives.

The Board is committed to transparency in assessing the performance of the Board. As part of this commitment, Cameron Ralph Pty Limited was commissioned to complete a comprehensive, independent assessment of the Board of Westfield Group in January 2010. Details of the Cameron Ralph assessment and findings are set out in the corporate governance statement in the Group's 2009 Annual Report.

Given that Cameron Ralph completed a comprehensive and independent assessment of the Board in January 2010, the Board considered that a further external review and evaluation of the Board performance was not required during the Financial Year.

1.9 Process for Evaluating the Performance of Senior Executives, including Executive Directors

The Group has an established process of objective setting and performance review of all staff, which is conducted on an annual basis. Senior executives, who have a discretionary element to their total remuneration package, have defined objectives which are agreed at the commencement of each financial year. Their performance against these objectives is assessed annually in a meeting with the manager to whom they report, in addition to regular feedback during the performance period. In that meeting, the potential future development of that executive is discussed along with any training or development required to enhance the prospects of the development objectives being achieved and career progression within the Group.

In the case of the senior executive team (including the Executive Directors) an assessment of their performance is undertaken by the Remuneration Committee and the Board. Details of the Group's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report.

During the Financial Year, each member of the senior executive team, including the Executive Directors, was subject to a performance review as described above. Details of the performance criteria against which the Executive Directors were assessed are set out in section 8.4 of the Remuneration Report.

2. BOARD COMMITTEES

The Board has delegated certain responsibilities to standing committees which operate in accordance with charters approved by the Board. Currently, there are 4 standing Board Committees, namely the Audit and Compliance Committee, the Board Risk Management Committee, the Remuneration Committee and the Nomination Committee. In addition, the Compliance Sub-Committee reports through to the Board through the Audit and Compliance Committee.

The composition of the Board Committees of each of the Company, Westfield Management and Westfield America Management is identical so that each Committee has the same membership and, for all purposes, act as one "Westfield Group" Committee.

Each Committee is authorised to investigate any activity or function of the Group in accordance with its charter. The Committee is authorised to make recommendations to the Board regarding appropriate action resulting from such investigations.

Each Board Committee has unrestricted access to executive management, all employees and all Westfield Group records, tax and other financial advisers, legal advisers, and internal and external auditors, as required.

Each Board Committee or any member of the Committee is authorised (at the cost of the Group) to obtain outside legal or other independent professional advice, and to secure the attendance of such advisers if it is considered necessary for the proper performance of the Committee's functions under its charter.

The Chair of each Board Committee (or a person nominated by the Chair of the Committee for that purpose) must report to the Board at the Board's next meeting on any matters relevant to the Committee's duties and responsibilities. The minutes of each Board Committee meeting are provided to the Board.

2.1 Audit and Compliance Committee

Composition

The primary function of the Westfield Group's Audit and Compliance Committee is to ensure that an effective internal control framework exists within the Group, through the establishment and maintenance of adequate internal controls to safeguard the assets of the business and to ensure the integrity and reliability of financial and management reporting systems.

During the Financial Year, the Audit and Compliance Committee comprised the following members:

Name	Position held	Status
Fred Hilmer	Chairman	Independent Director
Stephen Johns	Member	Non-Executive Director
Brian Schwartz	Member	Independent Director

All members of the Committee are Non-Executive Directors, with a majority of members being independent Directors (as determined by the Board). All members of the Committee are financially literate with significant relevant financial and/or accounting experience and understanding of the Group's business.

The Committee met 4 times during the Financial Year. The full Committee was in attendance at all meetings.

Compliance officers have been appointed for the Australian, United States, United Kingdom and New Zealand operations of the Group. Those officers are responsible for reviewing and monitoring the efficacy of compliance systems within the Group on an ongoing basis to ensure appropriate measures are in place to educate staff as to their compliance responsibilities and to report to the Audit and Compliance Committee on those matters.

Role and responsibilities of the Audit and Compliance Committee

The objective of the Audit and Compliance Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

- reviewing the adequacy of, and, where necessary, questioning the action and judgment of management in relation to the Group's half-yearly and annual financial reports prepared for release to the ASX, members, regulators and to the public;
- reporting to the Board on the half-year and annual reports and financial statements of the Group;
- making recommendations regarding the appointment, remuneration, evaluation and removal of the Group's external auditor and reviewing and reporting to the Board on the adequacy, scope and quality of the annual statutory audit and half-year audit review and on the integrity and reliability of the financial statements;
- monitoring and reviewing the effectiveness of the Group's internal control environment, including the effectiveness of internal control procedures;
- monitoring and reviewing the reliability of financial reporting;
- monitoring and reviewing the compliance of the Group with applicable laws and regulations;
- monitoring and reviewing the scope of the internal audit function to ensure that its resources are adequate and used effectively, including the co-ordination of the internal and external audit functions;
- monitoring the adequacy and effectiveness of compliance systems in relation to the legal exposures of the Group; and
- monitoring and reviewing the corporate policies for identifying and managing relevant risks, including bribery and corruption, associated with the Group's business.

The Audit and Compliance Committee meets with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The internal and external auditors have a direct line of communication at any time to either the Chairman of the Audit and Compliance Committee or the Chairman of the Board. The Audit and Compliance Committee reports to the Board after each Committee meeting and the minutes of each Audit and Compliance Committee meeting provided to the Board.

The internal and external auditors, the Deputy Group Chief Financial Officer and the Group Compliance Officer are invited to attend Audit and Compliance Committee meetings at the discretion of the Committee. At least annually, the Audit and Compliance Committee meets with the internal auditor and external auditors without management being present.

Charter of Non-Audit Services

The Board has a Charter of Non-Audit Services which is designed to ensure that the Group's external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of the Westfield Group.

The Charter of Non-Audit Services appears in the corporate governance section of the westfield.com/corporate website.

The Charter sets out the parameters under which the Group may engage the external auditor to provide certain non-audit services in order to safeguard the auditor's objectivity or independence.

The Westfield Group recognises that a high quality, independent statutory audit is fundamental to the maintenance of good corporate governance, and to the proper functioning of the capital markets. It forms an integral part of the process of providing members with clear, comprehensive and reliable financial information. This Charter reflects the Group's desire to preserve the independence of the statutory audit process.

Under the terms of the Charter, the lead audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every 5 years. A succession plan is required to be presented by the external auditor to the Committee for its approval, at least one year before the rotation is due to occur.

The Charter of Non-Audit Services also sets out some key requirements in the relationship between the external auditor and the Group, and defines the scope and value of the non-audit services which may be provided by the external auditor to the Westfield Group, without impacting the actual or perceived independence of the external auditor. The Charter also requires an annual confirmation by the external auditor regarding compliance with the terms of the Charter and a number of other matters which impact the actual and perceived independence of the external auditor. The Charter is reviewed in the context of ongoing changes in the legal, accounting and governance requirements applicable to the Group so that it remains relevant and consistent with the high standards of independence as well as market and member expectations.

2.2 Compliance Sub Committee

Under the Corporations Act, Westfield Management and Westfield America Management, as the responsible entities for Westfield Trust and Westfield America Trust respectively, are required to register a Compliance Plan with the Australian Securities and Investment Commission. The Compliance Plan outlines the measures which are to be applied by the responsible entity to ensure compliance with the Corporations Act and the respective Trust's Constitution.

The Compliance Sub-Committee (a sub-committee of the Audit and Compliance Committee) is responsible for monitoring the Group's compliance with the Compliance Plan and reports on its findings to the Board through the Audit and Compliance Committee. The Sub-Committee also receives reports on compliance with relevant Anti-Money Laundering legislation. Minutes of each Compliance Sub-Committee meeting are included in the papers considered by the Audit and Compliance Committee and the Board.

The members of the Compliance Sub-Committee are Mr John Studdy AM (Chairman) and Mr Stephen Johns.

The Sub-Committee met 4 times during the Financial Year. Both members of the Sub-Committee attended all of the meetings.

2.3 Board Risk Management Committee

The Board receives regular reports from management, the Audit and Compliance Committee and the Board Risk Management Committee on areas where there are considered to be significant business risks and on the management of those risks. The internal audit function also monitors these risks and reports to the Audit and Compliance and Board Risk Management Committees.

The objective of the Board Risk Management Committee is to assist the Board by monitoring and reviewing the corporate policies for identifying and managing relevant risks associated with the business of the Group and the adequacy of the Group's practices and procedures in implementing those policies.

This includes monitoring and reviewing:

(a) in conjunction with management, the Group's policies regarding risk oversight and risk management which are incorporated in the Enterprise Risk Management Policy and Enterprise Risk Management Framework;

(b) the appropriateness of the Enterprise Risk Management Policy and internal control systems adopted by the Group;

(c) the Group's ongoing processes for:

   (i) the identification of material work health and safety, financial, legal and operational risks associated with the conduct of the business of the Group;

   (ii) the maintenance of appropriate internal control systems designed to manage key risk areas;

   (iii) assessing the above matters in conjunction with management and the internal and external auditors; and

   (iv) monitoring and reporting against compliance with the Enterprise Risk Management Policy and Enterprise Risk Management Framework.

The responsibilities of the Board Risk Management Committee are detailed in the Board Risk Management Committee Charter, which is available in the corporate governance section of the westfield.com/corporate website.

During the Financial Year, the composition of the Board Risk Management Committee was as follows:

Name	Position held	Status
Stephen Johns	Chairman	Non-executive Director
John McFarlane	Member	Independent Director (retired February 2012)*
Ilana Atlas	Member	Independent Director (appointed February 2012)*
Judith Sloan	Member	Independent Director

* On 14 February 2012 Mr McFarlane retired from the Committee. Ms Ilana Atlas was appointed to replace Mr McFarlane on the Committee.

The Committee met 5 times during the Financial Year. The full Committee attended all meetings held during the year.

Operating a vertically integrated shopping centre group undertaking ownership, construction, funds and asset management, property management, leasing and marketing inevitably involves risks of various kinds. Westfield's objective is to ensure that those business risks are identified and assessed and that, where it is practical and economic, steps are taken to mitigate the impact of any risk which may eventuate.

The Group regards risk management as an essential element in its management processes with linkages to every aspect of the Group's business including health and safety issues in respect of employees, contractors and visitors, the acquisition of new shopping centres, development of existing centres, expansion into new markets, relationships with major tenants and suppliers, and treasury and capital management activities.

Westfield's approach to risk management involves:

– pro-actively identifying risk;

– properly assessing and making informed decisions on risk issues;

– ensuring that sound risk management issues are in place; and

– reviewing, as part of its regular business processes, the operation and adequacy of its risk management systems and the assumptions which dictate those systems.

At Westfield, risk management is aimed at managing the level of risk within parameters which are acceptable to the Group, rather than seeking to eliminate all risks. Westfield's risk management systems promote the need for informed and measured decision making on risk issues based on a systematic approach to risk identification, assessment, control, review and reporting.

The Westfield Group Board has adopted an Enterprise Risk Management Policy which is a general statement of the Group's philosophy with respect to risk management practices. The policy states the responsibilities of various stakeholders including the Board, various committees and executives generally.

The Enterprise Risk Management Policy operates in conjunction with the Enterprise Risk Management Framework (also adopted by the Board) which outlines the framework adopted by the Group to identify, assess, manage and monitor the various risks inherent in the Group's business.

The framework is supported by processes to provide for the identification, assessment and management of risks. In particular:

(a) risk profiles have been created with respect to each risk detailing current controls and planned improvements in those controls;

(b) each risk profile is reviewed as part of the budget process or more frequently if a change in circumstance occurs which materially impacts on the Group's assessment of the identified risk;

(c) planned process improvements are noted in an action register and followed up to ensure appropriate action is taken; and

(d) regular reviews of these processes are undertaken by the Group's risk management and internal audit functions.

In addition to the Board Risk Management Committee, the Board has delegated specific risk related responsibilities to the Executive Risk Management Committee which comprises the Chief Risk Officer, the Group Chief Financial Officer, the Group General Counsel, the Deputy Group Chief Financial Officer, the Managing Directors and the Chief Operating Officer, US.

This Committee is responsible for:

(a) assisting in the formulation of all aspects of the risk management process to be adopted by the Group;

(b) overseeing the implementation by management of the Group's policies and procedures by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the business processes of the Group;

(c) ensuring that there is a proper allocation of responsibility for the implementation and conduct of the risk management process between the Group's management in the various jurisdictions; and

(d) implementing appropriate systems to monitor compliance with all relevant laws and other regulatory obligations and for ensuring that the risk management processes of the Group are such that the Co-Chief Executive Officers and the Chief Financial Officer are able to give the certifications required to be given in order to comply with the Corporations Act, applicable accounting standards and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Executive Risk Management Committee reports to the Board Risk Management Committee, on the effectiveness of the Group's management of its material risks.

As part of Principle 7, the Co-Chief Executive Officers and the Group Chief Financial Officer are required to confirm in writing to the Board, at the time the financial statements are being considered for approval by the Board, that in all material respects:

(a) the financial statements present a true and fair view; and

(b) that this assertion is founded on a sound system of financial risk management and internal compliance and control which implements the policies adopted by the Board; and

(c) that the Group's financial risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

2.4 Remuneration Committee

The Group's remuneration policy is designed to attract and retain high calibre directors and senior executives capable of meeting the specific management needs of the Group.

The Group's current remuneration objectives and policies regarding determination of base pay, the short term variable bonus and long term equity linked incentives are explained in the Remuneration Report which forms part of the Directors' Report.

Details of the remuneration of all Directors and Key Management Personnel of the Group are also set out in the Remuneration Report section of the Directors' Report.

During the Financial Year, the composition of the Remuneration Committee was as follows:

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

All members of the Committee are independent Non-Executive Directors, as determined by the Board. The Committee met 3 times during the Financial Year. The full Committee was in attendance at all meetings.

The objective of the Committee is to assist the Board in establishing remuneration policies and practices which:

(a) enable the Group to attract and retain executives and Directors who will create sustainable value and returns for members and other stakeholders;

(b) fairly and responsibly reward executives and Directors, having regard to the performance of the Group, the executive and the external compensation environment; and

(c) comply with all relevant legislation and regulations including the ASX Listing Rules and the Corporations Act.

The Charter of the Remuneration Committee may be viewed on the corporate governance section of the westfield.com/corporate website.

The responsibilities of the Remuneration Committee include:

(a) determining and reviewing remuneration policies to apply to members of the Board and to members of the senior executive team within the Group;

(b) determining the specific remuneration packages for Executive Directors (including base pay, incentive payments, equity linked plan participation and other contractual benefits);

(c) reviewing contractual rights of termination for members of the senior executive team;

(d) ensuring that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;

(e) reviewing the depth of the senior executive team and the appropriateness of the succession planning policies in place;

(f) reviewing and approving the policy for participation by senior executives in equity linked plans;

(g) reviewing and approving management's recommendations of the total proposed awards to be issued under each plan;

(h) administering the equity linked plans as required in accordance with the rules of the plans; and

Notably, the Remuneration Committee must approve the following prior to implementation:

- any changes to the remuneration of contract terms of Executive Directors;
- the design of a new executive incentive plan and any amendments to existing plans;
- the total level of award proposed from the executive incentive plans; and
- termination payments to Executive Directors and other members of the senior executive team.

In discharging its responsibilities, the Remuneration Committee must review and note, annually, the remuneration trends (including any major changes in employee benefit structure) across the Group in its various markets.

A comprehensive review of the remuneration of the Directors and Key Management Personnel of the Group is contained in the Remuneration Report which forms part of the Directors' Report.

2.5 Nomination Committee

The objective of the Nomination Committee is to support and advise the Board on the selection and appointment of high calibre Directors who are able to meet the needs of the Group presently and in the future, and the ongoing evaluation and review of the performance of the Board and the Directors.

During the Financial Year, the Nomination Committee comprised the following members:

Name	Position held	Status
Frank Lowy	Chairman	Non-Executive Director*
Brian Schwartz	Member	Independent Director
Judith Sloan	Member	Independent Director*

* The Board recognises the ASX's recommendation that the Nomination Committee should be chaired by an independent director. Mr Lowy assumed the role of Non-Executive Chairman on 25 May 2011.

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

Broadly, the responsibilities of the Nomination Committee include:

- having regard to the strategic direction of the Group, assessing periodically the skills of current Board members against the collective skill set required by the Board to competently discharge the Board's duties;
- regularly reviewing and making recommendations to the Board regarding the structure, size, diversity and composition (including the balance of skills, knowledge and experience) of the Board and reviewing the effectiveness of the Board as a whole and keeping under review the leadership needs of the Group, both executive and non-executive;
- identifying suitable candidates (executive and non-executive) to fill Board vacancies as and when they arise and nominating candidates for approval of the Board;
- annually reviewing the performance of the Board; and
- ensuring the existence of proper succession planning processes and plans for the Board.

Specifically, the Nomination Committee monitors and reviews and, where appropriate, makes recommendations to the Board on:

- the Group's Diversity Policy (which is set out later in this Statement);
- the measurable objective adopted by the Group and the initiatives to support those objectives;
- the progress made towards achieving the measurable objectives; and
- the representation of women and men at all levels and divisions within the Group.

Diversity within the Group is discussed later in this Statement.

No member of the Committee participates in a review of their own performance or remuneration for re-election.

The Nomination Committee Charter, as approved by the Board, appears in the corporate governance section of the westfield.com/corporate website.

Recommendations regarding future appointment of additional Directors are made by the Nomination Committee and considered by the Board having regard to:

- the assessment made on the skill set required to discharge the responsibilities of the Board compared with the skills currently represented on the Board;
- the current strategic direction of the Westfield Group and the consequent need to consider skills which may be required in the future; and
- the suitability of available candidates identified in the context of a detailed description of the role and capabilities required for a particular appointment.

Recommendations made by the Nomination Committee are considered by the Board, which retains an unfettered discretion on the appointment of a Director to fill a casual vacancy or act as an additional Director, prior to the formal election of that Director by the members of the Company at a general meeting.

Upon appointment, a new Director undertakes an induction program specifically designed to their needs to help familiarise them with issues relating to the current business before the Board.

New Board members are provided with the opportunity to experience first-hand the business and operations of the Group, and to meet and discuss all aspects of the Group's operations with key members of the senior executive team. As part of the induction program, the Company Secretary provides access to information in areas such as operations, finance, treasury and risk management to assist the new Board member as required. This typically includes briefings with every member of the senior executive team to provide the new Director with a deeper understanding of the main issues and strategic direction of each key business unit within the Group.

New Directors receive a letter of appointment which sets out the main terms and conditions on which each Director is appointed. This letter provides that if a Director ceases to be a Director of the Company for any reason, they must also resign as a Director of Westfield Management and Westfield America Management. The letter of appointment conforms to the recommendations of the ASX Corporate Governance Council.

The letter of appointment also sets out a procedure by which Directors are able to take independent professional advice at the Group's expense. Directors are encouraged to direct any enquiries or requests for additional information to the Company Secretary, who will facilitate a response to the query and/or provide the Director with the requested information.

On an ongoing basis, Directors are provided with regular updates on legal and corporate developments, including updates on the responsibilities of boards and directors generally, changes to the Corporations Act, corporate governance principles, tax and accounting developments and other matters of interest. In addition, management conducts regular briefing sessions to the Board and Board Committees on operational, financial, treasury, legal and tax issues.

3. CORPORATE RESPONSIBILITY

3.1 Westfield Values

The conduct of all Westfield Group employees is governed by a set of fundamental principles to which employees are expected to adhere to when dealing with other staff members, customers and retailers, members and the community.

These values require Westfield staff, at all times, to:

– welcome a diversity of people;
– create a healthy and safe work environment;
– create an environment that motivates and allows staff to contribute and develop;
– display honest, just and fair management in all dealings with staff;
– meet the commitments of the Westfield Group;
– examine ways to continually improve processes in a manner which adds value;
– provide members with superior returns on a sustainable basis;
– constantly seek new opportunities and pursue sound growth and earning opportunities;
– conduct our activities in a safe and environmentally responsible manner;
– contribute expertise and resources to promote positive interaction between all members of the community; and
– act at all times as a leading corporate citizen in adhering to applicable laws and meeting the community's expectations regarding corporate behaviour.

3.2 Employee Handbook

Westfield's core principles are supplemented by the Employee Handbook which is provided to all employees at the time of joining the Group and which deals, in broad terms, with the following matters:

– the high standards of personal conduct and ethical behaviour expected of all employees;
– the duty of employees to avoid conflicts of interest which may arise if the employee or any person or entity associated with that employee has a business arrangement or relationship with a Group company outside their normal employment relationship;
– the duty of employees to maintain confidentiality with respect to the Group's information and information provided by our retailers and customers;
– the duty of employees to avoid discrimination against any person; and
– the Group's policy prohibiting harassment in any form.

Each employee acknowledges that he or she has read, understood and agrees to abide by the standards and duties set out in the Employee Handbook.

3.3 Compliance Manuals

The Westfield Group has developed compliance manuals to provide guidance to employees of the Group on the laws applicable in the jurisdiction in which they work and the standards of conduct and the procedures to be adopted to comply with those laws. Management seminars are also conducted to help employees understand the legal requirements with which the Group's business must comply.

By way of example, the Australian compliance manual deals with issues such as:

– work health and safety;
– trade practices;
– employment;
– retail tenancy legislation;
– environmental compliance;
– Corporations Act and ASX Listing Rules requirements; and
– complaints handling procedures.

The Employee Handbook, which is provided to, and acknowledged by, all employees who join Westfield, and the compliance manuals are each reviewed on a regular basis to ensure they remain current and relevant. In addition, compliance seminars to update staff on changes to legal requirements and procedures are conducted on a regular basis and all staff in the relevant divisions are required to attend.

It is the responsibility of each Director and employee to understand the Westfield values and Employee Handbook and other policies applicable to them and to bring to the attention of senior management any conduct or activities which may be in breach of those policies so that a proper investigation can be conducted.

Serious breaches of these policies (including matters such as suspicions of fraud or financial impropriety, auditing issues, improper or unethical behaviour or criminal activities) are required to be reported immediately to a compliance officer in the relevant country or to the Group Compliance Officer for investigation in accordance with the Group's policies. Where appropriate, the police or other regulatory authority will be informed.

Complaints are treated in a confidential manner. No action of any kind will be taken against a Westfield employee, adviser or contractor who, in good faith, makes an allegation against the Westfield Group, any employee, adviser or contractor, whether or not that complaint is confirmed by subsequent investigation.

3.4 Whistleblower Policy

The whistleblower policy has been adopted to ensure that concerns regarding unethical, unlawful or improper conduct may be raised without fear of reprisal.

Under the policy, Westfield has appointed Whistleblower Protection Officers in each country in which it operates. Employees are encouraged to report any genuine matter or behaviour that they honestly believe contravenes Westfield's code of conduct, policies or the law. Such matters may include any actual or suspected:

– conduct or practices which are illegal;
– corrupt activities;
– theft or fraud;
– misleading or deceptive conduct of any kind;
– harm to public health or safety or the health or safety of any Westfield employee.

The Group will investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the investigation's outcome. Westfield will take any necessary action in response to a report and where no action is taken, an explanation will be provided. Where appropriate, a third party may be engaged to assist in the investigation.

Every 6 months a report is provided to the Westfield Audit and Compliance Committee summarising the whistleblower activities for the period.

3.5 Diversity at Westfield

The Westfield Group has a strong commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability.

As outlined in the 2011 Annual Report, the Group committed to a number of measurable objectives on a global and by country basis.

Westfield believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background and, in the United States, the Group's policies on diversity extend to veterans.

However, in terms of global measurable objectives, the initial emphasis by the Group will be on gender diversity with a primary goal being to strengthen the representation of women executives in senior management positions.

A summary of the Group's measurable objectives for 2012 and a report on the Group's progress is set out below.

Country	Commitment	What we achieved in 2012
Global	The Managing Director of Australia, New Zealand & the United States and the Managing Director of the United Kingdom must each develop a 3 year plan to address diversity initiatives	Three year plans have been established which include processes to: ➢ embed organisational structural changes, including succession planning processes; ➢ review opportunities for women in non-traditional roles and target areas to ensure the representation of women in the applicant pool; ➢ increase the percentage of women in senior management roles through targeting the participation of women in development programs and succession planning sessions.
Global	The establishment of processes in relation to objective setting, co-ordination, monitoring and reporting of global diversity measures	The Human Resources function in each country in conjunction with the Managing Directors, co-ordinate global diversity measures through the 3 year plans. The Global Executive Committee has oversight of this process reporting to the Nomination Committee and the Board. The Board will review the progress of the Group's diversity strategy on at least an annual basis.
Global	A global education program at senior management level to increase awareness of the need for diversity	➢ Induction and People Manager training programs have been developed to include the Group's diversity policy; diversity initiatives and management's role in addressing those initiatives. ➢ A diversity awareness session will be included in senior management forums to build a consistent approach to the Group's diversity objectives. ➢ Human Resources will conduct on-going briefings with senior executives on the importance of supporting diversity within the business. ➢ The Global Executive Committee will sponsor diversity workshops in leadership forums.
Global	A global review of the Group's flexible work arrangements	A global review was undertaken of each country's flexible work arrangements policies. In 2013, these policies will be updated to ensure a consistent global approach having regard to any local laws or regulations.
Global	Pay equity – a specific band level review will be undertaken across all countries to identify gender based remuneration gaps (if any) between employees performing comparable roles	A review of pay equity was undertaken across all countries. In line with practices in Australia, in 2012 the United States introduced pay bands specific to each functional area. The bands represent market competitive pay positions which has enabled detailed pay equity analyses specific to women and minorities. In 2013, a global committee will be established to further address any identified remuneration gaps.
Australia/ New Zealand	Integration of New Zealand into the "Connect" program (a mentoring and networking program for female executives) currently run in Australia	A new Connect network group was established to include representatives from New Zealand with a number of Connect events held during the financial year.
Australia/ New Zealand	Target 35% to 40% female representation across Australian and New Zealand development and leadership programs	This objective had a 2013 timeframe but at the end of the 2012 financial year, female participation in the leadership programs was 35%.
Australia/ New Zealand	A review of opportunities in non-traditional roles (for example: engineers, construction project managers and IT specialists) and, where possible and practical, with a view to ensuring at least one woman is on the recruitment short list	This measure has a 2013 timeframe and forms part of the Managing Director's 3 year plan.
Australia/ New Zealand	Target no less than 20% female representation in the Australian/New Zealand senior talent and succession plans	This measure has a 2014 timeframe and forms part of the Managing Director's 3 year plan.

Country	Commitment	What we achieved in 2012
United States	Continued sponsorship of the Real Estate Associate Program (a commercial real estate diversity program bringing together the country's most talented minority professionals into the world of commercial real estate) with the aim of selecting qualified graduates into entry level management positions	The Group continued to sponsor the Real Estate Associate Program with active participation by senior Westfield executives including providing instructional coursework on real estate and property management, interviewing skill and practice sessions. The program continues to be a source of potential management candidates for the Group in the United States.
United States	Review hiring processes with the intention of increasing the representation of a diverse candidate pool, including females	Arrangements with external recruiters now require the recruiter to recommend a diverse candidate pool particularly in relation to senior management positions. Applicant tracking systems have been put in place that enable the Group to collate and track information by job title and function and to target areas that may require improvement in the diversity of the applicant pool. The information from this process (which includes gender, race, disability and veteran status (if the factors are known) is included in the Affirmative Action Plan and goals are created to address areas of concern.
United States	Succession planning reviews with the senior executive team with a focus on improved diverse representation and career planning for senior positions	Succession planning reviews were undertaken during 2012 with a focus on development and retention of high potential women and executives from minority backgrounds. Development plans were updated to incorporate the outcomes of these succession planning sessions.
United Kingdom	Continued roll out of Westfield Foundational Leadership Program with a target female representation of 30% and the launch of a training and development program aimed at building management and leadership capability with a target of female representation of 30%	Female participation in the leadership programs was 26% during 2012 with further training scheduled for the first quarter of 2013. It is expected that the target of 30% will be met in the first quarter of 2013, the roll out of the program having been delayed due to operational pressures.

In addition to the above, a panel discussion, featuring 2 of the Group's Non-Executive Directors was held at the Sydney head office at which diversity, as a business issue, was discussed. The discussion was held in conjunction with International Women's Day and was attended by approximately 140 executives.

Employees' views on diversity are also being tracked through global employee surveys. The Group will seek to improve each year on target scores for specific diversity related matters. The Group will also review its progress on diversity against other organisations.

In 2012, the Group focussed on reviewing country by country practices to identify gaps and opportunities in order to integrate processes to support a global approach to diversity.

In 2013, the focus will be on initiatives to create improvements in areas of diversity where the most attention is required. These focus areas are:

Recruitment

- The introduction of global practices to ensure that a diverse candidate pool is recommended particularly in relation to senior management positions and non-traditional roles.
- The introduction of training programs for key people on recruitment and interviewing skills to build greater awareness of possible unconscious bias.
- Tracking of the representation of women in internal management roles to identify opportunities for women to move into key roles.

Leadership and development programs

- The extension of the "Connect" group globally so as to provide mentoring and skill building opportunities for junior female managers across all regions.
- The continued offering of development and mentoring programs designed to support women to progress their careers into senior management roles in line with our target goal of 40% representation by the end of 2013.
- Focus groups will be held with female employees to identify actions that would help support retention of women.

Pay equity and flexible work arrangements

- As noted above, a review of pay equity was undertaken across all countries. In 2013, a global committee will be established to address any identified remuneration gaps.
- The global committee will also review the Group's flexible work practices to ensure a consistent approach and foster flexible work practices across each region through targeted initiatives.
- The extension of programs to keep employees in touch while they are on parental leave and foster a successful return to the workplace.

Female participation in Westfield's workforce

There are currently 2 women on the Group's Board being Professor Judith Sloan and Ms Ilana Atlas. Current gender balance across Westfield's workforce is as follows:

	Female	Male
All employees	48.4%	51.6%
Senior executives	18.8%	81.2%

4. DISCLOSURE AND COMMUNICATION

4.1 Continuous Disclosure and Communications Policy

The Group is committed to providing members with comprehensive, timely and equal access to information about its activities to enable them to make informed investment decisions.

The Westfield Group's Continuous Disclosure and Communications Policy underlines the Group's commitment to ensuring that the Group's members and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Westfield Group securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Group. The Group is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The Policy also outlines how the Group identifies and disseminates information to members and the market generally.

The Continuous Disclosure and Communications Policy is published in the corporate governance section of the westfield.com/corporate website.

4.2 Communications with Members

The Group utilises a broad range of communication approaches including direct communications with members, publication of all relevant company information in the Investor Services section of the westfield.com/corporate website, access to market briefings via webcasting and teleconferencing facilities.

The Westfield Group corporate website forms a key part of the Group's communication to members and the broader investment community. A section of this website is dedicated to Westfield's members. Media releases, investor presentations and interim and full year financial reports are available for review on the westfield.com/corporate website. These announcements, presentations and reports are posted on the Group's corporate website immediately after they have been released to the market. In addition, the Group maintains an archive of announcements, presentations and reports on the website. Members can elect to be placed on an email mailing list and receive notifications of certain corporate information as soon as the information is released to the market.

Also available for review on the Group's corporate website are notices of members' meetings and explanatory documents issued by the Group in respect of those meetings. These are retained on the website for at least 3 years.

The Group's Annual General Meetings are broadcast live on the westfield.com/corporate website. A copy of the Chairman's address to the AGM, the AGM presentation and the results of voting on the items of business are posted to the website following the AGM.

Members are encouraged to attend the AGM held each year and to use these opportunities to ask questions and vote on important matters affecting the Group, including the election of Directors, the receipt of annual financial statements and the advisory vote on the Group's remuneration report. The external auditor attends the AGM and is available to answer questions on the Group's financial statements. If members are not able to attend the AGM, they may appoint proxies electronically through the westfield.com/corporate website.

To assist with the Group's commitment to the environment (as well as being more cost efficient), members are strongly encouraged to access the annual reports online. A printed copy of the Annual Financial Report will only be sent to those members who have made an election to receive it. Otherwise members will be notified when the Annual Report Financial is available to be accessed online at the westfield.com/corporate website.

On an ongoing basis, the Group works closely with its share registry to monitor and review the opportunities available to the Group to increase the use of electronic means of communicating with its investors.

ASX CORPORATE GOVERNANCE COUNCIL

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 1: Lay solid foundations for management and oversight			
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Corporate Governance Statement – sections 1.1 and 1.2	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Corporate Governance Statement – section 1.9	Y
1.3	Companies should provide the following information:		
	– an explanation of any departure from Recommendations 1.1, 1.2 or 1.3;	N/A	
	– whether a performance evaluation for senior executives has taken place in the reporting period and whether it was in accordance with the process disclosed.	Corporate Governance Statement – section 1.9	Y
	A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	The Board Charter can be found at westfield.com/corporate	Y
Principle 2: Structure the board to add value			
2.1	A majority of the board should be independent directors.	Corporate Governance Statement – section 1.5	Y
2.2	The chairperson should be an independent director.	Corporate Governance Statement – section 1.6	N
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Corporate Governance Statement – sections 1.3 and 1.6	Y
2.4	The board should establish a nomination committee.	Corporate Governance Statement – section 2.5	Y
	The nomination committee should be structured so that it:		
	– consists of a majority of independent directors;		Y
	– is chaired by an independent director;		N
	– has at least 3 members.		Y
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Corporate Governance Statement – sections 1.8 and 1.9	Y

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	**Reference**	**Comply (Y/N)**
2.6	The following material should be included in the corporate governance statement in the annual report:		
	– the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	Section 1.3 – cross reference to Directors' biographies	Y
	– the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	Sections 1.3 and 1.5	Y
	– the existence of any of the relationships listed in Box 2.1 and an explanation of why the board considers a director to be independent, notwithstanding the existence of those relationships;	Section 1.5	Y
	– a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Section 2.5	Y
	– a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;	Section 1.3	Y
	– the period of office held by each director in office at the date of the annual report;	Section 1.3	Y
	– the names of members of the nomination committee and their attendance at meetings of the committee;	Section 2.5	Y
	– whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed;	Section 1.8	Y
	– an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	Sections 1.3, 1.6 and 2.5	Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; – the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; – the board's policy for the nomination and appointment of directors.	The charter of the Nomination Committee can be found at westfield.com/corporate. Also refer section 1.3 of the Corporate Governance Statement	Y
Principle 3: Promote ethical and responsible decision making			
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: – the practices necessary to maintain confidence in the company's integrity; – the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; – the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Corporate Governance Statement – section 1.4 The Directors' Code of Conduct can be found at westfield.com/corporate	Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board In accordance with the diversity policy and progress towards achieving them.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Corporate Governance Statement – section 3.5 The Diversity policy can be found at westfield.com/corporate	Y
3.5	Companies should provide an explanation of any departure from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5 should be included in the corporate governance statement in the annual report.	N/A	
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – any applicable code of conduct or a summary; and – the diversity policy or a summary of its main provisions.	The Directors Code of Conduct and the Diversity policy can be found at westfield.com/corporate	Y

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	Reference	Comply (Y/N)
Principle 4: Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee.	Corporate Governance Statement – section 2.1	Y
4.2	The audit committee should be structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not chair of the board; – has at least 3 members.	Corporate Governance Statement – section 2.1	Y
4.3	The audit committee should have a formal charter.	Corporate Governance Statement – section 2.1	Y
4.4	Companies should provide the following information: – the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee;	Corporate Governance Statement – section 2.1. – Cross reference to Directors' biographies	Y
	– the number of meetings of the audit committee;	Section 2.1	Y
	– explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.	N/A	Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: the audit committee charter; information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.	The Audit and Compliance Committee Charter and the Charter of Non-Audit Services can be found at westfield.com/corporate	Y
Principle 5: Make timely and balanced disclosure			
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Corporate Governance Statement – section 4.1	Y
5.2	An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.	N/A	
	The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	Y
Principle 6: Respect the rights of shareholders			
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Corporate Governance Statement – section 4.2	Y
6.2	An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.	N/A	
	The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at westfield.com/corporate	Y
Principle 7: Recognise and manage risk			
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Corporate Governance Statement – section 2.3	Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Corporate Governance Statement – section 2.3	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system or risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Corporate Governance Statement – section 2.3	Y

ASX CORPORATE GOVERNANCE COUNCIL (CONTINUED)

Corporate Governance Principles and Recommendations

	ASX Principle	**Reference**	**Comply (Y/N)**
7.4	The following material should be included in the corporate governance statement in the annual report: – an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4; – whether the board has received the report from management under Recommendation 7.2; – whether the board has received assurance form the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – a summary of the company's policies on risk oversight and management of material business risks.	N/A Corporate Governance Statement – section 2.3 The Charter of the Board Risk Management Committee can be found at westfield.com/corporate	Y Y Y
Principle 8: Remunerate fairly and responsibly			
8.1	The board should establish a remuneration committee.	Corporate Governance Statement – section 2.4	Y
8.2	The remuneration committee should be structured so that it: – consists of a majority of independent directors; – is chaired by an independent director; – has a least 3 members.	Corporate Governance Statement – section 2.4	Y
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Corporate Governance Statement – section 2.4 and cross reference to Remuneration Report	Y
8.4	The following material or a clear cross reference to the location of the material should be included in the corporate governance statement in the annual report: – the names of the members of the remuneration committee and their attendance at meetings of the committee; – the existence and terms of any schemes for retirement benefits, other than superannuation, for non-executive directors; – an explanation of any departures from Recommendations 8.1, 8.2, or 8.3. The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section: – the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that at committee; – a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity-based remuneration schemes.	Corporate Governance Statement – section 2.4 Remuneration Report N/A The Charter of the Remuneration Committee and the Hedging of Executive Awards and Performance Rights Policy can be found at westfield.com/corporate	Y Y Y

Westfield Group is listed on the Australian Securities Exchange (ASX) under the code "WDC".

Please visit our website at *www.westfield.com/corporate* for a variety of investor information on the Group.

Westfield Group Website

- About Westfield Group
- News
- Properties
- New Developments
- Investor Services

Electronic Information

By becoming an electronic investor and registering your email address, you can receive via email Group news, notifications and announcements, dividend/distribution statements, taxation statements and annual reports.

Secure Access to Your Securityholding

Details 24 Hours a Day.

Online – you can go to *www.westfield.com/corporate/investor-services* to access your securityholding information as well as extensive information on the Group including the latest media releases, result announcements, presentations and more.

To view your securityholding, you will need your Holder Number (SRN/HIN) and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

Phone – you can confirm your holding balance, request forms and access distribution and trading information by phoning:

1300 132 211 or call +61 3 9415 4070 (outside Australia) then, pressing 1. You will be asked to enter your Holder Number (SRN/HIN).

Westfield Group securities

A Westfield Group stapled security comprises:

- 1 Westfield Holdings share
- 1 Westfield Trust unit
- 1 Westfield America Trust unit;

and trade together as one security.

Establishment of Westfield Retail Trust

In December 2010, the proposal to establish and separately list Westfield Retail Trust (ASX Code "WRT") was approved by securityholders. This was effected by a pro-rata distribution of units in the Trust to members of the Group, equating to a capital distribution to members of $7.3 billion.

Details of the income tax and capital gains tax consequences of the establishment of Westfield Retail Trust can be obtained at: *www.westfield.com/corporate/investor-services/wdc-securityholding-information/establishment-of-westfield-retail-trust.html*

For further information about Westfield Retail Trust please visit *www.westfieldretailtrust.com.*

Westfield Group Distribution Details

Your interim distribution will be paid at the end of August and your final distribution paid at the end of February. Details of the 2012 year distributions are provided in the table below. To ensure timely receipt of your distribution, please consider the following:

Direct Credit

You can receive your distribution payment efficiently and safely by having it direct credited to your bank account. If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from *www.westfield.com/corporate/investor-services* or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote). Alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding-information* and by clicking on "your online Securityholding Details".

Distribution Reinvestment Plan (DRP)

Currently the Group's DRP is suspended until further notice.

A copy of the Westfield Group DRP Plan Rules and DRP Application Form can be downloaded from *www.westfield.com/corporate/investor-services* or by phoning our Registry on 1300 132 211 (Please have your Holder Number (SRN/HIN) available to quote).

	Ordinary Securities (Cents per Security)
Dividends/distributions for the year ended 31 December 2012	49.50
Interim dividend/distribution for the six months ended 30 June 2012 paid on 31 August 2012	**24.75**
Dividend in respect of a Westfield Holdings share	N/A
Distribution in respect of a Westfield Trust unit	12.37
Distribution in respect of a Westfield America Trust unit	12.38
Final dividend/distribution for the six months ended 31 December 2012 to be paid on 28 February 2013	**24.75**
Dividend in respect of a Westfield Holdings share	N/A
Distribution in respect of a Westfield Trust unit	21.45
Distribution in respect of a Westfield America Trust unit	3.30

Note: The DRP remained suspended for the June 2012 and December 2012 Distributions.

Tax File Number (TFN)

You are not required by law to provide your Tax File Number (TFN), Australian Business Number (ABN) or Exemption.

However, if you do not provide your TFN, ABN or Exemption, withholding tax at the highest marginal rate, currently 46.5% for Australian resident members, may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding- information* and by clicking on "your online Securityholding Details".

Annual Tax Statement and 2013 Tax Guide

The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Copies of historic statements are also available at: *www.westfield.com/corporate/investor-services.*

Unpresented Cheques & Unclaimed Funds

Westfield is required to remit to the NSW Office of State Revenue amounts greater that $100 held in an account that has been inactive for at least 6 years. If you believe you have unpresented cheques please contact the Registry which will be able to check the Group's records and assist you in recovering any funds. Checks can be done for the last 7 years. For any enquiries beyond 7 years, you will need to contact the NSW Office of State Revenue (www.osr.nsw.gov.au) to check for unclaimed money.

Australian Capital Gains Tax Considerations

A Westfield Group stapled security comprises three separate assets for capital gains tax purposes. For capital gains tax purposes you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security over the separate assets that make up the stapled security. This apportionment should be done on a reasonable basis. one possible method of apportionment is on the basis of the relative Net Tangible Assets (NTAs) of the individual entities.

These are set out by entity in the table below.

Relative Net tangible Assets (NTA) of entities in Westfield Group	**30 Jun 12**	**31 Dec 12**
Westfield Holdings	4.71%	5.36%
Westfield Trust	75.41%	75.51%
Westfield America Trust	19.88%	19.13%

American Depositary Receipts (ADR)

Westfield Group has an established ADR program providing a tradeable security in the United States.

Details of the ADR program are available on our website at: *www.westfield.com/corporate/investor-services/american-depositary-receipts*.

Contact Details

All changes of name, address, tax file number, payment instructions and document requests should be passed to the Registry or alternatively, you can update your details directly online at *www.westfield.com/corporate/investor-services/wdc-securityholding-information* and by clicking on "your online Securityholding Details".

Principal Share Registry

Computershare Investor Services
P/L GPO Box 2975
Melbourne VIC 3001
Telephone 1300 132 211
International +61 3 9415 4070
Facsimile +61 3 9473 2500
web.queries@computershare.com.au

All other queries are best directed to Westfield Group Investor Relations: Level 30, 85 Castlereagh Street

Sydney NSW 2000, Australia
GPO Box 4004
Sydney NSW 2001
Telephone +61 2 9358 7877
Facsimile +61 2 9358 7881
investor@au.westfield.com www.westfield.com/corporate

Investor Feedback

If you have any complaints or feedback, please direct these in writing to Westfield Group Investor Relations at GPO Box 4004, Sydney NSW 2001.

Westfield Group Calendar

February	– Full year results released
	– Distribution for 6 months ending December
	– Annual Financial Report released
May	– 1st Quarter Update
	– Annual General Meeting
July	– Annual Tax Statements released
August	– Half year results released
	– Distribution for the 6 months ending June
November	– 3rd Quarter Update

Members’ Information

FOR THE YEAR ENDED 31 DECEMBER 2012

Twenty Largest Holders of Stapled Securities in Westfield Group*

		Number of Securities	% of Issued Securities
1.	HSBC Custody Nominees (Australia) Limited	665,459,636	29.87
2.	J P Morgan Nominees Australia Limited	457,408,438	20.53
3.	National Nominees Limited	285,119,133	12.8
4.	Cordera Holdings Pty Limited	145,835,168	6.55
5.	Citicorp Nominees Pty Limited	109,542,275	4.92
6.	AMP Life Limited	42,184,208	1.89
7.	BNP Paribas Noms Pty Ltd <DRP>	35,204,452	1.58
8.	Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	32,945,834	1.48
9.	J P Morgan Nominees Australia Limited <Cash Income A/C>	26,862,474	1.21
10.	BNP Paribas Noms Pty Ltd <Master Cust DRP>	19,707,123	0.88
11.	BNP Paribas Noms Pty Ltd <SMP Accounts DRP>	17,208,926	0.77
12.	Mr Frank P Lowy	14,107,391	0.63
13.	Accumulation Chess Entrepot	12,404,786	0.56
14.	Bond Street Custodians Limited <ENH Property Securities A/C>	10,339,907	0.46
15.	Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.26
16.	RBC Investor Services Australia Nominees Pty Limited <APN A/C>	5,269,482	0.24
17.	HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	5,048,421	0.23
18.	Woodross Nominees Pty Ltd	5,000,658	0.22
19.	Perpetual Trustee Company Ltd <HHH Superannuation Fund A/C 90>	4,739,738	0.21
20.	Australian Foundation Investment Company Limited	4,242,580	0.19
		1,904,500,055	85.48

* Ordinary shares in Westfield Holdings Limited 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	24,923,447	51,995	1.12
1,001 – 5,000	0	0	96,094,746	43,900	4.31
5,001 – 10,000	0	0	35,510,169	5,117	1.59
10,001 – 100,000	52,500	1	59,858,488	2,679	2.69
100,001 and over	27,608,709	3	2,011,640,931	209	90.29
Total	27,661,209	4	2,228,027,781	103,900	100.00

As at 18 February 2013, 3,898 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

* Westfield America Trust has on issue options to subsidiaries of the Group which predate the stapling transaction. Under the stapling arrangements each entity is required to issue securities on the exercise of options in one of the other entities. Due to the stapled structure of the Group these options could not be exercised by the subsidiaries. The total number of options on issue at 18 February 2013 is 27,661,209.

** There are 11,054,512 performance rights on issue to a total of 366 Westfield Group employees. These rights may be satisfied by either the transfer or issue of Westfield Group securities to employees. Under the stapling arrangement, in the case of the issue of securities, each of the Company, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

Substantial Securityholders

The names of the Group’s substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Group, are as follows:

Members of the Lowy family and associates	179,598,386
BlackRock Investment Management (Australia) Limited	147,243,880
Vanguard Investments Australia Ltd	140,169,212

Directory

Westfield Group
Westfield Holdings Limited
ABN 66 001 671 496

Westfield Trust
ARSN 090 849 746
(responsible entity Westfield Management Limited ABN 41 001 670 579, AFS Licence No 230329)

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

Registered Office
Level 30
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7000
Facsimile: +61 2 9358 7077

United States Office
12th Floor
11601 Wilshire Boulevard
Los Angeles California 90025

Telephone: +1 310 478 4456
Facsimile: +1 310 478 1267

New Zealand Office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023

Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

United Kingdom Office
6th Floor, MidCity Place
71 High Holborn
London WC1V 6EA

Telephone: +44 20 7061 1400
Facsimile: +44 20 7061 1401

Secretaries
Simon J Tuxen
Maureen T McGrath

Auditors
Ernst & Young
The Ernst & Young Centre
680 George Street
Sydney NSW 2000

Investor Information
Westfield Group
Level 30
85 Castlereagh Street
Sydney NSW 2000

Telephone: +61 2 9358 7877
Facsimile: +61 2 9358 7881
E-mail: investor@au.westfield.com
Website: www.westfield.com/corporate

Principal Share Registry
Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
GPO Box 2975
Melbourne VIC 3001

Telephone: +61 3 9415 4070
Enquiries: 1300 132 211
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: www.computershare.com

ADR Registry
Bank of New York Mellon
Depository Receipts Division
101 Barclay Street
22nd Floor
New York, New York 10286
Telephone: +1 212 815 2293
Facsimile: +1 212 571 3050
Website: www.adrbny.com

Code: WFGPY

Listing
Australian Securities Exchange – WDC

Website
westfield.com/corporate

FSC Mixed Sources
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