



**Westfield Trust
Financial Report
31 December 2008**

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 24, Westfield Towers
100 William Street
Sydney NSW 2011

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 24, Westfield Towers
100 William Street
Sydney NSW 2011

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: webqueries@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



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Financial Report

WESTFIELD TRUST

For the financial year ended 31 December 2008

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Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated 31 Dec 08 \$million	31 Dec 07 \$million	Parent Entity 31 Dec 08 \$million	31 Dec 07 \$million
Revenue					
Property revenue	3	1,662.1	1,549.6	668.4	598.8
		1,662.1	1,549.6	668.4	598.8
Share of after tax profits of equity accounted entities					
Property revenue		125.8	113.2	-	-
Property revaluations		(69.6)	157.5	-	-
Property expenses and outgoings		(36.1)	(32.9)	-	-
Net interest expense		(2.5)	0.4	-	-
	12(b)	17.6	238.2	-	-
Expenses					
Property expenses and outgoings		(471.1)	(418.0)	(194.0)	(165.1)
Property and funds management costs		(17.0)	(17.0)	(14.2)	(10.1)
Corporate costs		(5.3)	(4.9)	(4.8)	(4.4)
		(493.4)	(439.9)	(213.0)	(179.6)
Interest income		18.0	65.1	13.6	56.7
Net capital profit on realisation of assets	4	15.6	30.2	4.3	3.8
Currency derivatives		(12.1)	109.1	21.5	116.1
Financing costs	5	(742.7)	(349.0)	(571.9)	(278.0)
Distributions from subsidiaries		-	-	628.4	639.3
Property revaluations	11, 13, 20	(474.8)	1,398.5	(417.6)	503.6
Profit/(loss) before tax expense and minority interests		(9.7)	2,601.8	133.7	1,460.7
Tax benefit/(expense)	6(a)	27.2	(71.9)	-	-
Profit after tax benefit/(expense) for the period		17.5	2,529.9	133.7	1,460.7
Less: net profit attributable to minority interests		(14.5)	(22.8)	-	-
Net profit attributable to members of Westfield Trust ("WT")		3.0	2,507.1	133.7	1,460.7
		cents	cents		
Basic earnings per unit	7	0.15	134.47		
Diluted earnings/(loss) per unit	7	(4.66)	127.09		
		\$million	\$million		
Final Distribution proposed	23(a)	510.8	446.7		
Interim Distribution paid	23(b)	549.9	517.1		
Total Distribution		1,060.7	963.8		
<i>Weighted average number of units entitled to distribution at 31 December (millions)</i>		1,955.7	1,863.3		
		cents	cents		
<i>6 months ended 31 December</i>					
Distribution proposed per ordinary unit		26.00	23.00		
<i>6 months ended 30 June</i>					
Distribution paid per ordinary unit		28.25	29.00		
Distribution paid per DRP unit		18.94	19.55		

Balance Sheet

AS AT 31 DECEMBER 2008

		Consolidated		Parent Entity	
	Note	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
Current assets					
Cash and cash equivalents	22(a)	144.1	90.5	69.7	35.9
Trade receivables		17.4	16.3	6.0	4.7
Derivative assets	8	35.0	36.5	35.0	28.3
Receivables	9	1,839.6	2,515.0	2,034.1	2,607.4
Prepayments and deferred costs	10	11.2	15.2	8.1	11.7
Total current assets		2,047.3	2,673.5	2,152.9	2,688.0
Non current assets					
Investment properties	11	22,221.7	21,822.2	8,643.7	8,453.8
Equity accounted investments	12(a)	1,612.3	1,625.7	-	-
Other investments	13	1,342.3	1,168.8	14,107.7	13,833.3
Derivative assets	8	481.3	283.9	481.3	269.3
Prepayments and deferred costs	10	12.1	14.5	12.1	14.5
Total non current assets		25,669.7	24,915.1	23,244.8	22,570.9
Total assets		27,717.0	27,588.6	25,397.7	25,258.9
Current liabilities					
Payables	14	1,410.1	1,658.5	1,104.6	1,463.7
Tax payable		7.8	-	-	-
Interest bearing liabilities	15	1,617.0	1,068.3	1,572.2	1,018.3
Other financial liabilities	16	1.3	-	1.3	-
Derivative liabilities	17	21.1	43.9	21.1	36.0
Total current liabilities		3,057.3	2,770.7	2,699.2	2,518.0
Non current liabilities					
Interest bearing liabilities	15	5,970.3	4,785.4	4,605.4	3,243.0
Other financial liabilities	16	1,271.8	1,690.7	1,271.8	1,690.7
Deferred tax liabilities	6(b)	386.1	417.1	-	-
Derivative liabilities	17	361.0	291.8	346.6	364.7
Total non current liabilities		7,989.2	7,185.0	6,223.8	5,298.4
Total liabilities		11,046.5	9,955.7	8,923.0	7,816.4
Net assets		16,670.5	17,632.9	16,474.7	17,442.5
Equity attributable to members of WT					
Contributed equity	18(b)	8,196.2	8,033.8	8,196.2	8,033.8
Reserves	20	56.8	193.4	5,292.0	5,559.3
Retained profits	21	8,221.7	9,215.3	2,986.5	3,849.4
Total equity attributable to members of WT		16,474.7	17,442.5	16,474.7	17,442.5
Equity attributable to minority interests					
Contributed equity		94.0	94.0	-	-
Retained profits		101.8	96.4	-	-
Total equity attributable to minority interests		195.8	190.4	-	-
Total Equity		16,670.5	17,632.9	16,474.7	17,442.5

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		Parent Entity	
	Note	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
Changes in equity attributable to members of WT					
Opening balance of equity		17,442.5	13,928.6	17,442.5	13,928.6
Movements in foreign currency translation reserve					
Net exchange difference on translation of foreign operations directly recognised in equity	20(a)	(77.4)	(2.1)	-	-
Movements in asset revaluation reserve					
Revaluation increment (decrement)	20(b)	(59.2)	(84.4)	(267.3)	959.9
Net profit attributable to members of WT		3.0	2,507.1	133.7	1,460.7
Total income and expenses for the period		17,308.9	16,349.2	17,308.9	16,349.2
Movements in contributed equity					
Pro-rata entitlement offer	18(b)	-	1,769.7	-	1,769.7
Distribution reinvestment plan	18(b)	70.4	153.7	70.4	153.7
Conversion of options	18(b)	92.0	48.3	92.0	48.3
Costs associated with the pro-rata entitlement offer	18(b)	-	(25.9)	-	(25.9)
Movements in retained profits					
Distributions paid	23(b)	(996.6)	(852.5)	(996.6)	(852.5)
Closing balance of equity attributable to members of WT		16,474.7	17,442.5	16,474.7	17,442.5
Changes in equity attributable to minority interests					
Opening balance of equity		190.4	176.5	-	-
Net profit attributable to external minority interests		14.5	22.8	-	-
Distributions paid or provided for		(9.1)	(8.9)	-	-
Closing balance of equity attributable to minority interests		195.8	190.4	-	-
Total Equity		16,670.5	17,632.9	16,474.7	17,442.5

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2008

		Consolidated		Parent Entity	
	Note	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
Cash flows from operating activities					
Receipts in the course of operations (including GST)		1,881.3	1,706.4	760.8	683.2
Payments in the course of operations (including GST)		(517.6)	(461.7)	(210.0)	(213.9)
Distributions received from subsidiaries, equity accounted entities and listed investments		85.9	69.7	527.2	693.8
Goods and services taxes paid		(125.6)	(137.8)	(48.0)	(47.1)
Net cash flows from operating activities	22(b)	1,324.0	1,176.6	1,030.0	1,116.0
Cash flows from investing activities					
Payments for the acquisition of property investments		-	(110.6)	-	(89.1)
Payments of capital expenditure for property investments and subsidiary investments		(513.9)	(620.9)	(482.6)	(392.1)
Payments for the acquisition of other investments		(787.8)	(46.4)	(753.1)	(46.4)
Proceeds from the sale of property investments and other investments		53.0	1,075.0	7.0	853.9
Payments for investments in equity accounted investments		(54.8)	(8.3)	-	-
Net cash flows from (used in) investing activities		(1,303.5)	288.8	(1,228.7)	326.3
Cash flows from financing activities					
Proceeds from the issuance of units		70.4	1,942.8	70.4	1,942.8
Payment for costs associated with pro-rata entitlement offer		(5.7)	(20.2)	(5.7)	(20.2)
Net proceeds from (repayments of) interest bearing liabilities		144.7	(1,862.8)	1,870.3	(241.4)
Proceeds from the issuance of property-linked notes		-	1,262.9	-	1,262.9
Financing costs		(484.2)	(502.4)	(400.2)	(275.2)
Interest received		12.3	69.3	18.5	61.6
Distributions paid		(996.6)	(852.5)	(996.6)	(852.5)
Distributions paid by controlled entities to minority interests		(9.1)	(8.7)	-	-
Net proceeds from /(repayments to) related entities		1,302.1	(1,468.3)	(324.2)	(3,314.6)
Net cash flows from (used in) financing activities		33.9	(1,439.9)	232.5	(1,436.6)
Net increase in cash and cash equivalents held		54.4	25.5	33.8	5.7
Add opening cash and cash equivalents brought forward		90.5	65.1	35.9	30.2
Effects of exchange rate changes on cash and cash equivalents		(0.8)	(0.1)	-	-
Cash and cash equivalents at the end of the year	22(a)	144.1	90.5	69.7	35.9

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Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

This financial report comprising Westfield Trust ("WT") and its controlled entities (collectively "the Group") for the year ended 31 December 2008 was approved in accordance with a resolution of The Board of Directors of Westfield Management Limited as responsible entity of WT ("Responsible Entity") on 16 March 2009.

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

(b) Statement of Compliance

This financial report complies with Australian Accounting Standards and International Financial Reporting Standards as issued by the International Accounting Standards board.

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 2008. The impact of these new or amended standards (to the extent relevant to the Group) and interpretations are as follows:

- AASB 3 (Revised) Business Combinations: The revised standard introduces significant changes to accounting for business combinations including any internal restructures meeting the definition of a business combination. These changes will only impact accounting for business combinations that occur from 1 July 2009;
- AASB 8 Operating Segments: This new standard requires the "management approach" to disclosing information about reportable segments. The revised standard is applicable from 1 January 2009;
- AASB 101 (Revised) Presentation of Financial Statements: This revised standard introduces a number of amendments that may impact the presentation of the Group's primary financial statements and notes to the financial statements. The revised standard is applicable from 1 January 2009;
- AASB 123 (Revised) Borrowing Costs: This revised standard requires all borrowing costs associated with a qualifying asset to be capitalised. The revised standard is applicable from 1 January 2009; and
- AASB 2008-5 and AASB 2008-6 Amendments to Australian Accounting Standards arising from the Annual Improvement Projects: The improvement project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. These standards are applicable from 1 July 2009.

These recently issued and amended standards are not expected to have a significant impact on the amounts recognised in the financial statements when restated on application of these new accounting standards.

(c) Basis of Accounting

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 ("Act") and Australian Accounting Standards. The financial report has also been prepared on a historical cost basis, except for investment properties, investment properties within equity accounted investments, derivative financial instruments, other investments and other financial liabilities which have been measured at fair value. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Listed Property Trust Units

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

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of WT (the "Parent Entity"), and each of its controlled entities as from the date the Parent Entity obtained control until such time control ceased. The Parent Entity and Subsidiaries are collectively referred to as the economic entity known as the Group. Where entities adopt

accounting policies which differ from those of the Parent Entity, adjustments have been made so as to achieve consistency within the Group.

In preparing the consolidated financial statements all inter-entity transactions and balances, including unrealised profits arising from intra Group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Minority interest for the period 1 January to 31 December 2008 represents interests in Carindale Property Trust ("CPT") not held by the Group.

i) Synchronisation of Financial Year

By an order dated 5 November 2001, made by the Australian Securities and Investment Commission ("ASIC") pursuant to subsection 340(1) of the Act, the Directors of the Responsible Entity have been relieved from compliance with subsection 323D(3) of the Act insofar as that subsection requires them to ensure the financial year of the controlled entity CPT, coincides with the financial year of the Parent Entity.

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

ii) Joint 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. Investment 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. Minority interests are shown as a separate item in the consolidated financial statements.

(c) Investment properties

The Group's investment properties include shopping centre investments and development projects.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

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.

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.

Independent valuations of shopping centres are proposed annually. The Directors' assessment of fair value of each shopping centre investment property takes into account the annual independent valuation, with updates at year end of independent valuations that were prepared at the half year. 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 including future rental income, appropriate discount rate and make reference to market evidence of transaction prices for similar properties. Capitalisation rates in the range of 5.00% to 8.25% have been applied.

ii) *Development projects*

The Group's development projects include costs incurred for the current and future redevelopment and expansion of new and existing shopping centre investments. Development projects include capitalised construction and development costs and where applicable, borrowing costs incurred on qualifying developments.

Development projects that meet the definition of investment properties are carried at fair value based on Directors' assessment of fair value at each reporting date. Any increment or decrement in the fair value of development projects resulting from Directors' assessment of fair value is included in the income statement in the year in which it arises. Development projects that do not meet the definition of investment properties are carried at lower of cost or recoverable amount. On completion, development projects 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 and development projects are significant estimates that can change based on the Group's continuous process of assessing the factors affecting each property.

(d) *Other investments*

Other investments are designated investments available for sale and are stated at fair value. Listed investments in entities are stated at fair values 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.

Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement and reported as property revaluation.

(e) *Foreign currencies*

i) *Translation of foreign currency transactions*

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

On consolidation, exchange differences and the related tax effect on foreign currency denominated loans and cross currency swaps denominated in foreign currencies, which hedge net investments in foreign operations 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 receivable and carried at fair value. Recoveries from tenants are recognised as income in the year the applicable costs are accrued.

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

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

All other revenues are recognised on an accruals basis.

(g) *Expenses*

Expenses including rates, taxes and other outgoings, are brought to account on an accruals basis and any related payables are carried at cost. All other expenses are brought to account on an accruals basis.

(h) *Taxation*

(i) 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 controlled entities are subject to New Zealand tax on their earnings. Dividends paid by those entities to WT are subject to New Zealand dividend withholding tax.

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

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

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

(i) *Goods and Services Tax ("GST")*

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

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

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

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

(j) Financing costs

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

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

(k) Leases

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

(i) Operating leases

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

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

(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.

(l) Contributed equity

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

(m) Derivative and other financial instruments

The Group utilises derivative financial instruments, including forward exchange contracts, currency 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 and are not transacted for speculative purposes. Accounting standards however require compliance with onerous documentation, designation and effectiveness parameters before a derivative financial instrument is deemed to qualify for hedge accounting treatment. These documentation, designation and effectiveness requirements are not met in all circumstances. As a result, all derivatives instruments, other than cross currency swaps that hedge net investments in foreign operations, are deemed not to qualify for hedge accounting and are recorded at fair value. Gains or losses arising from the movement in fair values are recorded in the income statement.

The fair value of forward exchange contracts, currency 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 are carried at original invoice amount, less provision for doubtful debts, and are usually due within 30 days. Collectability of trade and sundry 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 and convertible notes. 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 fair valued 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 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 16.

(n) 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.

(o) Earnings per unit

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

(p) Rounding

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
NOTE 3 PROPERTY REVENUE				
Shopping centre base rent and other property income	1,683.3	1,567.3	676.9	606.7
Amortisation of tenant allowances	(21.2)	(17.7)	(8.5)	(7.9)
	1,662.1	1,549.6	668.4	598.8

NOTE 4 NET CAPITAL PROFIT ON REALISATION OF ASSETS

Revenues from asset sales	53.0	938.6	7.0	717.5
Carrying value of assets sold and capital costs written off	(37.4)	(908.4)	(2.7)	(713.7)
	15.6	30.2	4.3	3.8

NOTE 5 FINANCING COSTS

Gross financing costs (excluding net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting)

- Interest bearing liabilities	(282.2)	(301.1)	(22.9)	(21.2)
- Other financial liabilities	(15.2)	(14.9)	(15.2)	(14.9)
Related party borrowing costs	(111.0)	(63.4)	(281.9)	(241.4)
Financing costs capitalised to construction projects	25.7	17.1	24.7	5.8
Financing costs	(382.7)	(362.3)	(295.3)	(271.7)
Finance leases interest expense	(2.1)	(2.4)	-	-
Net fair value gain /(loss) on interest rate hedges that do not qualify for hedge accounting	(439.9)	185.7	(358.6)	163.7
Realised mark to market on termination of surplus interest rate swaps	(34.8)	-	(34.8)	-
Interest expense on other financial liabilities	(70.1)	(64.0)	(70.1)	(64.0)
Net fair value gain /(loss) on other financial liabilities	186.9	(106.0)	186.9	(106.0)
	(742.7)	(349.0)	(571.9)	(278.0)

NOTE 6 TAXATION

(a) Tax benefit (expense)

Current - underlying tax	(3.5)	-	-	-
Deferred tax - benefit from reduction of tax rates	-	34.6	-	-
Deferred tax - net fair value movements of investment properties	30.7	(106.5)	-	-
	27.2	(71.9)	-	-

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

Accounting profit (loss) before income tax benefit (expense)	(9.7)	2,601.8	133.7	1,460.7
Prima facie tax benefit (expense) at 30% (31 December 2007: 30%)	2.9	(780.5)	(40.1)	(438.2)
Australian trust income not assessable	24.3	674.0	40.1	438.2
Effect of change in New Zealand income tax rate to 30% (31 December 2006: 33%)	-	34.6	-	-
Tax benefit (expense)	27.2	(71.9)	-	-

(b) Deferred tax liabilities

Tax effect of book value in excess of the tax cost base of investment properties	386.1	417.1	-	-
	386.1	417.1	-	-

	Consolidated	
	31 Dec 08 cents	31 Dec 07 cents
NOTE 7 EARNINGS PER UNIT		
(a) Attributable to members of WT		
Basic earnings per unit	0.15	134.47
Diluted earnings/(loss) per unit	(4.66)	127.09

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

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit ⁽ⁱ⁾	1,948,483,936	1,864,402,754
Bonus element of unit options which are dilutive	99,112,882	108,305,230
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	2,047,596,818	1,972,707,984
	\$million	\$million
Earnings used in calculating basic earnings per unit	3.0	2,507.1
Adjustment to earnings on options which are considered dilutive	(98.4)	-
Earnings/(losses) used in calculating diluted earnings per unit	(95.4)	2,507.1

The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 3,306,435 (31 December 2007: 477,716).

(i) 1,948.5 million (31 December 2007: 1,864.4 million) weighted average number of units on issue for the period has been included in the calculation of basic and diluted earnings per unit as reported in the income statement. In 2007, this included an adjustment for the bonus element of the pro-rata entitlement offer, which was completed in July 2007, being 4.376 million units for the period to July 2007.

(b) Conversions, calls, subscription or issues after 31 December 2008

Since the end of the financial year:

- 276,190,500 new ordinary stapled securities have been issued by the Westfield Group as a consequence of a fully underwritten placement; and
- 29,515,871 stapled securities have been issued the Westfield Group pursuant to the Westfield Group Distribution Reinvestment Plan.

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

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
NOTE 8 DERIVATIVE ASSETS				
Current				
Receivables on forward exchange contracts	7.9	22.0	-	-
Receivables on forward exchange contracts with related entities	-	-	7.9	8.0
Receivables on cross currency contracts	2.8	7.6	-	-
Receivables on cross currency contracts with related entities	-	-	2.8	11.2
Receivables on interest rate swaps	24.3	5.4	21.4	5.8
Receivables on interest rate swaps with related entities	-	1.5	2.9	3.3
	35.0	36.5	35.0	28.3
Non Current				
Receivables on cross currency contracts	196.7	31.8	-	-
Receivables on cross currency contracts with related entities	153.4	-	350.1	31.8
Receivables on forward exchange contracts	7.0	2.7	-	-
Receivables on forward exchange contracts with related entities	-	-	7.0	-
Receivables on interest rate swaps	72.6	137.0	66.0	102.7
Receivables on interest rate swaps with related entities	51.6	112.4	58.2	134.8
	481.3	283.9	481.3	269.3

NOTE 9 RECEIVABLES

Current

Sundry debtors	86.4	98.4	44.5	63.4
Amounts receivable from subsidiaries	-	-	232.3	127.4
Interest bearing loans receivable from related entities	-	667.2	-	667.2
Non interest bearing loans receivable from related entities	1,753.2	1,749.4	1,757.3	1,749.4
	1,839.6	2,515.0	2,034.1	2,607.4

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
NOTE 10 PREPAYMENTS AND DEFERRED COSTS				
Current				
Prepayments and deposits	8.3	12.3	5.2	8.8
Deferred costs - other	2.9	2.9	2.9	2.9
	11.2	15.2	8.1	11.7
Non Current				
Deferred costs - other	12.1	14.5	12.1	14.5
	12.1	14.5	12.1	14.5
NOTE 11 INVESTMENT PROPERTIES				
Shopping centre investments	21,775.5	21,230.7	8,546.9	8,258.9
Development projects	446.2	591.5	96.8	194.9
	22,221.7	21,822.2	8,643.7	8,453.8
Movement in investment properties				
Balance at the beginning of the year	21,822.2	20,613.2	8,453.8	7,738.3
Acquisition of properties	-	110.6	-	89.1
Disposal of properties	(2.7)	(908.4)	(2.7)	-
Redevelopment costs	545.8	636.5	126.7	122.8
Net revaluation increment	8.7	1,398.5	65.9	503.6
Retranslation of foreign operations	(152.3)	(28.2)	-	-
Balance at the end of the year	22,221.7	21,822.2	8,643.7	8,453.8
A reconciliation of investment properties at market value to the carrying value is shown below:				
Investment properties at market value	22,189.1	21,785.1	8,642.0	8,453.8
Add ground leases included as finance leases	32.6	37.1	1.7	-
Carrying value of investment properties	22,221.7	21,822.2	8,643.7	8,453.8

Investment properties are carried at the Directors' determination of fair value which takes into account annual independent valuations, with updates at year end of independent valuations that were prepared at the half year. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground lease, straight-line rent and revaluation increments and decrements. In prior period financial statements, tenant allowances, deferred costs and straight-line rent were disclosed as separate asset classes. Tenant allowances, deferred costs, ground leases and straight-line rent are included in the property investment balance to reflect the value of the entire shopping centre. The prior period amounts have been reclassified to reflect this change in disclosure. Total assets, net assets and equity have not changed as a result of this reclassification.

An independent valuation of a shopping centre is conducted annually with the exception of those shopping centres under development. Independent valuations are conducted in accordance with International Valuation Standards Committee for Australian and New Zealand properties. The property capitalisation rates range from 5.0% to 8.25%. Refer to Note 14(a) and (b) of the Westfield Group Financial Report for details of property capitalisation rates by shopping centre.

The independent valuation uses capitalisation of net income method and the discounting of future net cash flows to their present value method.

NOTE 12 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

Name of entity	Type of equity	Balance Date	Economic Interest		Consolidated Carrying Value	
			31 Dec 08	31 Dec 07	31 Dec 08 \$million	31 Dec 07 \$million
(a) Equity accounted entities carrying value						
Australian investments⁽ⁱ⁾						
AMP Wholesale Shopping Centre Trust No. 2	Units	31 Dec	10.0%	10.0%	67.3	69.9
Karrinyup ⁽ⁱⁱ⁾	Units	30 Jun	33.3%	25.0%	206.7	152.1
Mt Druitt ⁽ⁱⁱ⁾	Units	30 Jun	50.0%	50.0%	211.9	221.2
SA Shopping Centre Trust	Units	31 Dec	50.0%	50.0%	23.1	30.0
Southland ⁽ⁱⁱ⁾	Units	30 Jun	50.0%	50.0%	598.6	633.5
Tea Tree Plaza ⁽ⁱⁱ⁾	Units	30 Jun	50.0%	50.0%	281.6	307.0
Cairns ⁽ⁱⁱ⁾	Units	30 Jun	50.0%	50.0%	223.1	212.0
Total equity accounted investments					1,612.3	1,625.7

⁽ⁱ⁾ All equity accounted property trusts 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.

	31 Dec 08 \$million	31 Dec 07 \$million
(b) Details of WT's aggregate share of equity accounted entities net profit		
Property revenue	125.8	113.2
Revenue	125.8	113.2
Property expenses and outgoings	(36.1)	(32.9)
Borrowing costs	(2.5)	0.4
Expenses	(38.6)	(32.5)
Share of after tax profits of equity accounted entities before property revaluations	87.2	80.7
Property revaluations	(69.6)	157.5
Share in after tax profits of equity accounted entities	17.6	238.2
(c) Details of WT's aggregate share of equity accounted entities assets and liabilities		
Cash	9.8	20.4
Receivables	5.7	5.5
Shopping centre investments	1,627.5	1,629.6
Development projects and other assets	8.7	18.3
Total assets	1,651.7	1,673.8
Payables	(19.9)	(30.1)
Interest bearing liabilities	(19.5)	(18.0)
Total liabilities	(39.4)	(48.1)
Net assets	1,612.3	1,625.7
(d) Details of WT'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	81.2	71.8
Due between one and five years	192.5	150.6
Due after five years	109.3	130.2
	383.0	352.6
(e) Details of WT's aggregate share of equity accounted entities capital expenditure commitments		
Estimated capital expenditure commitments in relation to development and redevelopment		
Due within one year	0.6	0.1
	0.6	0.1

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Consolidated		Parent Entity	
		31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
NOTE 13 OTHER INVESTMENTS					
Unlisted investments		1,245.0	1,168.8	1,245.0	1,168.8
Listed investments		97.3	-	-	-
Investments in subsidiaries		-	-	12,862.7	12,664.5
		1,342.3	1,168.8	14,107.7	13,833.3

Movement in other investments

Balance at the beginning of the year		1,168.8	1,313.5	13,833.3	13,380.7
Additions		750.9	85.2	1,025.2	351.9
Disposals		(34.7)	(145.5)	-	(859.2)
Net revaluation increment (decrement)	20	(542.7)	(84.4)	(750.8)	959.9
Balance at the end of the year		1,342.3	1,168.8	14,107.7	13,833.3

NOTE 14 PAYABLES

Current

Trade, sundry creditors and accruals		574.0	564.4	278.6	369.6
Non interest bearing loans payable to related entities		836.1	1,094.1	826.0	1,094.1
		1,410.1	1,658.5	1,104.6	1,463.7

NOTE 15 INTEREST BEARING LIABILITIES

Current

Unsecured

Notes payable - A\$		-	390.0	-	340.0
Loans from associates of the Responsible Entity		1,572.2	678.3	1,572.2	678.3

Secured

Bank Loans - A\$ ^(vi)		44.8	-	-	-
		1,617.0	1,068.3	1,572.2	1,018.3

Non Current

Unsecured

Bank loans					
- US\$ ⁽ⁱ⁾		507.5	398.4	-	-
- £ ⁽ⁱⁱ⁾		159.2	36.5	-	-
- A\$ ⁽ⁱⁱ⁾		805.0	1,361.9	-	-
- NZ\$ ⁽ⁱⁱ⁾		1,278.8	44.8	-	-
Notes payable					
- US\$ ⁽ⁱⁱⁱ⁾		1,640.9	1,309.0	-	-
- £ ⁽ⁱⁱⁱ⁾		921.5	1,003.9	-	-
- € ^(iv)		409.6	335.2	-	-
- A\$ ^(v)		160.0	160.0	160.0	160.0
Finance leases		32.6	37.1	1.7	-
Loans from controlled entities		-	-	4,443.7	3,083.0

Secured

Bank loans ^(vi)		55.2	98.6	-	-
		5,970.3	4,785.4	4,605.4	3,243.0

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

Due within one year		1,617.0	1,068.3	1,572.2	1,018.3
Due between one and five years		4,223.7	2,727.7	2,886.5	1,214.7
Due after five years		1,746.6	2,057.7	1,718.9	2,028.3
		7,587.3	5,853.7	6,177.6	4,261.3

NOTE 15 INTEREST BEARING LIABILITIES (CONTINUED)

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

Refer Note 30 for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

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

(ii) Notes payable - US\$

Guaranteed Senior Notes of US\$4,678.7 million were issued in the US 144A bond market by the Westfield Group. The issue comprised US\$1,400.0 million, US\$900.0 million, US\$678.7 million, US\$600.0 million and US\$1,100.0 of fixed rate notes maturing 2014, 2016, 2010, 2012 and 2018 respectively. WT was assigned US\$1,131.8 million comprising US\$550.0 million and US\$581.8 million of fixed rate notes maturing 2014 and 2010 respectively. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(iii) Notes payable - £

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

(iv) Notes payable - €

Guaranteed Notes of €600.0 million were issued in the European bond market by the Westfield Group. The issue comprised €600.0 million of fixed rate notes maturing 2012 of which WT was assigned €200.0 million. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

(v) Notes payable - A\$

Medium term notes of A\$160.0 million were issued in the Australian bond market by WT. The issue comprised A\$160.0 million of fixed rate notes maturing 2010. These notes are subject to negative pledge arrangements which require WT to comply with certain minimum financial requirements.

(vi) Secured liabilities

Non current secured liabilities is \$100.0 million (31 December 2007: \$98.6 million). Secured liabilities are borrowings secured by mortgages over properties that have a fair value of \$524.4 million (31 December 2007: \$510.3 million). These properties are Carindale and Chatswood.

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.

	Consolidated	
	31 Dec 08	31 Dec 07
	\$million	\$million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	13,176.0	12,962.1
Amounts utilised ⁽ⁱ⁾	(7,601.7)	(5,868.8)
Available financing facilities	5,574.3	7,093.3
Cash	144.1	90.5
Financing resources available at the end of the year	5,718.4	7,183.8

Maturity profile of financing facilities

Maturity profile in respect of the above financing facilities:

Due within one year	1,627.2	1,068.3
Due between one year and five years	9,829.9	7,018.7
Due after five years	1,718.9	4,875.1
	13,176.0	12,962.1

⁽ⁱ⁾ Amounts utilised include borrowings and bank guarantees.

These facilities comprise floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude convertible notes and property linked notes set out in Note 16. Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

WT as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A\$ equivalent \$5,574.3 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

		Consolidated		Parent Entity	
		31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
		\$million	\$million	\$million	\$million
NOTE 16 OTHER FINANCIAL LIABILITIES					
Current					
Convertible notes - unsecured	(b)	1.3	-	1.3	-
		1.3	-	1.3	-
Non Current					
Property Linked Notes	(a)	1,271.8	1,345.1	1,271.8	1,345.1
Convertible notes - unsecured	(b)	-	345.6	-	345.6
		1,271.8	1,690.7	1,271.8	1,690.7

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 16 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 WHL and Westfield America Management Limited as responsible entity of WAT. The Notes were initially recorded at fair value and are subsequently remeasured at fair value each reporting period with gains or losses recorded through the income statement. The gains or losses recorded through the income statement are directly related to the revaluation of the relevant Westfield centre. The fair value of the Notes is determined by reference to the fair value of the relevant Westfield centre.

(b) Convertible notes - unsecured

During the year 222,100 (31 December 2007: 48,000) call options issued to Deutsche Bank AG ("WT 2009 Options") were exercised. As a consequence, the face value of a corresponding number of unsecured notes issued to Deutsche Bank AG ("WT Notes") were repaid and stapled securities were issued in accordance with the terms of the WT 2009 Options. As at 31 December 2008, there are 1,300 WT Notes outstanding (31 December 2007: 223,400).

The WT Notes are for a five year term with a maturity date of 5 January 2009 and a face value of \$1,000 per note. Interest is payable semi-annually in arrears on 5 January and 5 July each year, that commenced from 5 July 2004 at a rate set by the bank bill swap rate plus a margin of 0.10% per annum. The terms of the notes allows redemption in certain circumstances including a change in applicable tax laws and a change in control of the responsible entity of WT ("Responsible Entity").

In conjunction with the issue of the WT Notes, the Responsible Entity issued to Deutsche Bank AG the WT 2009 Options. Refer to Note 19(ii) for the principal terms of the notes.

	Consolidated		Parent Entity	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	\$million	\$million	\$million	\$million
NOTE 17 DERIVATIVE LIABILITIES				
Current				
Payables on forward exchange contracts	0.6	14.6	-	0.6
Payables on forward exchange contracts with related parties	-	-	0.6	-
Payables on interest rate swaps	20.5	3.7	18.4	4.0
Payables on interest rate swaps with related entities	-	0.3	2.1	2.5
Payables on cross currency swaps with related entities	-	25.3	-	28.9
	21.1	43.9	21.1	36.0
Non Current				
Payables on forward exchange contracts	3.9	9.6	-	-
Payables on forward exchange contracts with related entities	-	-	3.9	6.9
Payables on interest rate hedges	330.5	11.8	165.9	5.9
Payables on interest rate hedges with related entities	26.6	-	176.8	58.3
Payables on cross currency contracts	-	-	-	-
Payables on cross currency contracts with related entities	-	270.4	-	293.6
	361.0	291.8	346.6	364.7
	Units	Units	Units	Units

NOTE 18 CONTRIBUTED EQUITY

(a) Number of units on issue

Balance at the beginning of the year	1,942,195,614	1,771,753,946	1,942,195,614	1,771,753,946
Distribution reinvestment plan	6,460,687	11,532,131	6,460,687	11,532,131
Units issued on the exercise of options	16,114,734	3,593,579	16,114,734	3,593,579
Pro - rata entitlement offer	-	155,315,958	-	155,315,958
Balance at the end of the year	1,964,771,035	1,942,195,614	1,964,771,035	1,942,195,614

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

Holders of stapled securities can vote their shares and units in accordance with the Act, either in person or by proxy, at a meeting of either WHL, WAT and WT (as the case may be).

NOTE 18 CONTRIBUTED EQUITY (CONTINUED)

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
(b) Movements in contributed equity attributable to Members of WT				
Balance at the beginning of the year	8,033.8	6,088.0	8,033.8	6,088.0
Pro-rata entitlement offer	-	1,769.7	-	1,769.7
Distribution reinvestment plan	70.4	153.7	70.4	153.7
Conversion of options	92.0	48.3	92.0	48.3
Costs associated with the pro-rata entitlement offer	-	(25.9)	-	(25.9)
Balance at the end of the year	8,196.2	8,033.8	8,196.2	8,033.8

Since the end of the year:

- 276,190,500 new ordinary stapled securities have been issued by the Westfield Group as a consequence of a fully underwritten placement for proceeds of \$2.84 billion (net of underwriting expenses). WT's share of the proceeds was \$1.9 billion. At 31 December 2007, 7,223 stapled securities have been issued for a cash consideration of \$0.1 million as a consequence of the exercise of options, WT's share is \$0.04 million; and
- 29,515,871 (31 December 2007: 6,460,687) stapled securities have been issued by the Westfield Group for a cash consideration of \$296.4 million (31 December 2007: \$112.7 million) pursuant to the Westfield Group Distribution Reinvestment Plan, WT's share is \$194.8 million (31 December 2007: \$70.4 million).

	31 Dec 08	31 Dec 08 Weighted average exercise price \$	31 Dec 07	31 Dec 07 Weighted average exercise price \$
Note	No. of options		No. of options	

NOTE 19 SHARE BASED PAYMENTS
Options on issue

- Executive options	19(i)	-	-	239,965	5.70
- WT 2009 options	19(ii)	-	-	223,400	5.00
- Series F Special options	19(iii)	52,500	2.71	52,500	4.02
- Series G Special options	19(iv)	-	-	307,729	3.55
- Series G1 Special options	19(v)	277,778	1.28	277,778	3.55
- Series H Special options	19(vi)	11,805,862	1.45	11,805,862	4.03
- Series I Special options	19(vii)	13,260,859	1.40	13,260,859	3.89
		25,396,999	1.52	26,168,093	4.10

Movement in options on issue

Balance at the beginning of the year	26,168,093	4.10	28,717,124	5.96
<i>Movements in Executive options</i>				
Options exercised during the year				
- extinguished by issuance of new units	(2,415)	-	-	-
- extinguished by payment of cash equal to the difference between market value and the exercise price	(90,000)	5.79	(7,500)	5.81
- extinguished by issuance of new units for \$nil consideration equal to the difference between market value and the exercise price	(147,550)	5.74	(108,750)	7.96
Additional options granted due to pro-rata entitlement offer	-	-	15	-
<i>Movements in WT 2009 options</i>				
Options exercised during the year				
- extinguished by issuance of new units	(221,800)	4.99	(48,000)	5.03
- extinguished by payment of cash	(300)	4.99	-	-
Options lapsed during the year	(1,300)	4.99	-	-
<i>Movement in Series G Special options</i>				
Options lapsed during the year	(307,729)	6.60	(120,586)	7.18
<i>Movement in Series H Special options</i>				
Options cancelled during the year				
- cancelled for \$nil consideration	-	-	(2,264,210)	-
Balance at the end of the year ⁽ⁱ⁾	25,396,999	1.52	26,168,093	4.10

⁽ⁱ⁾ At 31 December 2008, the 25,396,999 (31 December 2007: 26,168,093) options on issue were convertible to 95,811,855 (31 December 2007: 127,597,068) Westfield Group stapled securities.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(i) Executive Option

The options issued to WHL were in relation to options WHL had issued to its executives (i.e. 1,479,900 as at 16 July 2004).

Executive Option Plans

Issue date	Expiry date	Exercise price 31 Dec 08	Exercise price 31 Dec 07	Note	Number exercisable at 31 Dec 08	Number On issue at 31 Dec 08	Number exercisable at 31 Dec 07	Number On issue at 31 Dec 07
19 Aug 2003	19 Aug 2008	-	\$5.802	(a)	-	-	-	15,000
1 Sep 2003	1 Sep 2008	-	\$5.787	(a)	-	-	80,650	197,550
1 Sep 2003	1 Sep 2008	-	\$0.000	(b)	-	-	1,200	2,415
13 Nov 2003	13 Nov 2008	-	\$5.505	(a)	-	-	-	25,000
					-	-	81,850	239,965

(a) Under the terms of the Westfield Executive Option Plan under which these options were granted, 25% of these options may be exercised at any time after the third anniversary of their respective grant dates, 25% of these options may be exercised at any time after the fourth anniversary of their grant dates and the remaining 50% of these options may be exercised on the fifth anniversary of their grant dates.

(b) Under the terms of the Westfield Executive Performance Share Plan under which these awards were granted, 25% of these awards may be exercised at any time after the third anniversary of their respective grant dates, 25% of these awards may be exercised at any time after the fourth anniversary of their grant dates and the remaining 50% of these awards may be exercised on the fifth anniversary of their grant dates.

The rules of the Westfield Executive Option Plan and the Executive Performance Share Plan permit the exercise of an executive option in one of the following ways:

- (i) issuing or transferring a Westfield Group stapled security to the executive option or award holder;
- (ii) paying the executive option holder an amount equal to the difference between the market value of a Westfield Group stapled security as at the date of exercise (determined under section 139FA of the Income Tax Assessment Act 1936) and the exercise price for the Executive Option ("Profit Element"); or
- (iii) issuing or transferring Westfield Group stapled securities to the Executive Option holder equal to the value of the Profit Element.

These options and awards have no entitlement to dividends/distributions of the Westfield Group. The fair value of the Executive Option granted is measured at the grant date using the Black Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

The Parent Entity and the Responsible Entity of WAT have each granted options to WHL to enable WHL to satisfy its obligations to deliver the stapled securities to the holders of the executive options on exercise of that executive option. The price reimbursable by WHL to the Parent Entity is as shown in the above table (being 37.5% of the exercise price of this WHL option).

(ii) WT 2009 Options

On 1 December 2003 the Responsible Entity issued 850,000 call options over ordinary units in WT to Deutsche Bank AG Sydney Branch.

Each WT 2009 option is exercisable at any time between 1 January 2004 and 12 December 2008. The strike price under each option is \$13.3094. In accordance with the terms of the deed for the WT 2009 Options the previous strike price of \$13.3928 was reduced by \$0.0834 as a result of the pro-rata entitlement offer which was completed in July 2007. The Responsible Entity of WT has the discretion to elect to satisfy the exercise of a WT 2009 Option through the issue of Westfield Group stapled securities or cash. The number of Westfield Group securities to be issued on exercise of a WT 2009 Option will be calculated by dividing \$1,000 being the exercise price per WT 2009 Option by the strike price (as may be amended from time to time).

The cash amount is calculated by reference to the volume weighted average price per stapled security over a 10 day period (adjusted for distributions) to which the relevant holder of a WT 2009 Option would have been entitled.

During the year, Deutsche Bank exercised 222,100 (31 December 2007: 48,000) WT 2009 Options. 221,800 (31 December 2007: 48,000) options were extinguished by the issuance of 16,102,382 (31 December 2007: 3,554,918) stapled securities at a weighted average issued price of \$13.77 (31 December 2007: \$21.67). WT's share of this issue price was \$5.16. 300 options were extinguished for cash consideration of \$0.4 million at a weighted average issue price of \$16.52.

As these options are able to be settled in cash they have been classified as a derivative financial liability and have been fair valued through the income statement.

(iii) Series F Special Options

The WAT Series F Special Option entitles the holder the right to be issued for 157.35 fully paid stapled securities in exchange for either US\$1,000 (\$1,449.91) or 1 Series F preferred share in Westfield America, Inc. ("WEA"). The Series F Special Options are exercisable during the period commencing on 1 June 2007 and ending on 1 June 2020. As at 31 December 2008 and 31 December 2007 there were 52,500 Series F Special Options on issue which are exchangeable for 8,260,875 stapled securities.

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

NOTE 19 SHARE BASED PAYMENTS (CONTINUED)

(iv) Series G Special Options

The WAT Series G Special Options are exercisable at any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G Special Option entitles the holder to deliver a Series G Cumulative Redeemable Preferred Share ("Series G CPS") in WEA (or the number of WEA Series A common shares into which Series G CPS has been converted). On exercise the holder of a series G Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series G CPS, the holder delivers the number of WEA Series A common shares into which a Series G CPS has converted. As at 31 December 2008 there were nil WAT Series G Special Options on issue. As at 31 December 2007 there were 307,729 WAT Series G Special Options on issue which were exchangeable for 10,666,872 stapled securities.

(v) Series G1 Special Options

The WAT Series G1 Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. Each Series G1 Special Option entitles the holder to deliver a Series D Cumulative Redeemable Preference Share ("Series D CPS") in WEA (or the number of WEA common shares into which a Series D CPS has been converted). On exercise the holder of a Series G1 Special Option will receive 34.6632 stapled securities. The ratio will be appropriately adjusted where, instead of delivering a Series D CPS, the holder delivers the number of WEA common shares into which a Series D CPS has been converted. As at 31 December 2008 and 31 December 2007, there were 277,778, Series G1 Special Options on issue which are exchangeable for 9,628,674 stapled securities.

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

(vi) Series H Special Options

The WAT Series H Special Options are exercisable any time after September 2003 and expire on the date being 10 days prior to the date of termination of WAT. The Series H Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series H Special Option will receive 3.049065 stapled securities. As at 31 December 2008 there were 11,805,862 (31 December 2007: 11,805,862) Series H Special Options on issue which are exchangeable for 35,996,841 stapled securities (31 December 2007: 35,996,841).

The Parent Entity and Westfield Holdings have each granted 11,805,862 (31 December 2007: 11,805,862) options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver stapled securities to the holder of the Series H Special Options on exercise of that option. Where the exercise of a Series H Special Option is satisfied by delivery of a WEA common share WAT must pay the Parent Entity 37.5% of the value of a WEA common share at the time of exercise.

(vii) Series I Special Options

The WAT Series I Special Options are exercisable any time after May 2004 and expire on the date being 10 days prior to the date of termination of WAT. The Series I Special Options are exercisable by the holder delivering a common share in WEA. On exercise the holder of a Series I Special Option will receive 3.161595 stapled securities. As at 31 December 2008 and 31 December 2007, there were 13,260,859 Series I Special Options on issue which are convertible to 41,925,466 stapled securities (31 December 2007: 41,925,466).

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

(viii) Movements in options since 31 December 2008 to the date of this report

No units have been issued since 31 December 2008 to the date of this report as a result of the exercise of options.

Notes to the Financial Statements

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Note	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
NOTE 20 RESERVES				
Foreign currency translation reserve	56.8	134.2	-	-
Asset revaluation reserve	-	59.2	5,292.0	5,559.3
	56.8	193.4	5,292.0	5,559.3

(a) Movement in foreign currency translation reserve

The foreign currency translation reserve is to record net exchange differences arising from the translation of financial statements of foreign controlled entities and the net investments hedged in these entities.

Balance at the beginning of the year	134.2	136.3	-	-
Foreign exchange movement				
- translation of foreign entities	(77.4)	(2.1)	-	-
Balance at the end of the year	56.8	134.2	-	-

(b) Movement in asset revaluation reserve

The asset revaluation reserve is to record unrealised increments and decrements in value of assets held as available for sale.

Balance at the beginning of the year	59.2	143.6	5,559.3	4,599.4
Revaluation increment (decrement)	(59.2)	(84.4)	(267.3)	959.9
Balance at the end of the year	-	59.2	5,292.0	5,559.3

NOTE 21 RETAINED PROFITS

Movement in retained profits

Balance at the beginning of the year		9,215.3	7,560.7	3,849.4	3,241.2
Profit after tax expense attributable to members		3.0	2,507.1	133.7	1,460.7
Distributions paid	23	(996.6)	(852.5)	(996.6)	(852.5)
Balance at the end of the year		8,221.7	9,215.3	2,986.5	3,849.4

NOTE 22 CASH AND CASH EQUIVALENTS

(a) Components of cash and cash equivalents

Cash		144.1	90.5	69.7	35.9
Total cash and cash equivalents		144.1	90.5	69.7	35.9

(b) Reconciliation of profit after tax expense to net cash flows from operating activities

Profit after tax expense		3.0	2,507.1	133.7	1,460.7
Property revaluations		474.8	(1,398.5)	417.6	(503.6)
Deferred tax expense (benefit)		(30.7)	71.9	-	-
Financing costs		742.7	349.0	571.9	278.0
Interest income		(18.0)	(65.1)	(13.6)	(56.7)
Share of associate's profit in excess of distribution		68.3	(168.5)	-	-
Net capital profit on realisation of assets		(15.6)	(30.2)	(4.3)	(3.8)
Amortisation of tenant allowances		21.2	17.7	8.5	7.9
Increase/(Decrease) in working capital attributable to operating activities		51.7	(20.5)	(62.3)	49.6
Net profit attributable to minority interests		14.5	22.8	-	-
Currency derivatives		12.1	(109.1)	(21.5)	(116.1)
Net cash flows from operating activities		1,324.0	1,176.6	1,030.0	1,116.0

NOTE 23 DISTRIBUTIONS

(a) Final distribution proposed

66% estimated tax advantaged (31 December 2007: 38% tax advantaged)		510.8	446.7	510.8	446.7
		510.8	446.7	510.8	446.7

Final distributions were paid on 27 February 2009. The record date for these distributions was 5pm, 6 February 2009.

The Westfield Group Distribution Reinvestment Plan ("DRP") was in operation for the distribution paid on 27 February 2009. Securities issued under the DRP in respect of the distribution paid on 27 February 2009 rank for distribution from 1 January 2009. The record date for participation in the DRP for the distribution paid on 27 February 2009 was 5pm, 6 February 2009.

NOTE 23 DISTRIBUTIONS (CONTINUED)

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
(b) Distributions paid during the year				
Distribution in respect of the 6 months to 30 June 2008	549.9	-	549.9	-
Distribution in respect of the 6 months to 31 December 2007	446.7	-	446.7	-
Distribution in respect of the 6 months to 30 June 2007	-	517.1	-	517.1
Distribution in respect of the 6 months to 31 December 2006	-	335.4	-	335.4
Total distribution paid	996.6	852.5	996.6	852.5

NOTE 24 LEASE COMMITMENTS**Operating lease receivables**

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

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

Due within one year	1,383.7	1,227.5	554.7	479.7
Due between one and five years	3,472.3	2,707.3	1,457.6	1,077.3
Due after five years	2,382.3	2,502.5	895.7	992.0
	7,238.3	6,437.3	2,908.0	2,549.0

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.

NOTE 25 CAPITAL EXPENDITURE COMMITMENTS

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

Due within one year	160.7	332.7	-	94.1
Due between one and five years	657.1	-	-	-
Due after five years	-	-	-	-
	817.8	332.7	-	94.1

NOTE 26 CONTINGENT LIABILITIES

Performance guarantees	14.4	14.5	0.3	0.5
Guaranteed borrowings of controlled entities	-	-	5,722.4	4,489.7
Guaranteed borrowings of associates of the Responsible Entity	10,149.4	4,808.8	10,149.4	4,808.8
	10,163.8	4,823.3	15,872.1	9,299.0

From time to time, in the normal course of business, WT 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 WT.

Notes to the Financial Statements

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NOTE 27 SEGMENT INFORMATION

Primary Geographic Segment

	Australia		New Zealand		Consolidated	
	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07	31 Dec 08	31 Dec 07
	\$million	\$million	\$million	\$million	\$million	\$million
Revenue						
Property revenue	1,419.2	1,325.0	242.9	224.6	1,662.1	1,549.6
	1,419.2	1,325.0	242.9	224.6	1,662.1	1,549.6
Share of after tax profits of equity accounted entities						
Property revenue	125.8	113.2	-	-	125.8	113.2
Property revaluation	(69.6)	157.5	-	-	(69.6)	157.5
Property expenses and outgoings	(36.1)	(32.9)	-	-	(36.1)	(32.9)
Interest and tax expense	(2.5)	0.4	-	-	(2.5)	0.4
	17.6	238.2	-	-	17.6	238.2
Expenses						
Property expenses and outgoings	(408.7)	(354.2)	(62.4)	(63.8)	(471.1)	(418.0)
Property and funds management costs	(17.0)	(17.0)	-	-	(17.0)	(17.0)
Corporate costs	(4.9)	(4.0)	(0.4)	(0.9)	(5.3)	(4.9)
	(430.6)	(375.2)	(62.8)	(64.7)	(493.4)	(439.9)
Property revaluations	(306.1)	1,188.1	(168.7)	210.4	(474.8)	1,398.5
Interest income	16.6	63.4	1.4	1.7	18.0	65.1
Net capital profit on realisation of assets	15.6	29.8	-	0.4	15.6	30.2
Currency derivatives	(5.9)	108.6	(6.2)	0.5	(12.1)	109.1
Segment result	726.4	2,577.9	6.6	372.9	733.0	2,950.8
Financing costs					(742.7)	(349.0)
Tax benefit/(expense)					27.2	(71.9)
Consolidated profit after tax					17.5	2,529.9
Segment assets						
Segment assets	22,683.9	21,770.6	2,653.9	2,952.9	25,337.8	24,723.5
Corporate assets					2,379.2	2,865.1
Total segment assets	22,683.9	21,770.6	2,653.9	2,952.9	27,717.0	27,588.6
Segment liabilities						
Segment liabilities	1,330.5	1,585.2	79.6	73.3	1,410.1	1,658.5
Corporate liabilities					9,636.4	8,297.2
Total segment liabilities	1,330.5	1,585.2	79.6	73.3	11,046.5	9,955.7
Other segment information						
Investment in equity accounted associates included in segment assets	1,612.3	1,625.7	-	-	1,612.3	1,625.7
Additions to segment non current assets	1,226.5	650.4	70.2	181.9	1,296.7	832.3

Secondary Business Segment

WT operates in one business segment being an internally managed, vertically integrated, retail property group.

NOTE 28 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 (ie 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;
- adequate financing facilities for unforeseen contingencies are maintained; and
- distributions to members are made 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 buyback program, divesting assets to repay borrowings or adjusting the timing of capital expenditure for its property redevelopment pipeline.

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

NOTE 29 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 policy. The policy has 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 objective.

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 the oversight role by the Group's Executive Risk Management Committee and internal audit function.

The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rates, foreign exchange, liquidity and credit risk. The Group enters into derivative financial instruments, principally interest rate swaps, 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.

Notes to the Financial Statements

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NOTE 30 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 risk on borrowings which are typically floating rate debt or notional borrowings. The exposures at reporting date together with the interest rate risk management transactions are as follows:

(i) Interest payable

	Note	31 Dec 08 \$million	31 Dec 07 \$million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	15	1,617.0	1,068.3
Non current interest bearing liabilities	15	5,970.3	4,785.4
Unsecured convertible notes	16	1.3	345.6
Share of equity accounted entities interest bearing liabilities	12(c)	19.5	18.0
Cross currency swaps			
- A\$	31(i)	3,081.9	2,103.1
- £133.0 million (31 December 2007: £133.0 million)	31(i)	278.5	303.4
Principal amounts subject to interest rate exposure		10,968.5	8,623.8
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
- A\$	30(iii)	160.0	360.0
- €200.0 million (31 December 2007: €200.0 million)	30(iii)	409.6	335.2
- £440.0 million (31 December 2007: £440.0 million)	30(iii)	921.5	1,003.9
- US\$1,131.8 million (31 December 2007: US\$1,150.0 million)	30(ii)	1,641.0	1,309.0
Fixed rate derivatives			
- A\$	30(iii)	2,501.4	1,748.4
- £425.5 million (31 December 2007: nil)	30(iii)	891.1	-
Principal amounts on which interest rate exposure has been hedged		6,524.6	4,756.5

At 31 December 2008, the Group has fixed 59% of its interest payable exposure by way of fixed rate borrowings and interest rate derivatives of varying durations. The remaining 41% is exposed to floating rates on a principal payable of \$4,443.9 million, at an average interest rate of 4.8%, including margin (31 December 2007: 55% hedged with floating exposure of \$3,867.3 million at an average rate of 7.4%). An increment of 0.5% in the market rate would result in an increase in interest expense of \$22.2 million (31 December 2007: \$19.3 million). A decrement of 0.5% in the market rate would result in a decrease in interest expense of \$22.2 million (31 December 2007: \$19.3 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of the fixed rate borrowings and derivatives due to interest rate movements are set out in Note 30(iii).

(ii) Interest receivable

The Group is exposed to interest receivable risk on loans receivables and notional borrowings entered into under cross currency swaps.

The table below summarises these exposures at reporting date together with the interest rate risk management transactions which have been entered into to manage those exposures:

Principal amounts of all interest bearing assets:			
Loans receivable from related entities	9	-	667.2
Cross currency swaps			
- US\$1,360.0 million (31 December 2007: US\$1,500.0 million)	31(i)	1,971.9	1,707.5
- €200.0 million (31 December 2007: €200.0 million)	31(i)	409.6	335.2
- NZ\$1,617.5 million (31 December 2007: NZ\$122.0 million)	31(i)	1,352.3	107.6
Principal amounts subject to interest rate exposure		3,733.8	2,817.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
- US\$1,150.0 million (31 December 2007: US\$1,150.0 million)	30(iii)	1,667.4	1,309.0
- €200.0 million (31 December 2007: €200.0 million)	30(iii)	409.6	335.2
Principal amounts on which interest rate exposure has been hedged		2,077.0	1,644.2

At 31 December 2008, the Group has fixed 56% of its interest receivable exposure by way of interest rate derivatives of varying durations. The remaining 44% is exposed to floating rates on a principal receivable of \$1,656.8 million, at an average interest rate of 4.9%, including margin (31 December 2007: 58% hedged with floating exposure of \$1,173.3 million at an average rate of 7.0%). An increment of 0.5% in the market rate would result in a decrease in interest expense of \$8.3 million (31 December 2007: \$5.9 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of \$8.3 million (31 December 2007: \$5.9 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates. Changes to the fair value of the fixed rate derivatives due to interest rate movements are set out in Note 30(iii).

NOTE 30 INTEREST RATE RISK MANAGEMENT (CONTINUED)

(iii) Fixed rate debt and interest rate derivatives

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 ensure that the Group is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to ensure compliance with borrowing covenants.

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

	Interest rate derivatives		Fixed rate borrowings		Interest rate derivatives		Fixed rate borrowings	
	31 Dec 08	31 Dec 08	31 Dec 08	31 Dec 08	31 Dec 07	31 Dec 07	31 Dec 07	31 Dec 07
Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	Principal amount million	Average rate	Principal amount million	Average rate including margin	Principal amount million	Average rate	Principal amount million	Average rate including margin
A\$ receivable / (payable)								
31 December 2007	-	-	-	-	A\$(1,748.4)	5.46%	A\$(360.0)	5.33%
31 December 2008	A\$(2,501.4)	5.57%	A\$(160.0)	5.46%	A\$(2,768.4)	5.71%	A\$(160.0)	5.46%
31 December 2009	A\$(2,541.4)	6.17%	A\$(160.0)	5.46%	A\$(3,833.4)	6.12%	A\$(160.0)	5.46%
31 December 2010	A\$(2,174.7)	6.32%	-	-	A\$(3,695.0)	5.93%	-	-
31 December 2011	A\$(3,000.2)	5.86%	-	-	A\$(3,006.3)	5.91%	-	-
31 December 2012	A\$(2,875.2)	6.15%	-	-	A\$(2,581.2)	5.87%	-	-
31 December 2013	A\$(2,525.2)	6.45%	-	-	A\$(1,631.2)	6.33%	-	-
31 December 2014	A\$(1,763.0)	6.20%	-	-	A\$(769.0)	6.15%	-	-
31 December 2015	A\$(1,408.5)	6.18%	-	-	A\$(10.0)	6.16%	-	-
31 December 2016	A\$(503.5)	6.26%	-	-	-	-	-	-
31 December 2017	A\$(503.5)	6.26%	-	-	-	-	-	-
€ receivable / (payable)								
31 December 2007	-	-	-	-	€200.0	3.58%	€(200.0)	3.58%
31 December 2008	€200.0	3.58%	€(200.0)	3.58%	€200.0	3.58%	€(200.0)	3.58%
31 December 2009	€200.0	3.58%	€(200.0)	3.58%	€200.0	3.58%	€(200.0)	3.58%
31 December 2010	€200.0	3.58%	€(200.0)	3.58%	€200.0	3.58%	€(200.0)	3.58%
31 December 2011	€200.0	3.58%	€(200.0)	3.58%	€200.0	3.58%	€(200.0)	3.58%
£ receivable / (payable)								
31 December 2007	-	-	-	-	-	-	£(440.0)	5.39%
31 December 2008	£(425.5)	5.10%	£(440.0)	5.39%	£(300.5)	4.61%	£(440.0)	5.39%
31 December 2009	£(425.5)	5.10%	£(440.0)	5.39%	£(350.5)	4.85%	£(440.0)	5.39%
31 December 2010	£(425.5)	5.10%	£(440.0)	5.39%	£(425.5)	5.10%	£(440.0)	5.39%
31 December 2011	£(425.5)	5.10%	£(440.0)	5.39%	£(425.5)	5.10%	£(440.0)	5.39%
31 December 2012	£(292.5)	4.99%	£(440.0)	5.39%	£(292.5)	4.99%	£(440.0)	5.39%
31 December 2013	£(292.5)	4.99%	£(440.0)	5.39%	£(292.5)	4.99%	£(440.0)	5.39%
31 December 2014	-	-	£(440.0)	5.39%	-	-	£(440.0)	5.39%
31 December 2015	-	-	£(440.0)	5.39%	-	-	£(440.0)	5.39%
31 December 2016	-	-	£(440.0)	5.39%	-	-	£(440.0)	5.39%
US\$ receivable / (payable)								
31 December 2007	-	-	-	-	US\$1,150.0	4.71%	US\$(1,150.0)	4.71%
31 December 2008	US\$1,150.0	4.71%	US\$(1,131.8)	4.71%	US\$1,150.0	4.71%	US\$(1,150.0)	4.71%
31 December 2009	US\$1,150.0	4.71%	US\$(1,131.8)	4.71%	US\$1,150.0	4.71%	US\$(1,150.0)	4.71%
31 December 2010	US\$550.0	5.09%	US\$(550.0)	5.09%	US\$550.0	5.09%	US\$(550.0)	5.09%
31 December 2011	US\$550.0	5.09%	US\$(550.0)	5.09%	US\$550.0	5.09%	US\$(550.0)	5.09%
31 December 2012	US\$550.0	5.09%	US\$(550.0)	5.09%	US\$550.0	5.09%	US\$(550.0)	5.09%
31 December 2013	US\$550.0	5.09%	US\$(550.0)	5.09%	US\$550.0	5.09%	US\$(550.0)	5.09%

The Group's interest rate derivatives do not meet the accounting requirements to qualify for hedge accounting treatment. Gains or losses arising from changes in fair value have been reflected in the income statement as a component of interest expense. The loss for the year ended 31 December 2008 was \$469.6 million (31 December 2007: gain of \$230.2 million). At 31 December 2008, the aggregate fair value is a payable of \$229.1 million (31 December 2007: receivable of \$240.5 million). An increment of 0.5% in the market rate would result in a decrease in interest expense of \$70.8 million (31 December 2007: \$49.0 million). A decrement of 0.5% in the market rate would result in an increase in interest expense of \$73.3 million (31 December 2007: \$50.4 million). The increment or decrement in interest expense is proportional to the increase or decrease in interest rates.

All fixed rate debt is carried at amortised cost, therefore gains or losses arising from changes in fair value have not been recorded in these financial statements. The decrease in fair value for the year ended 31 December 2008 was \$642.9 million (31 December 2007: \$83.7 million). The difference between the carrying value and fair value of fixed rate debt at 31 December 2008 is a receivable of \$813.6 million (31 December 2007: \$170.6 million). An increment of 0.5% in the market rate would result in a decrease in fair value of \$41.4 million (31 December 2007: \$67.6 million). A decrement of 0.5% in the market rate would result in an increase in fair value of \$42.0 million (31 December 2007: \$68.5 million). The increment or decrement in fair value is proportional to the increase or decrease in interest rates.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 31 EXCHANGE RATE RISK MANAGEMENT

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

Summary of foreign exchange balance sheet positions at balance date

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

	Note	Consolidated	
		31 Dec 08 million	31 Dec 07 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:			
NZ\$ net assets		NZ\$3,114.6	NZ\$3,231.9
NZ\$ borrowings		NZ\$(1,548.9)	NZ\$(71.1)
NZ\$ cross currency swaps	31(i)	NZ\$1,617.5	NZ\$122.0
NZ\$ denominated net assets		NZ\$3,183.2	NZ\$3,282.8

An increment of 5 cents in the market rate for NZ\$ (1.1961 to 1.2461) would result in a charge to the foreign currency translation reserve of \$52.5 million (31 December 2007 - 1.1341 to 1.1841: \$117.7 million) and an expense to the income statement of \$54.3 million (31 December 2007: \$4.5 million). A decrement of 5 cents in the market rate for NZ\$ would result in an increase to the foreign currency translation reserve of \$57.1 million (31 December 2007: \$128.5 million) and a gain to the income statement of \$59.0 million (31 December 2007: \$5.0 million). The increment or decrement to the foreign currency translation reserve and the income statement is proportional to the increase or decrease in exchange rates and are on a pre-tax basis.

(i) Cross currency swaps hedging the Group's foreign currency assets and liabilities

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

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate		Principal amount (payable)/receivable			
	31 Dec 08	31 Dec 07	31 Dec 08 million	31 Dec 08 million	31 Dec 07 million	31 Dec 07 million
£						
Contracts to receive € and pay £						
31 December 2007	-	0.6648			€200.0	£(133.0)
31 December 2008	0.6648	0.6648	€200.0	£(133.0)	€200.0	£(133.0)
31 December 2009	0.6648	0.6648	€200.0	£(133.0)	€200.0	£(133.0)
31 December 2010	0.6648	0.6648	€200.0	£(133.0)	€200.0	£(133.0)
31 December 2011	0.6648	0.6648	€200.0	£(133.0)	€200.0	£(133.0)

NZ\$

Contracts to receive NZ\$ and pay A\$						
31 December 2007	-	1.2200	-	-	A\$(100.0)	NZ\$122.0
31 December 2008	1.2802	-	A\$(1,263.5)	NZ\$1,617.5	-	-
31 December 2009	1.2801	-	A\$(1,225.3)	NZ\$1,568.5	-	-
31 December 2010	1.2806	-	A\$(1,166.6)	NZ\$1,494.0	-	-
31 December 2011	1.2806	-	A\$(1,166.6)	NZ\$1,494.0	-	-
31 December 2012	1.2804	-	A\$(990.9)	NZ\$1,268.8	-	-
31 December 2013	1.2816	-	A\$(817.8)	NZ\$1,048.1	-	-
31 December 2014	1.2834	-	A\$(644.6)	NZ\$827.3	-	-
31 December 2015	1.2816	-	A\$(474.8)	NZ\$608.5	-	-
31 December 2016	1.2824	-	A\$(304.5)	NZ\$390.5	-	-
31 December 2017	1.2843	-	A\$(169.7)	NZ\$218.0	-	-

US\$

Contracts to receive US\$ and pay A\$						
31 December 2007	-	0.7488	-	-	A\$(2,003.1)	US\$1,500.0
31 December 2008	0.7479	0.7479	A\$(1,818.4)	US\$1,360.0	A\$(1,818.4)	US\$1,360.0
31 December 2009	0.7479	0.7479	A\$(1,818.4)	US\$1,360.0	A\$(1,818.4)	US\$1,360.0
31 December 2010	0.7461	0.7461	A\$(737.2)	US\$550.0	A\$(737.2)	US\$550.0
31 December 2011	0.7461	0.7461	A\$(737.2)	US\$550.0	A\$(737.2)	US\$550.0
31 December 2012	0.7461	0.7461	A\$(737.2)	US\$550.0	A\$(737.2)	US\$550.0
31 December 2013	0.7461	0.7461	A\$(737.2)	US\$550.0	A\$(737.2)	US\$550.0

NOTE 31 EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

At 31 December 2008, none of the above described cross currency swaps qualify for hedge accounting and gains or losses arising from changes in fair values have been reflected in the income statement. The gain for the year ended 31 December 2008 was \$609.1 million (31 December 2007: loss of \$169.0 million). The aggregate fair value of cross currency swaps at 31 December 2008 is a receivable of \$352.9 million (31 December 2007: payable of \$256.2 million). An increment of 5 cents in the market rate for US\$ (0.6897 to 0.7397) would result in loss to the income statement of \$133.3 million (31 December 2007: \$91.1 million). A decrement of 5 cents in the market rate for US\$ would result in a gain to the income statement of \$154.1 million (31 December 2007: \$103.0 million). An increment of 5 cents in the market rate for NZ\$ (1.1961 to 1.2461) would result in a loss to the income statement of \$54.3 million (31 December 2007: \$4.5 million). A decrement of 5 cents in the market rate for NZ\$ would result in a gain to the income statement of \$59.0 million (31 December 2007: \$5.0 million). An increment of 3 pence in the market rate for £ (0.4775 to 0.5075) would result in a gain to the income statement of \$16.5 million (31 December 2007: \$19.4 million). A decrement of 3 pence in the market rate for £ would result in a loss to the income statement of \$18.7 million (31 December 2007: \$22.3 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

(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 outstanding at	Weighted average exchange rate		Amount (payable)/receivable			
	31 Dec 08	31 Dec 07	31 Dec 08 million	31 Dec 08 million	31 Dec 07 million	31 Dec 07 million
US\$						
Contracts to sell US\$ and buy A\$						
31 December 2008	-	0.8910	-	-	A\$(659.6)	US\$(587.7)
£						
Contracts to receive £ and pay A\$						
31 December 2008	-	0.4115	-	-	A\$267.3	£(110.0)

At 31 December 2008, none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The loss for the year ended 31 December 2008 was \$5.8 million (31 December 2007: gain of \$5.8 million). The aggregate fair value of other foreign currency derivatives at 31 December 2008 is a receivable of nil (31 December 2007: \$5.8 million).

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

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

The following table details the forward exchange contracts outstanding at reporting date. These mitigate the impact of exchange rate movements on the Group's distribution and are ineffective hedges for accounting purposes.

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate		Amount (payable)/receivable			
	31 Dec 08	31 Dec 07	31 Dec 08 million	31 Dec 08 million	31 Dec 07 million	31 Dec 07 million
NZ\$						
Contracts to buy A\$ and sell NZ\$						
31 December 2008	-	1.1350	-	-	A\$175.3	NZ\$(199.0)
31 December 2009	1.1509	1.1509	A\$173.1	NZ\$(199.2)	A\$173.1	NZ\$(199.2)
31 December 2010	1.1860	1.1872	A\$152.2	NZ\$(180.5)	A\$129.7	NZ\$(154.0)
31 December 2011	1.2084	1.2191	A\$154.9	NZ\$(187.2)	A\$90.2	NZ\$(110.0)
31 December 2012	1.2172	1.2409	A\$135.8	NZ\$(165.3)	A\$40.3	NZ\$(50.0)
31 December 2013	1.2245	-	A\$78.2	NZ\$(95.7)	-	-

At 31 December 2008, none of the above described foreign exchange derivatives qualify for hedge accounting and gains or losses arising from changes in fair value have been reflected in the income statement. The gain for the year ended 31 December 2008 was \$15.7 million (31 December 2007: loss of \$0.4 million). The aggregate fair value of forward exchange contracts at 31 December 2008 is a receivable of \$10.4 million (31 December 2007: payable of \$5.3 million). An increment of 5 cents in the market rate for NZ\$ (1.1961 to 1.2461) would result in a gain to the income statement of \$25.0 million (31 December 2007: \$22.0 million). A decrement of 5 cents in the market rate for NZ\$ would result in a loss to the income statement of \$27.4 million (31 December 2007: \$24.0 million). The increment or decrement to the income statement is proportional to the increase or decrease in exchange rates.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 32 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 outstanding face value.

At 31 December 2008, the aggregate credit risk in respect of derivative financial instruments is \$516.3 million (31 December 2007: \$294.8 million). In accordance with Group policy, credit risk is spread among a number of creditworthy counterparties within specified limits. The Group had 62% of its aggregate credit risk spread over two counterparties each with an S&P long term rating of AA- 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 15.

NOTE 33 FINANCIAL RISK - PARENT ENTITY

The Parent Entity's principal financial instruments comprise cash, receivables, payables, interest bearing liabilities, other financial liabilities, and investments in subsidiaries.

As a member of the Group, the Parent Entity is covered under the same policies and procedures outlined above. Refer to Note 29 for the management of the Group's key financial risks.

The Parent Entity is exposed to interest and foreign exchange risk on intercompany loans, other investments and interest and foreign currency derivative financial instruments. These risks are managed on a Group basis (refer to Notes 30 and 31).

(i) InterGroup loans payable and receivable

Where the Parent Entity undertakes a borrowing or investment in a foreign currency the exchange risk is mitigated by the Parent Entity entering into an equal and opposite deal with a controlled entity. Hence the foreign exchange and interest exposure in the original transaction is substantially mitigated.

(ii) Other investments

Other investments are designated investments available for sale. Other investments are stated at fair value of the Group's interest in the underlying assets which approximate fair value.

Gains or losses on available for sale investments are recognised as a separate component of equity until the investment is sold or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the income statement.

The Parent Entity is exposed to foreign exchange translation risk on its other investments which are denominated in foreign currencies, when assessing recoverable amount. The Parent Entity hedges these items in its own financial statements, and these activities are carried out on a Group basis.

NOTE 34 INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASHFLOW MATURITY PROFILE

	Consolidated		Parent Entity	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer Note 15) together with the aggregate future estimated interest thereon, and the estimated impact of contracted interest and currency derivative cashflows is set out below:				
Due within one year	1,770.7	1,101.8	1,724.1	1,048.6
Due between one and five years	4,856.6	3,225.5	3,230.2	1,442.5
Due after five years	2,453.4	3,120.8	2,453.3	2,889.9
	9,080.7	7,448.1	7,407.6	5,381.0

NOTE 35 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 08 \$million	31 Dec 07 \$million	31 Dec 08 \$million	31 Dec 07 \$million
Consolidated assets				
Cash and cash equivalents	144.1	90.5	144.1	90.5
Trade receivables ⁽ⁱ⁾	17.4	16.3	17.4	16.3
Receivables	1,839.6	2,515.0	1,839.6	2,515.0
Derivative assets	516.3	320.4	516.3	320.4
Consolidated liabilities				
Payables ⁽ⁱ⁾	1,410.1	1,658.5	1,410.1	1,658.5
Interest bearing liabilities				
- Fixed rate debt	2,318.5	2,837.5	3,132.1	3,008.1
- Floating rate debt	4,451.9	2,845.6	4,455.2	2,845.6
Other financial liabilities	1,273.1	1,690.7	1,273.1	1,690.7
Derivative liabilities	382.1	335.7	382.1	335.7
Parent Entity assets				
Cash and cash equivalents	69.7	35.9	69.7	35.9
Trade receivables ⁽ⁱ⁾	6.0	4.7	6.0	4.7
Receivables	2,034.1	2,607.4	2,034.1	2,607.4
Derivative assets	516.3	297.6	516.3	297.6
Parent Entity liabilities				
Payables ⁽ⁱ⁾	1,104.6	1,463.7	1,104.6	1,463.7
Interest bearing liabilities				
- Fixed rate debt	2,318.5	2,837.5	3,132.1	3,008.1
- Floating rate debt	3,044.2	1,253.2	3,045.5	1,253.2
Other financial liabilities	1,273.1	1,690.7	1,273.1	1,690.7
Derivative liabilities	367.7	400.7	367.7	400.7

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

	Consolidated		Parent Entity	
	31 Dec 08 \$'000	31 Dec 07 \$'000	31 Dec 08 \$'000	31 Dec 07 \$'000

NOTE 36 AUDITOR'S REMUNERATION

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

- Audit or review of the financial reports	2,185	1,866	1,956	1,708
- Assurance and compliance services	128	553	128	528
- Other services	-	-	-	-
	2,313	2,419	2,084	2,236

Amounts received or due and receivable by Affiliates of the auditors of the Parent Entity for:

- Audit or review of the financial reports	174	130	-	-
	174	130	-	-
	2,487	2,549	2,084	2,236

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 37 RELATED PARTY DISCLOSURES

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

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

(a) Nature of relationship with related parties

(i) Consolidated

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in note 38.

Other Related Parties

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

(ii) Parent

Subsidiaries

Details of Parent Entity interests in subsidiaries are disclosed in Note 39.

Key Management Personnel of the entity

Details of Key Management Personnel are disclosed in Note 38.

Other Related Parties

The related parties noted under the consolidated description above are also related parties of the Parent Entity.

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

(i) Consolidated

Transactions with Key Management Personnel of the entity

Remuneration of Key Management Personnel is disclosed in note 38.

The Westfield Group owns two aircrafts for business use by its executives. One is located in Australia and the other is located in the United States. From time to time, LFG, Mr Peter Lowy, Mr David Lowy and Mr Steven Lowy hire the aircraft (when the aircraft is not required for business use) and are charged for such usage by the Westfield Group. The rate used for determining the amounts charged was reviewed by an independent expert and determined to be an arm's length rate. Amounts charged to LFG and these Directors totalled \$71,876 (31 December 2007: \$829,906) during the period, and were payable on seven day terms.

Other Related Parties

The Westfield Group and LFG have entered into arrangements regarding the Westfield Group's business use of LFG aircraft and related expenditure. These arrangements are on arm's length terms and they were reviewed by an independent expert. Details of these arrangements are as follows

- The Westfield Group entered into arrangements regarding the use of aircraft owned by LFG. The charges for these aircraft were on normal arm's length rates. During the period the Westfield Group incurred costs amounting to \$1,655,046 (31 December 2007: \$1,125,811) in relation to the use of these aircraft. Amounts charged are payable on 30 day terms.
- The Westfield Group 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 period the Westfield Group charged LFG \$395,226 (31 December 2007: \$540,117) in relation to the provision of aircrew, maintenance, and hangar facility to LFG, which were payable on seven day terms. Also during the period, the Westfield Group was charged \$284,747 (31 December 2007: \$389,104) for use of aircraft crew employed by LFG, which are

payable on 30 day terms.

LFG currently subleases premises from the Westfield Group. During the period \$317,005 (31 December 2007: \$299,356) was charged to LFG covering rental and outgoing with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and payable on seven day terms.

During the period the Westfield Group paid amounts totalling \$18,134 (31 December 2007: \$29,885) for rental accommodation owned by LFG.

During the period the Westfield Group charged LFG \$141,300 (31 December 2007: \$99,936) for service costs in relation to the provision of communication services.

During the period the Westfield Group provided telecommunication and security services to certain Executive Directors necessary for them to fulfill their responsibilities.

At year end the following amounts were recorded in the Westfield Group balance sheet as receivable with the following related parties:

Nature	Type	2008	2007
Owing from LFG	Current receivable	nil	\$1,509

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.

(ii) Parent

Subsidiaries

Investments held in subsidiaries are disclosed in Note 39.

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

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

- (a) Property management fee
- (b) Manager's service charge
- (c) Reimbursement of expenses
- (d) Construction contracts
- (e) Rebates
- (f) Loans and financial derivatives

(c) Property management fee

The Property management fee for the year ended 31 December 2008 was \$81.2 million (31 December 2007: \$75.9million) of which \$1.4 million (31 December 2007: \$8.0 million) was payable to associates of the Responsible Entity at 31 December 2008.

(d) Manager's service charge

The Managers service charge expensed and payable for the year ended 31 December 2008 was \$17.0 million (31 December 2007: \$17.0 million) of which \$8.1 million (31 December 2007: \$8 million) was payable to associates of the Responsible Entity at 31 December 2008.

(e) Reimbursement of expenses

Reimbursement of expenses to associates of the Responsible Entity were \$74.7 million (31 December 2007: \$66.1 million) for the year ended 31 December 2008.

(f) Construction contracts

During the year, amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to \$451.5 million (31 December 2007: \$543.7 million).

NOTE 37 RELATED PARTY DISCLOSURES (CONTINUED)

(g) Loans and financial derivatives

Cross currency swaps with WAT

WT and WAT entered into two cross currency swaps on 3 November 2004 and one cross currency swap on 18 January 2005. The terms, interest and principal amounts are as follows:

- i) WT receives from WAT, on a semi-annual basis, a commercial fixed rate on a principal of US\$600.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commercial fixed rate on a principal of A\$804.2 million. The maturity date of this instrument is 15 November 2010; and
- ii) WT receives from WAT, on a semi-annual basis, a commercial fixed rate on a principal of US\$550.0 million in exchange for WT paying to WAT, on a semi-annual basis, a commercial fixed rate on a principal of A\$737.2 million. The maturity date of this instrument is 15 November 2014.
- iii) WT receives from WAT, on a quarterly basis, floating rate on a principal of US\$210.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A\$277.0 million. The maturity date of this instrument is 5 February 2010.

The interest expense for the year in respect of cross currency swaps with WAT is \$48.1 million (31 December 2007: \$44.7 million).

Interest rate swaps with WAT

WT and WAT entered into an A\$ interest rate swap on 13 December 2004 for the value of \$200.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of July 2006 and continues until February 2015.

WT and WAT entered into an A\$ interest rate swap on 13 July 2007 for the value of \$500.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of August 2016 and continues until September 2016.

WT and WAT entered into an A\$ interest rate swap on 13 July 2007 for the value of \$350.0 million. WT receives, on a quarterly basis, a commercial floating rate from WAT and pays to WAT on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of November 2013 and continues until August 2015.

WT and WAT entered into an A\$ interest rate swap on 26 November 2008 for the value of \$200.0 million. WT pays, on a quarterly basis, a commercial floating rate to WAT and receives from WAT, on a quarterly basis, a commercial fixed rate. The interest rate swap has a start date of April 2009 and continues until August 2011.

Interest rate swaps with Westfield Capital Corporation Limited ("WCC")

WT and WCC entered into GBP interest rate swaps on 6 July 2007 for the value of £425.0 million. WT pays, on a quarterly basis, a commercial floating rate to WCC and receives from WCC, on a quarterly basis, a commercial fixed rate. The interest rate swaps had a start date of July 2007 and were terminated in July 2008. The net interest revenue for the year in respect of the interest rate swaps with WCC is \$0.6 million (31 December 2007: \$7.1 million) and the gain from the termination of interest rate swaps is \$1.8 million.

Loans to/from WHL

During the year WT had advances to/from WHL. The net balance of the loan at year end is \$244.5 million receivable (31 December 2007: \$371.3 million), with accrued interest payable of \$2.4 million (31 December 2007: \$0.9 million). The net interest expense for the year in respect of the loan to WHL is \$27.3 million (31 December 2007: net interest income of \$12.1 million).

Loans to/from WAT

During the year, WAT advanced loans to WT. The balance of these loans at year end is \$893.3 million payable (31 December 2007: \$394.3 million) with accrued interest of \$4.2 million payable (31 December 2007: \$3.7 million). Interest accrues on this loan on a quarterly basis based on a floating rate. The interest expense for the year in respect of the loan from WAT is \$37.4 million (31 December 2007: \$30.8 million).

Loans to Westfield America Limited Partnership ("WALP")

WT issued a promissory note to WALP in 2007. The balance of these notes at year end is nil (31 December 2007: US\$586.0 million). The interest income for the year in respect of the loan to WALP is \$1.7 million (31 December 2007: \$8.5 million).

Key Management Personnel of the entity

Details of transactions with Key Management Personnel are disclosed in part b(i) above.

Other Related Parties

Details of transactions with Other Related Parties are disclosed in part b(i) above.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL

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

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

1. Remuneration Committee

1.1 Role of the Committee

The Westfield Group's remuneration arrangements are overseen by the Remuneration Committee. The Committee's activities are governed by its Charter, a copy of which is available on the Westfield Group's website, www.westfield.com.

The responsibilities of the Remuneration Committee include:

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

1.2 Membership and meetings

The current members of the Remuneration Committee are:

Name	Position held	Status
Frederick G Hilmer AO	Chairman	Independent Director
Roy L Furman	Member	Independent Director
David M Gonski AC	Member	Independent Director

The Committee met three times in the Financial Year. All members of the Committee attended all meetings.

2 Remuneration of Non-Executive Directors

2.1 Policy

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

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

The Westfield 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 note 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 Westfield Group's incentive plans. None of the Non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

Non-Executive Director remuneration comprises a base fee (which is inclusive of superannuation guarantee contributions), a committee attendance fee and, where relevant, an additional fee for 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 \$2.5 million. That amount was approved by members at the Annual General Meeting of the Westfield Group held on 23 May 2008.

The fees paid to the Non-Executive Directors in the Financial Year are set out in section 2.2. For 2009, on the recommendation of the Remuneration Committee, the Board has determined that Non-Executive Directors remuneration will not be increased. This also applies to the Deputy Chairman's loading and all committee fees.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2.2 Remuneration of Non-Executive Directors

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

Name	Year	Base Fee \$	Deputy Chair Fee \$	Audit & Compliance Committee \$	Board Risk Management Committee \$	Nomination Committee \$	Remuneration Committee \$	Consultancy Fees \$	Total \$
D H Lowy AM	2008	175,000	30,000	–	24,000	–	–	–	229,000
	2007	150,000	30,000	–	24,000	–	–	–	204,000
R L Furman	2008	175,000	–	–	–	–	12,000	–	187,000
	2007	150,000	–	–	–	–	12,000	–	162,000
P H Goldsmith QC PC ⁽¹⁾	2008	60,051	–	–	–	–	–	–	60,051
	2007	–	–	–	–	–	–	–	–
D M Gonski AC	2008	175,000	–	20,000	–	6,000	12,000	–	213,000
	2007	150,000	–	20,000	–	6,000	12,000	–	188,000
F G Hilmer AO	2008	175,000	–	30,000	–	–	18,000	–	223,000
	2007	150,000	9,144	30,000	–	–	18,000	–	207,144
S P Johns	2008	175,000	–	20,000	18,000	–	–	420,000 ⁽²⁾	633,000
	2007	150,000	–	20,000	18,000	–	–	420,000	608,000
J McFarlane ⁽³⁾	2008	148,077	–	–	–	–	–	–	148,077
	2007	–	–	–	–	–	–	–	–
J Sloan ⁽⁴⁾	2008	148,077	–	–	–	–	–	–	148,077
	2007	–	–	–	–	–	–	–	–
G H Weiss	2008	175,000	–	–	18,000	–	–	–	193,000
	2007	150,000	–	–	18,000	–	–	–	168,000
C M Zampatti AM	2008	175,000	–	–	–	6,000	–	–	181,000
	2007	150,000	–	–	–	6,000	–	–	156,000

⁽¹⁾ Lord (Peter) Goldsmith joined the Board on 28 August 2008.

⁽²⁾ Following Mr Johns retirement as an Executive Director in October 2003, Mr Johns has continued to provide consultancy services in relation to special projects (including major acquisitions) and other corporate finance, treasury and investor relations issues. These consultancy arrangements expired with effect from 31 December 2008.

⁽³⁾ Mr McFarlane joined the Board on 26 February 2008. Accordingly, there are no comparative figures for 2007.

⁽⁴⁾ Professor Sloan joined the Board on 26 February 2008. Accordingly, there are no comparative figures for 2007.

The table below sets out the remuneration for the Non-Executive Directors who retired during the Financial Year or 2007.

Name	Year	Base Fee \$	Deputy Chair Fee \$	Audit & Compliance Committee \$	Board Risk Management Committee \$	Nomination Committee \$	Remuneration Committee \$	Consultancy Fees \$	Total \$
J Studdy ⁽¹⁾	2008	–	–	–	–	–	–	–	–
	2007	50,687	–	6,758	–	–	–	–	57,445
F Vincent ⁽²⁾	2008	–	–	–	–	–	–	–	–
	2007	50,687	–	–	–	–	–	–	50,687
D R Wills AO ⁽³⁾	2008	69,231	–	–	–	2,373	–	–	71,604
	2007	150,000	–	–	–	6,000	–	–	156,000

⁽¹⁾ Mr Studdy retired from the Board on 2 May 2007. Although no fees were paid during the Financial Year, the Accounting Standards require that comparative 2007 figures be disclosed for Mr Studdy.

⁽²⁾ Mr Vincent retired from the Board on 2 May 2007. Although no fees were paid during the Financial Year, the Accounting Standards require that comparative 2007 figures be disclosed for Mr Vincent.

⁽³⁾ Mr Wills retired from the Board on 23 May 2008. The amounts paid are for the period 1 January 2008 to 23 May 2008.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

2.3 Other entitlements

Short term employee benefits

Cash salary and fees paid to the Non-Executive Directors are disclosed in the table in section 2.2.

Non-Executive Directors are not entitled to:

- short-term compensated absences;
- short-term cash profit sharing or other cash or performance related bonuses; or
- non-monetary or other short-term employee benefits.

Post-employment benefits

Non-Executive Directors are not entitled to:

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

Other long-term employee benefits

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

Termination benefits

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

Share based payments

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

2.4 Board changes

Mr Dean Wills retired as a Director on 23 May 2008.

Professor Judith Sloan and Mr John McFarlane joined the Board on 26 February 2008. They were elected by members at the Annual General Meeting held on 23 May 2008.

Lord (Peter) Goldsmith QC PC joined the Board on 28 August 2008. In accordance with the constitution of Westfield Holdings Limited (WHL), Lord Goldsmith will seek election as a Director at the Annual General Meeting of WHL to be held on 6 May 2009.

As announced recently to the ASX, Ms Carla Zampatti has advised the Board that, as a Director who is required to retire by rotation at the Annual General Meeting of WHL in 2009, she does not intend to stand for re-election at that meeting.

The Board has endorsed the candidacy of Mr Brian Schwartz AM as a Non-Executive Director. Mr Schwartz will seek election as a Director at the Annual General Meeting of WHL to be held on 6 May 2009. Full details regarding the candidacy of Mr Schwartz are included in the Notice of Meeting for the Annual General Meeting.

3 Remuneration of the senior executive team

3.1 Policy and environment

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

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

In implementing its remuneration policies and procedures, the Westfield Group seeks to comply with applicable legal requirements and appropriate standards of governance.

The Westfield Group's current remuneration structure combines base salary with short term cash incentives and medium to long term equity linked incentives. The Westfield Group has sought to ensure that all elements of its executive remuneration remain competitive on a global basis.

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

The total remuneration package of each executive is designed to ensure an appropriate mix of base salary with short and medium to long term incentives. The Remuneration Committee considers that this structure places an appropriate premium on performance and helps reinforce the alignment between the interests of executives and stakeholders in the Westfield Group.

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

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

Performance

The senior executive team continued to perform strongly in the Financial Year, particularly having regard to the difficult market conditions which prevailed throughout the year. Westfield's executive management is widely regarded as a dedicated, highly competent and committed team. That reputation is frequently acknowledged by the Westfield Group's members as well as market analysts and commentators.

The specific achievements of the Westfield Group are discussed in more detail in sections "The Chairman's Review" and "The Westfield Group Managing Directors' Review" in the Westfield Group's Annual Report. As noted in the Reviews, the Westfield Group achieved its major operating targets for the Financial Year including the full year forecast distribution of \$1.065 which was first announced to the market as the Group's target in February 2008.

The size and scope of the Westfield Group's business and the philosophy of intensive management of the Westfield 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 Westfield Group's business in various locations around the world. In recent years, the continued expansion of the Westfield Group's business has placed additional pressure on the Westfield Group's human resources. Executives from Australia/New Zealand and the United States have been relocated to other countries to bolster resources and to ensure that there is an appropriate transfer of operating culture and knowledge from the more established countries in which the Westfield Group operates. This process continued during the Financial Year.

Retention

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

In the Financial Year, for the first time in a number of years, there was an easing in the global demand and competition for skilled executives in most areas of the Westfield Group's business. As a consequence, the pressure to increase remuneration (including the grant of "retention awards" under the equity linked incentive plans) in order to retain our executive team has eased due to declining global demand in a wide range of job types. This significant change in the commercial environment is reflected in a number of the specific remuneration policies for 2008/2009 which are discussed in section 3.2.

Alignment

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

That alignment is achieved in a number of ways including:

- through the application of appropriate performance criteria in the short term variable bonus system; and
- through the participation by the executive team in the Westfield Group's equity linked incentive plans.

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

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the senior executive team (continued)

3.1 Policy and environment (continued)

As explained in detail in section 4.2, the Westfield Group's short term variable bonus scheme rewards executives for performance against financial and non-financial objectives which are considered to be in the interests of the Westfield Group and its members.

As regards the Westfield Group's equity linked incentive plans, the alignment of interests with members is created in a number of ways:

- a. in the case of the PIP and PIR Plans, being the plans in which the most senior executives in the Westfield Group participate, through the performance hurdles which are established for each Qualifying Year (see section 3.3) and which focus on the fundamentals of the Westfield Group's business and on the performance of the executive team in meeting the operational, development and corporate targets set by the Board. The Board is of the view that if the management team maintains its focus on these fundamentals, members will be rewarded, over time, by superior performance (see section 3.3);
- b. through the three to five year vesting periods which are imposed under the Westfield Group's Plans (see section 4.3). By requiring executives to serve lengthy periods with the Westfield Group in order to achieve vesting, the Westfield Group is better able to achieve its retention objectives. Consequently, the practice of paying disproportionate cash bonuses for achieving short term objectives (with questionable long term benefits) is avoided; and
- c. the value of awards made to executives under each of the Westfield Group's equity linked plans mirrors, in all respects, the performance of the Westfield Group's securities on the ASX. As a consequence of the declining equity markets which have impacted property securities globally (including the Westfield Group), the value of unvested awards which will be received by executives participating in the Plans has reduced significantly. By way of example, the reduction in total remuneration of our senior executive team as a consequence of security price movements in 2008 is evident from the remuneration summaries for the Key Management Personnel as set out in section 7.2.

3.2 Specific remuneration policies for 2008/2009

Having regard to the current remuneration environment, the Remuneration Committee and the Board have set the following policies in relation to the remuneration of the Board and the senior executive team in 2008/09:

- there has been no increase in the fees payable to Non-Executive Directors in 2009;
- with two exceptions arising as a consequence of promotions, there have been no base salary increases for the senior executive team in 2009;
- the aggregate increase for other executives and staff for 2009 has been capped at 4% per annum (to reflect increases in the cost of living);
- other than the exceptions noted above, the total target remuneration (including short term bonuses and equity linked incentives) for the senior executive team in 2009 has been capped at the same level as 2008. Of course, the actual remuneration to be paid in respect of the 2009 financial year will be determined at the end of the year following a full review of the performance of the Westfield Group; and
- in almost all cases for the senior executive team, the short term variable bonuses paid to executives for 2008 were at, or below, the same level as were paid in 2007.

3.3 Review of equity linked incentive plans for 2008

In 2004, the Westfield Group introduced two new equity linked incentive plans – the EDA and the PIP Plans. Following changes to Australian tax laws in 2007, during the Financial Year, the Westfield Group introduced two new performance rights plans which function in the same manner as the EDA and PIP Plans except that entitlements are satisfied by the issue or transfer of a Westfield Group security to the plan participants (as opposed to payment of a cash amount). The operation of each of these plans is described in greater detail in section 4.3.

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

Equally, the PIP Plan (see section 4.3) is intended to reward strong performance by the executive team (measured against performance hurdles set in respect of the year in which the hurdles apply, known as the Qualifying Year) and to provide an incentive for executives to remain with the Westfield Group over the subsequent vesting period of four years.

2008 Qualifying Year

The hurdles for the 2008 Qualifying Year were based on the Westfield Group:

- a. achieving growth in Operational segment earnings (on a constant currency basis) as reported by the Westfield Group (this hurdle had a 75% weighting); and
- b. achieving a targeted level of development project starts (this hurdle had a 25% weighting).

The hurdle relating to Operational segment earnings was achieved in full in 2008. In view of the adverse conditions which prevailed globally for much of the Financial Year and the significant impact which those conditions had on the property industry generally, the Board was extremely pleased that the Westfield Group was able to meet its forecasts (as announced to the market in February 2008) for both Operational segment earnings and distributions for the Financial Year.

In the case of the hurdle relating to achievement of a targeted level of development starts, the Board agreed to exercise its discretion to allow full vesting of the awards despite the fact that the target set by the Board in January 2008 was missed by a small margin. As noted in the 2007 Remuneration Report in the Westfield Group Annual Report, the Board retained the discretion to allow full vesting against this hurdle where the hurdle is not satisfied in any year due to circumstances which do not constitute unsatisfactory management performance. In reaching the decision to permit full vesting, the Board took into account a number of factors. Most importantly, the Board recognised that its own strategic capital management decisions, rather than the decisions or actions of certain developments (which were otherwise ready to commence) until economic conditions improve. These decisions, which were considered by the Board to be prudent and necessary in view of the deteriorating global economic environment, resulted in the hurdle not being achieved in full in the Financial Year.

As a consequence, 100% of the potential awards which were eligible for issue under the PIP Plan in respect of the 2008 Qualifying Year, have been issued to participants.

2009 Qualifying Year

In respect of the hurdle(s) to apply to the PIP and PIR Plans for the 2009 Qualifying Year, the Remuneration Committee and the Board have continued to focus on measures which reflect the underlying operating strength of the business.

However, the Board acknowledges the continuing capital constraints which are expected to continue in 2009. In view of those constraints, the Westfield Group has indicated in its Financial Year results presentation that in light of prevailing economic conditions, it does not expect to commence any large projects during the remainder of 2009. Rather, the Westfield Group's development focus will be on the significant projects already commenced at Stratford City in the United Kingdom and the Sydney City redevelopment in Australia. In view of this, the Board has determined that there will be no performance hurdle relating to development starts during the 2009 Qualifying Year.

Rather, given the challenges presented by difficult global operating conditions, the Board is of the view that the hurdle for the vesting of awards in the 2009 Qualifying Year should be based solely on achieving the Westfield Group's targets for Operational segment earnings per security. As in previous years, the Board has set a graduated scale of vesting having regard to performance against targets for Operational segment earnings per security which are referable to the Westfield Group's budget for the 2009 financial year.

This hurdle is the most fundamental measure of the health of the operating business of the Westfield Group and is completely aligned with the interests of members. Earnings from the Operational segment are the best measure of the profitability of the core operating business of the Westfield Group without regard to issues not relating to the underlying operations (such as profits/losses arising through revaluations and currency movements). Operational segment earnings are reported to the market semi-annually and are the primary source from which distributions are paid to members.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

3 Remuneration of the senior executive team (continued)

3.3 Review of equity linked incentive plans for 2008 (continued)

Performance against this hurdle will be measured in a single Qualifying Year. To the extent that awards are granted based on performance in the 2009 Qualifying Year, the only subsequent vesting requirement will be that the executive remains with the Westfield Group for a further four years. As noted above, the Committee considers that the structure of annual awards with performance hurdles measured in a single Qualifying Year and vesting over an extended period provides an appropriate balance between providing performance incentive and retention.

It has been the practice of the Board to advise the nature of the current hurdle(s) applicable to the equity linked incentive plans without publishing the precise targets which have been set in any Qualifying Year. The hurdle approved by the Board incorporates a graduated scale of growth in Operational segment earnings. If those earnings are below the minimum level set in the graduated scale, no part of the value of the awards which are contingent on meeting this hurdle will vest. Earnings above the minimal level set in the graduated scale will result in participants earning between 50% and 100% of the targeted number of awards, depending on the level of Operational segment earnings per security which is achieved.

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") (based on a combination of distributions and capital growth in the price of Westfield Group securities) compared to an identified peer group. The Committee again rejected the use of a TRS based hurdle primarily due to unwillingness on the part of the Board and the Committee to determine entitlement to executive rewards by reference to movements in the price of Westfield Group securities and due to the absence of an appropriate peer group in Australia or internationally to act as a benchmark against which to measure TRS performance. The Westfield Group's position on this issue has been elaborated in previous Remuneration Reports in the Westfield Group Annual Report.

The philosophy of the Westfield Group has been, and remains, that the Westfield Group's long term 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 Westfield Group's securities. The Committee is of the view that if the management team maintains its intensive focus on these fundamentals, members will be rewarded, over time, by superior market performance.

The Remuneration Committee and the Board are satisfied that the proposed hurdle for the 2009 Qualifying Year and the remuneration structure in general are appropriate having regard to the general objectives referred to above.

4 Components of Westfield executive remuneration

4.1 Base salary

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

4.2 Short term variable bonus

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

A target figure (as a percentage of base pay) for the short term variable cash component of the compensation package is advised to the executive at the commencement of each year. The actual bonus awarded is determined by reference to the performance of the executive against the agreed performance objectives, the corporate

performance of the Westfield Group and any other aspect of the executive's performance which is considered relevant in the context of the review.

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

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

4.3 Equity linked incentive plans

The Westfield Group has four equity linked incentive plans. The EDA Plan and the PIP Plans which were introduced following the Merger in 2004 to replace the Westfield Executive Option Plan and the Westfield Executive Share Performance Plan as the ongoing equity linked incentive plans of the Westfield Group. In 2008, the Westfield Group introduced the EPR Plan and the PIR Plan which are described in more detail below.

Mechanics of the Plans

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

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

- based on principles and remuneration bands agreed with the Remuneration Committee, participating executives earn the opportunity to participate based on a set percentage of their base salary. For example, an employee earning a base salary of \$200,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or \$20,000;
- 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 2,000 Westfield Group stapled securities;
- during the vesting period of three to five years, distributions paid on stapled securities are nominally reinvested under the Plans such that the number of stapled securities in an award (and on which the payout is calculated) will increase during the life of the award;
- assuming the executive remains employed by the Westfield Group through the vesting period and, any applicable performance hurdles are satisfied, the executive will receive a payout equal to the capital value of the stapled securities in the award. That is, the executive receives a cash payment (rather than actual securities) which reflects the capital value of the number of "synthetic securities" comprised in that award as at the vesting date.

As noted above, the right to receive a cash payout under either the EDA Plan or the PIP Plan is dependent on the executive remaining employed by the Westfield Group throughout the vesting period. In special circumstances (e.g. death, redundancy or retirement), the Board retains a discretion under the Plans to allow vesting of all or part of the awards granted under the Plans.

The EDA Plan

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

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

4.3 Equity linked incentive plans (continued)

The EDA Plan (continued)

against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non-financial objectives. Executives qualify to receive a payout of that deferred compensation by satisfying the requirement that they remain in the employment of the Westfield Group through the vesting period. That vesting period is currently three years. There are no additional performance hurdles applicable during the vesting period.

Since 2005, the Board has utilised the EDA Plan to make non-recurring awards (known as retention awards) to the Westfield Group's most senior operational and finance executives with the specific aim of retaining the services of those executives over a period of two to five years. Neither the Executive Chairman nor the Westfield Group Managing Directors receive these retention awards.

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

The PIP Plan

The structure of the PIP Plan reflects the decision by the Westfield Group to move away from market priced options as the preferred form of long term incentive.

Only the senior leadership team of the Westfield Group participates in the PIP Plan. There are currently 15 executives world-wide, including the Westfield Group Managing Directors, participating in the PIP Plan. The Executive Chairman does not participate in the PIP Plan.

The PIP Plan itself is designed to encourage a "partnership" amongst the senior leadership team of the Westfield Group which will emphasise the strategic leadership role of that team. Through the PIP Plan, the members of that partnership will be provided with a benefit which is fully aligned with the interests of members as discussed in section 3.1.

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

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

The year in which the performance hurdles apply is known as the Qualifying Year. Actual performance against the hurdles which apply during the Qualifying Year will determine the final number of awards which the executive will receive at the end of that year. No payments are made to the executive at the end of that Qualifying Year. Rather, the awards in the PIP Plan are granted at that time and vest on two dates – 50% at the end of year three and 50% at the end of year four. No other performance hurdles are imposed during the vesting period.

The hurdle chosen by the Remuneration Committee for the 2009 Qualifying Year is discussed in section 3.3.

By adopting this combination of the application of performance hurdles in the Qualifying Year and the employee being required to stay for the subsequent three to four year vesting period, the Westfield Group aims, through the issue of awards under the PIP Plan, to incentivise achievement of targeted objectives and assist in the retention of the senior leadership team for an extended period. Given that the vesting period does not include the Qualifying Year, executives participating in the PIP Plan will be required to remain with the Westfield Group for a period of five years in order to get the full benefit of each award.

The EPR Plan and PIR Plan

In 2004, the Westfield Group moved to "synthetic" equity linked incentive plans as certain Australian taxation concessions in place

at the time in relation to options over shares issued under employee share plans did not apply equally to options granted to employees over units in a trust. As a consequence, it was not practical for the Westfield Group to issue options over Westfield Group securities. Rather, the Westfield Group introduced the synthetic plans (EDAP and PIP Plans) as described above which results in a cash payment to executives based on the value of Westfield Group securities rather than being settled through the issue or transfer of actual securities.

In 2007, the Federal government introduced legislation to correct this position with regard to stapled securities, such as the Westfield Group, where a share in a company (Westfield Holdings Limited) is stapled to units in a trust (Westfield Trust and Westfield America Trust).

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

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

4.4 Hedging policy

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

Executives are prohibited from entering into or renewing hedging or financial instruments in connection with their unvested entitlements under the Plans. This includes instruments such as equity swaps, caps and collars and other types of hedges, which are entered into for the purpose of mitigating the financial impact of movements in the price of Westfield Group securities to the extent such movements impact the value of awards made under the Plans.

5 Performance of the Westfield Group

Westfield Trust is part of the Westfield Group. Full details of the Westfield Group's various financial and operating achievements are contained in the Chairmans Review and the Westfield Group Managing Directors Review at pages 2 to 9 of the Westfield Group Annual Report.

6 Remuneration of the Executive Directors

At the date of this report, there were three Executive Directors in office, Mr Frank Lowy, Executive Chairman and the Westfield Group Managing Directors, Mr Peter Lowy and Mr Steven Lowy.

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

The Westfield Group's remuneration practices are regularly benchmarked against its competitors in all markets. In making recommendations to the Board, the Remuneration Committee takes into account advice from independent consultants and advisers on domestic and international trends in remuneration for Executive

Directors. In arriving at recommendations, the advisers consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by the Executive Directors.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

6 Remuneration of the Executive Directors (continued)

6.1 Executive Chairman

The term of Mr Frank Lowy's service contract expired 31 December 2008 and was extended on the same terms until 31 December 2009. These arrangements are renewable by agreement between the parties at the end of that period. Mr Lowy's remuneration for the Financial Year is as follows:

- a base salary of \$8 million;
- an annual performance bonus of \$7 million. Despite Mr Lowy being entitled to a target bonus of \$8 million, in keeping with the general policy of not increasing the remuneration of the senior executive team above the level received in 2007, the Board accepted the recommendation of the Remuneration Committee to pay Mr Lowy a bonus of \$7 million; and
- other benefits as detailed in the table below. These non monetary benefits have not changed from previous financial years. The cost of providing these benefits increased in 2008, as shown in the table below.

Mr Lowy does not participate in the Westfield Group's equity linked incentive plans.

Mr Lowy's service contract does not contain provision for any payment on termination by the Westfield Group (with or without cause) other than the retirement benefit referred to below and shown in the table below.

The performance hurdles for the payment of Mr Lowy's bonus were the same performance hurdles as those applied to the 2008 Qualifying Year hurdles for the PIP Plan (see section 3.3). As noted above, those hurdles were satisfied.

Mr Lowy's service contract provides for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements. The amount accrued for the Financial Year was \$126,062. This amount was higher than 2007 (\$66,506) as a consequence of the higher CPI adjustment on Mr Lowy's entitlement.

In setting Mr Lowy's remuneration, the Board had regard to a number of factors including Mr Lowy's status as one of Australia's most respected and influential chief executive officers and his knowledge, not only of the Westfield Group and its history, but of the broader industry in which the Westfield Group operates, both locally and internationally. With over 48 years direct experience in the design, construction and management of shopping centres and associated fund and asset management, Mr Lowy's experience and reputation is unrivalled in the industry.

The Board also had regard to the salaries paid to other chief executive officers of global corporations and the fact that Mr Lowy does not participate in the Westfield Group's equity linked incentive plans.

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

Component of remuneration	2008 \$	2007 \$
<i>Short Term Employee Benefits</i>		
- Base salary Fixed	8,000,000	8,000,000
- Cash bonus (accrued) At risk	7,000,000	7,000,000
- Other short term employee benefits ⁽¹⁾ Fixed	24,657	1,351
- Non monetary benefits ⁽²⁾ Fixed	1,054,041	817,421
<i>Post Employment Employee Benefits</i>		
- Pension and superannuation benefits	-	-
- Retirement benefits ⁽³⁾ Fixed	126,062	66,506
<i>Other Long Term Benefits</i>		
<i>Termination Benefits</i>	-	-
<i>Share Based Payments</i> ⁽⁴⁾	-	-
Total Remuneration	16,204,760	15,885,278

⁽¹⁾ Comprising annual leave and long service leave entitlements.

⁽²⁾ Other benefits comprise usage of the Westfield Group's aircraft which is classified as private usage (\$1,051,131). The entitlement to private usage of the Westfield Group's aircraft by Mr Lowy is up to a maximum of 75 hours per annum. The value of private usage (including fringe benefits tax) in any year is disclosed as remuneration. Unused entitlements are carried forward to future periods.

⁽³⁾ Mr Lowy's service arrangements provide for a retirement benefit of one month's salary for each year of service on termination of his services. This benefit will continue to be calculated based on his salary in the 2003/2004 year (increased annually by CPI) and not the higher amount payable in accordance with the post Merger arrangements.

⁽⁴⁾ The Executive Chairman does not participate in the Westfield Group's equity linked incentive plans. He was not paid or entitled to any share based compensation in the Financial Year.

6.2 Group Managing Directors

The employment arrangements of the Group Managing Directors are detailed as follows.

Mr Peter Lowy

- Has been with the Westfield Group since 1983.
- Has resided in the United States since 1990.
- Salary and bonus are reviewed annually by the Remuneration Committee.
- Base salary of US\$2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment and period would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

6 Remuneration of the Executive Directors (continued)

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)**6 Remuneration of the Executive Directors (continued)****6.2 Group Managing Directors (continued)****Mr Peter Lowy (continued)**

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

Component of remuneration	2008	2007
	\$	\$
<i>Short Term Employee Benefits</i>		
- Base salary ⁽¹⁾	2,907,653	2,980,448
Fixed		
- Cash bonus (accrued) ⁽²⁾	4,000,000	4,000,000
At risk		
- Other short term employee benefits ⁽³⁾	103,915	(147,589)
Fixed		
- Non monetary benefits	-	-
Fixed		
<i>Post Employment Employee Benefits</i>		
- Pension and superannuation benefits	-	-
<i>Share Based Payments⁽⁴⁾</i>		
- EDA Plan (at risk)	394,338	1,134,138
- PIP Plan (at risk)	885,388	2,026,952
<i>Other Long Term Benefits</i>	-	-
Total Remuneration	8,291,294	9,993,949

⁽¹⁾ Mr Peter Lowy is based in the United States and the salary disclosed is the A\$ equivalent to US\$2.5 million.

⁽²⁾ Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

⁽³⁾ Comprising annual leave entitlements.

⁽⁴⁾ Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or the PIR Plan. Refer to the tables at 6.3 and 6.4 for details of awards held by Mr Lowy under the EDA Plan and PIP Plan.

Mr Steven Lowy

- Has been with the Westfield Group since 1987.
- Salary and bonus are reviewed annually by the Remuneration Committee.
- Base salary of A\$2.5 million per annum for the Financial Year.
- No formal service contract in place. In the event of termination, any termination payment and period would be determined by the Board on the recommendation of the Remuneration Committee.
- Mr Lowy was not paid an amount before he took office as consideration for agreeing to hold office.

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

Component of remuneration	2008	2007
	\$	\$
<i>Short Term Employee Benefits</i>		
- Base salary	2,500,000	2,500,000
Fixed		
- Cash bonus (accrued) ⁽¹⁾	4,000,000	4,000,000
At risk		
- Other short term employee benefits ⁽²⁾	89,743	70,513
Fixed		
- Non monetary benefits	-	-
Fixed		
<i>Post Employment Employee Benefits</i>		
- Pension and superannuation benefits	-	-
<i>Share Based Payments⁽³⁾</i>		
- EDA Plan (at risk)	394,338	1,134,138
- PIP Plan (at risk)	885,388	2,026,952
<i>Other Long Term Benefits</i>	-	-
Total Remuneration	7,869,469	9,731,603

⁽¹⁾ Mr Lowy's bonus vested 100% in the Financial Year. No amount of the bonus was forfeited in the Financial Year. The bonus is not payable in respect of any future financial year.

⁽²⁾ Comprising annual leave and long service leave entitlements.

⁽³⁾ Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Mr Lowy does not participate in the EPR Plan or the PIR Plan. Refer to the tables at 6.3 and 6.4 for details of awards held by Mr Lowy under the EDA Plan and PIP Plan.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

6 Remuneration of the Executive Directors (continued)

6.3 Westfield Group Managing Directors: participation in the EDA Plan

The following chart details awards under the EDA Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to either of the Westfield Group Managing Directors under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards ⁽¹⁾	Total Awards Held	Fair Value at Grant ⁽²⁾ \$	Market value at 10 Mar 09 ⁽⁴⁾ \$	Performance Hurdles
Peter Lowy Group Managing Director	1 January 2006 ⁽³⁾	43,255	1 January 2009	7,991	51,246	980,713	479,150	N/A
	1 January 2007	43,928	1 January 2010	5,066	48,994	984,562	458,094	N/A
	1 January 2008	49,912	15 December 2010	3,097	53,009	916,164	495,634	N/A
Steven Lowy Group Managing Director	1 January 2006 ⁽³⁾	43,255	1 January 2009	7,991	51,246	980,713	479,150	N/A
	1 January 2007	43,928	1 January 2010	5,066	48,994	984,562	458,094	N/A
	1 January 2008	49,912	15 December 2010	3,097	53,009	916,164	495,634	N/A

⁽¹⁾ Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2006, 2007 and 2008.

⁽²⁾ The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

⁽³⁾ These awards vested (and were paid) in January 2009. The payout amount was \$683,109 for each Westfield Group Managing Director.

⁽⁴⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

6.4 Westfield Group Managing Directors: participation in the PIP Plan

The following chart details awards under the PIP Plan held by the Westfield Group Managing Directors. There has been no alteration to the terms of the grants to either of the Westfield Group Managing Directors under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards ⁽¹⁾	Total Awards Held	Fair Value at Grant ⁽²⁾ \$	Market value at 10 Mar 09 ⁽⁴⁾ \$	Performance Hurdles
Peter Lowy Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 ⁽³⁾ 55,732: 01/01/10	20,596	132,061	2,149,393	1,234,770	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	11,638	112,563	2,307,832	1,052,464	Satisfied
	1 January 2008	103,360	51,680: 15/12/10 51,680: 15/12/11	6,411	109,771	2,387,266	1,026,359	Satisfied
	1 January 2009	117,440	58,720: 15/12/11 58,720: 15/12/12	–	117,440	2,059,746	1,098,064	Satisfied
Steven Lowy Group Managing Director	1 January 2006	111,465	55,733: 01/01/09 ⁽³⁾ 55,732: 01/01/10	20,596	132,061	2,149,393	1,234,770	Satisfied
	1 January 2007	100,925	50,463: 01/01/10 50,462: 01/01/11	11,638	112,563	2,307,832	1,052,464	Satisfied
	1 January 2008	103,360	51,680: 15/12/10 51,680: 15/12/11	6,411	109,771	2,387,266	1,026,359	Satisfied
	1 January 2009	117,440	58,720: 15/12/11 58,720: 15/12/12	–	117,440	2,059,746	1,098,064	Satisfied

⁽¹⁾ Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August of 2006, 2007 and 2008.

⁽²⁾ The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and share price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIP Plan.

⁽³⁾ These awards vested (and were paid) in January 2009. The payout amount was \$880,193 for each Westfield Group Managing Director.

⁽⁴⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

7 Executive remuneration and termination arrangements

7.1 Service contracts and termination arrangements

This note incorporates details of the other Key Management Personnel as defined under AASB 124. Mr Peter Allen, Group Financial Officer and Mr Robert Jordan, Managing Director of Australia and New Zealand are Key Management Personnel as defined under AASB 124.

A range of service arrangements operate within the Westfield Group. As noted in the table below, Mr Jordan has been with the Westfield Group in excess of 21 years, and Mr Allen has been with the Westfield Group for 13 years. There are no formal service contracts for Mr Jordan or Mr Allen. As a consequence there are no fixed termination arrangements with these executives. In the event of termination of the employment of a senior executive where there is no service contract or the service contract is silent on termination events, any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.

It is the Westfield Group's policy on engaging new executives to have service contracts that typically outline the components of the remuneration to be paid to that executive and agreed termination arrangements. Those arrangements may vary depending on the seniority and experience of the executive and on the country of employment.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Executive remuneration and termination arrangements (continued)

The table below outlines the terms of the service contracts with other Key Management Personnel.

Name And Title	Employing Company	Commencement Date	Term	Termination Provisions/Benefits
Peter Allen Group Chief Financial Officer	Westfield Limited	4 March 1996	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.
Robert Jordan Managing Director, Australia and New Zealand	Westfield Limited	24 August 1987	No formal service contract is in place	Any termination payment or period will be determined by the Board, on the recommendation of the Remuneration Committee, taking into account the seniority of the executive, the length of service of the executive, the reasons for termination and the statutory and other rights (if any) of the executive and the Westfield Group.

7.2 Remuneration: other Key Management Personnel

The following table sets out the remuneration of the other Key Management Personnel.

	SHORT TERM EMPLOYEE BENEFITS \$				POST EMPLOYMENT BENEFITS	SHARE BASED PAYMENTS \$				TERMINATION BENEFITS	OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL ⁽⁸⁾	
	BASE SALARY	ACCRUED BONUS Vested: 100%	OTHER SHORT TERM EMPLOYEE BENEFITS	NON MONETARY BENEFITS		EDA PLAN	PIP PLAN	EPR PLAN	PIR PLAN				
EXECUTIVE	FIXED ⁽¹⁾	AT RISK ⁽²⁾	FIXED ⁽³⁾	FIXED		TOTAL AT RISK ⁽⁴⁾	TOTAL AT RISK ⁽⁵⁾	TOTAL AT RISK ⁽⁶⁾	TOTAL AT RISK ⁽⁷⁾				
Peter Allen	2008	1,200,000	1,200,000	188,508	–	–	696,588	3,073	234,836	312,883	–	–	3,835,888
Group Chief	2007	1,000,000	1,500,000	88,871	–	–	2,392,372	884,017	–	–	–	–	5,865,260
Financial Officer													
Robert Jordan	2008	1,200,000	1,200,000	219,899	–	–	712,009	3,073	156,558	312,883	–	–	3,804,422
Managing Director	2007	1,000,000	1,500,000	97,075	–	–	2,300,897	884,017	–	–	–	–	5,781,989
Australia and New Zealand													

⁽¹⁾ Base salary is inclusive of superannuation guarantee contributions.

⁽²⁾ No amount of any bonus was forfeited in the Financial Year. No bonus is payable in respect of any future financial year.

⁽³⁾ The amounts referred to reflect an increase in the accrued liability for annual and long service leave during the Financial Year. Other short term employee benefits represents amounts accrued with respect to annual leave and long service leave entitlements unless otherwise stated.

⁽⁴⁾ Refer to the table at 7.3.

⁽⁵⁾ Refer to the table at 7.4.

⁽⁶⁾ Refer to the table at 7.5.

⁽⁷⁾ Refer to the table at 7.6.

⁽⁸⁾ None of the other Key Management Personnel was paid an amount before they took office as consideration for agreeing to take office.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Executive remuneration and termination arrangements (continued)

7.3 Other Key Management Personnel: participation in the EDA Plan

The following chart details awards under the EDA Plan held by other Key Management Personnel. There has been no alteration to the terms of the grants to any of the other Key Management Personnel under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards ⁽¹⁾	Total Awards Held	Fair Value at Grant ⁽²⁾ \$	Market value at 10 Mar 09 ⁽⁷⁾ \$	Performance Hurdles
Peter Allen ⁽³⁾	1 January 2006	20,185	1 January 2009 ⁽⁴⁾	3,731	23,916	457,669	223,615	N/A
Group Chief	1 January 2006	288,355	1 January 2011	53,265	341,620	6,786,595	3,194,147	N/A
Financial Officer	1 January 2007	20,672	1 January 2010	2,384	23,056	463,362	215,574	N/A
	1 January 2008	–	–	–	–	–	–	–
Robert Jordan ⁽⁵⁾	1 January 2006	17,305	1 January 2009 ⁽⁶⁾	3,200	20,505	392,379	191,722	N/A
Managing Director,	1 January 2006	288,355	1 January 2011	53,265	341,620	6,786,595	3,194,147	N/A
Australia and	1 January 2007	20,672	1 January 2010	2,384	23,056	463,362	215,574	N/A
New Zealand	1 January 2008	–	–	–	–	–	–	–

⁽¹⁾ Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2006, 2007 and 2008.

⁽²⁾ The fair value of the awards issued under the EDA Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and security price movements. The fair value of the awards issued under the EDA Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the EDA Plan.

⁽³⁾ From 1 January 2008, Mr Allen no longer participates in the EDA Plan. From that date, eligible Australian executives, including Mr Allen, participate in the EPR Plan. Refer table at 7.5.

⁽⁴⁾ These awards have vested and have been paid. The payout amount was \$318,800.

⁽⁵⁾ From 1 January 2008, Mr Jordan no longer participates in the EDA Plan. From that date, eligible Australian executives, including Mr Jordan, participate in the EPR Plan. Refer table at 7.5.

⁽⁶⁾ These awards have vested and have been paid. The payout amount was \$273,332.

⁽⁷⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

7.4 Other Key Management Personnel: participation in the PIP Plan

The following chart details awards under the PIP Plan held by other Key Management Personnel. Details of the alterations to the terms of the grants since the grant date are outlined in Note 1 to the table in section 7.6.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards ⁽¹⁾	Total Awards Held	Fair Value at Grant ⁽²⁾ \$	Market value at 10 Mar 09 ⁽⁷⁾ \$	Performance Hurdles
Peter Allen ⁽³⁾	1 January 2006	44,590	22,295: 01/01/09 ⁽⁴⁾	8,242	52,832	994,254	493,979	Satisfied
Group Chief			22,295: 01/01/10					
Financial Officer	1 January 2007	46,140	23,070: 01/01/10	5,322	51,462	968,478	481,170	Satisfied
	1 January 2008	–	23,070: 01/01/11	–	–	–	–	–
Robert Jordan ⁽⁵⁾	1 January 2006	44,590	22,295: 01/01/09 ⁽⁶⁾	8,242	52,832	994,254	493,979	Satisfied
Managing Director,			22,295: 01/01/10					
Australia and	1 January 2007	46,140	23,070: 01/01/10	5,322	51,462	968,478	481,170	Satisfied
New Zealand	1 January 2008	–	23,070: 01/01/11	–	–	–	–	–

⁽¹⁾ Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2006 and 2007.

⁽²⁾ The fair value of the awards issued under the PIP Plan is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and security price movements. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the employee remains employed with the Westfield Group for the full term of the PIP Plan.

⁽³⁾ From 1 January 2008, Mr Allen no longer participates in the PIP Plan. From that date, eligible Australian executives, including Mr Allen, participate in the PIR Plan. Refer table at 7.6.

⁽⁴⁾ Half these awards have vested and have been paid. The payout amount was \$352,125.

⁽⁵⁾ From 1 January 2008, Mr Jordan no longer participates in the PIP Plan. From that date, eligible Australian executives, including Mr Jordan, participate in the PIR Plan. Refer table at 7.6.

⁽⁶⁾ Half these awards have vested and have been paid. The payout amount was \$352,125.

⁽⁷⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

7 Executive remuneration and termination arrangements (continued)

7.5 Other Key Management Personnel: participation in the EPR Plan

Executive	Commencement Date	Number of Awards at Grant Date	Vesting Date	Total Awards Held	Fair Value at Grant ⁽¹⁾ \$	Market value at 10 Mar 09 ⁽⁴⁾ \$	Performance Hurdles
Peter Allen ⁽²⁾ Group Chief Financial Officer	1 January 2008	52,302	15 December 2010	52,302	704,508	489,024	N/A
Robert Jordan ⁽³⁾ Managing Director, Australia and New Zealand	1 January 2008	34,868	15 December 2010	34,868	469,672	326,016	N/A

⁽¹⁾ The fair value of the awards 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 Westfield Group for the full term of the EPR Plan.

⁽²⁾ From 1 January 2008, Mr Allen no longer participates in the EDA Plan. From that date, eligible Australian executives, including Mr Allen, participate in the EPR Plan.

⁽³⁾ From 1 January 2008, Mr Jordan no longer participates in the EDA Plan. From that date, eligible Australian executives, including Mr Jordan, participate in the EPR Plan.

⁽⁴⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

7.6 Other Key Management Personnel: participation in the PIR Plan⁽¹⁾

Executive	Commencement Date	Number of Awards at Grant Date	Vesting Date	Total Awards Held	Fair Value at Grant ⁽²⁾ \$	Market value at 10 Mar 09 ⁽⁵⁾ \$	Performance Hurdles
Peter Allen ⁽³⁾ Group Chief Financial Officer	1 January 2008	55,470	27,095: 15/12/10 28,375: 15/12/11	55,470	980,701	518,645	Satisfied
	1 January 2009	71,572	34,868: 15/12/11 36,704: 15/12/12	71,572	873,527	669,198	Satisfied
Robert Jordan ⁽⁴⁾ Managing Director, Australia and New Zealand	1 January 2008	55,470	27,095: 15/12/10 28,375: 15/12/11	55,470	980,701	518,645	Satisfied
	1 January 2009	71,572	34,868: 15/12/11 36,704: 15/12/12	71,572	873,527	669,198	Satisfied

⁽¹⁾ As outlined in section 4.3, due to changes in Australian tax legislation, stock settled performance rights may now be offered to certain executives in the Westfield Group as opposed to a synthetic incentive such as awards under the EDA and PIP Plans. With respect to awards under the PIP Plan that were to be granted in the Financial Year as a result of the 2007 Qualifying Year hurdles having been met, these awards were converted to rights under the PIR Plan for the following Key Management Personnel: Mr Allen and Mr Jordan. As noted in section 4.3, the PIR Plan operates essentially in the same manner as the PIP Plan except that on vesting Westfield Group stapled securities are issued as opposed to payment of a cash amount, based on the market value of the stapled securities. In addition, under the PIP Plan, distributions paid on a Westfield Group security are notionally reinvested such that the number of Westfield Group securities in an award increase during the life of the award. This does not occur under the PIR Plan. Rather, the number of performance rights is adjusted to include an amount being an estimate of the distributions payable on a Westfield Group stapled security over the vesting period. The effective date of the alteration to the PIP Plan was 1 January 2008. The market price of a Westfield Group stapled security at that date was \$19.35 per security. The difference between the total value of the awards and rights as a result of the alteration is as follows: Mr Allen \$8,950 and Mr Jordan \$8,950. The terms of the PIR Plan are described in section 4.3.

⁽²⁾ The fair value of the awards 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 Westfield Group for the full term of the PIR Plan.

⁽³⁾ From 1 January 2008, Mr Allen no longer participates in the PIP Plan. From that date, eligible Australian executives, including Mr Allen, participate in the PIR Plan.

⁽⁴⁾ From 1 January 2008, Mr Jordan no longer participates in the PIP Plan. From that date, eligible Australian executives, including Mr Jordan, participate in the PIR Plan.

⁽⁵⁾ The market value at 10 March 2009 is based on the closing security price of \$9.35.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 38 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

8. Options and shareholdings of Key Management Personnel

8.1 Option holdings of Key Management Personnel

During the financial year and comparative financial year, no options or awards ("Options") were issued to the Key Management Personnel under the Executive Option Plan or the Executive Performance Share Plan (together the "Option Plans"). None of the Key Management Personnel hold any options or awards under the Option Plans.

8.2 Shareholdings of Key Management Personnel

Stapled securities held in the Group (number)	Balance at 1 Jan 2008	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2008
F P Lowy AC	179,598,368			18	179,598,386
D H Lowy AM					
P S Lowy					
S M Lowy					
R L Furman	–			50,000	50,000
P H Goldsmith QC PC ⁽²⁾	–			–	–
D M Gonski AC	320,439			–	320,439
F G Hilmer AO	238,512			–	238,512
S P Johns	1,536,435			14,049	1,550,484
J McFarlane	–			–	–
J Sloan					
G H Weiss	21,739			–	21,739
D R Wills AO ⁽⁴⁾	20,000			–	20,000
C M Zampatti AM	338,922			2,656	341,578
P K Allen	171,295			(74,698)	96,597
R Jordan	773,119			(75,000)	698,119
Total	183,018,829	–	–	(81,975)	182,936,854

⁽¹⁾ The aggregate interest of the Lowy Directors includes family holdings and interests held by Westfield Officers Superannuation Fund (formerly known as Westfield Superannuation C Fund) and Amondi Pty Limited as trustee of the Westfield Executive Option Plan Trust. The net change includes the acquisitions, transfers and disposals of those entities. The Lowy Directors did not dispose of any shares.

⁽²⁾ Lord Goldsmith was appointed to the Board on 28 August 2008.

⁽³⁾ Mr McFarlane and Professor Sloan were appointed to the Board on 26 February 2008.

⁽⁴⁾ Mr Wills retired from the Board on 23 May 2008. This represents Mr Wills' holding of WDC stapled securities at the date of his retirement.

8.3 Other transactions and balances with Key Management Personnel

(i) Other related party transactions and balances with Key Management Personnel are included in Note 37.

(ii) During the financial year, transactions occurred between the Westfield 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 Westfield Group in respect of stapled securities held in the Westfield Group.

NOTE 39 DETAILS OF CONTROLLED ENTITIES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES

Name of entity	31 Dec 08 – Interest		31 Dec 07 – Interest	
	Beneficial Parent Entity %	Consolidated or Equity accounted %	Beneficial Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA				
Parent Entity				
Westfield Trust	100.0	100.0	100.0	100.0
Consolidated Controlled Entities				
Bondi Junction Trust	100.0	100.0	100.0	100.0
Cairns Investment Trust - Units	100.0	100.0	100.0	100.0
Carindale Property Trust	50.0	100.0	50.0	100.0
Fidele Trust	100.0	100.0	-	-
Fountain Gate Trust	100.0	100.0	100.0	100.0
Market Street Investment Trust	100.0	100.0	100.0	100.0
Market Street Property Trust	100.0	100.0	100.0	100.0
VIC Shopping Centre Trust	100.0	100.0	100.0	100.0
WD Trust	100.0	100.0	100.0	100.0
WestArt Trust	100.0	100.0	100.0	100.0
Westfield Chatswood Trust	100.0	100.0	100.0	100.0
Westfield Morley Trust	100.0	100.0	100.0	100.0
Westfield Northgate Trust	100.0	100.0	100.0	100.0
Westfield Shoppingtown Property Trust	100.0	100.0	100.0	100.0
Westfield Sub Trust C	100.0	100.0	100.0	100.0
Westfield Sub Trust D	100.0	100.0	100.0	100.0
Westfield Sub Trust E	100.0	100.0	100.0	100.0
Westfield Sub Trust F	100.0	100.0	100.0	100.0
Westfield Sub Trust G	100.0	100.0	100.0	100.0
Westfield Sub Trust H	100.0	100.0	100.0	100.0
Westfield Sub Trust I	100.0	100.0	100.0	100.0
Westfield Sub Trust J	100.0	100.0	100.0	100.0
Westfield Sub Trust K	100.0	100.0	100.0	100.0
Westfield Sub Trust No.2	100.0	100.0	100.0	100.0
Westfield Tuggerah Trust	100.0	100.0	100.0	100.0
WT Finance (Aust) Pty Limited	100.0	100.0	100.0	100.0
Proportionately Consolidated Joint Ventures				
Westfield Airport West	50.0	50.0	50.0	50.0
Westfield Bay City	50.0	50.0	50.0	50.0
Westfield Belconnen	50.0	50.0	50.0	50.0
Westfield Carindale	25.0	50.0	25.0	50.0
Westfield Casey	50.0	50.0	50.0	50.0
Westfield Helensvale	50.0	50.0	50.0	50.0
Westfield Hurstville	50.0	50.0	50.0	50.0
Westfield Liverpool	50.0	50.0	50.0	50.0
Westfield Marion	50.0	50.0	50.0	50.0
Westfield Miranda	50.0	50.0	50.0	50.0
Westfield North Lakes	50.0	50.0	50.0	50.0
Westfield Parramatta	50.0	50.0	50.0	50.0
Westfield Penrith	50.0	50.0	50.0	50.0
Westfield Plenty Valley	50.0	50.0	50.0	50.0
Westfield West Lakes	50.0	50.0	50.0	50.0
Westfield Whitford City	50.0	50.0	50.0	50.0
Westfield Woden	50.0	50.0	50.0	50.0

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE 39 DETAILS OF CONTROLLED ENTITIES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

Name of entity	31 Dec 08 – Interest		31 Dec 07 – Interest	
	Beneficial Parent Entity %	Consolidated or Equity accounted %	Beneficial Parent Entity %	Consolidated or Equity accounted %
ENTITIES INCORPORATED IN AUSTRALIA (CONTINUED)				
Equity Accounted Entities				
AMP Wholesale Shopping Centre Trust No.2	10.0	10.0	10.0	10.0
CMS General Trust	50.0	50.0	50.0	50.0
CMS Property Trust	50.0	50.0	50.0	50.0
KSC Trust	33.3	33.3	25.0	25.0
Mt Druitt Shopping Centre Trust	50.0	50.0	50.0	50.0
SA Shopping Centre Trust	50.0	50.0	50.0	50.0
Southland Trust	50.0	50.0	50.0	50.0
Tea Tree Plaza Trust	50.0	50.0	50.0	50.0
Westmyer Nominees Pty Limited	50.0	50.0	50.0	50.0

ENTITIES INCORPORATED IN NEW ZEALAND

Consolidated Controlled Entities

Abyssinian Holdings Limited	99.0	99.0	99.0	99.0
Albany Shopping Centre (No 2) Limited	100.0	100.0	100.0	100.0
Albany Shopping Centre Limited	100.0	100.0	100.0	100.0
Cedarville Properties Limited	100.0	100.0	100.0	100.0
Chartwell Shopping Centre Limited	100.0	100.0	100.0	100.0
Copthorne Investments Limited	100.0	100.0	100.0	100.0
Downtown Shopping Centre (No 2) Limited	100.0	100.0	100.0	100.0
Downtown Shopping Centre Limited	100.0	100.0	100.0	100.0
Glenfield Mall Limited	100.0	100.0	100.0	100.0
Johnsonville Shopping Centre Limited	100.0	100.0	100.0	100.0
Kroftfield Properties Limited	100.0	100.0	100.0	100.0
Manukau City Centre Limited	100.0	100.0	100.0	100.0
Petavid Investments Limited	100.0	100.0	100.0	100.0
Queensgate Centre Limited	100.0	100.0	100.0	100.0
Redisville Enterprises Limited	100.0	100.0	100.0	100.0
Riccarton Shopping Centre (1997) Limited	100.0	100.0	100.0	100.0
Shore City Centre (1993) Limited	100.0	100.0	100.0	100.0
St Lukes Group (No. 2) Limited	100.0	100.0	100.0	100.0
St Lukes Group (No. 3) Limited	100.0	100.0	100.0	100.0
St Lukes Group Holdings Limited	100.0	100.0	100.0	100.0
St Lukes Group Limited	100.0	100.0	100.0	100.0
St Lukes Square (1993) Limited	100.0	100.0	100.0	100.0
The Plaza Pakuranga Limited	100.0	100.0	100.0	100.0
WestCity Shopping Centre Limited	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

NOTE 40 SUBSEQUENT EVENTS

Since the end of the year, the Westfield Group has raised \$2.84 billion (net of underwriting expenses) in a fully underwritten placement of new securities. The Westfield Group has issued 276,190,500 new ordinary stapled securities at an issue price of \$10.50 per security. The proceeds of the placement have been utilised to repay drawn Westfield Group borrowings under revolving debt facilities. WT's share of the proceeds was \$1.9 billion.

Directors' Declaration

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

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;
- (b) in the Directors' opinion, the Financial Statements and notes thereto are in accordance with the Corporations Act 2001, including sections 296 and 297; and
- (c) they have been provided with the declarations required by section 295A of the Corporations Act 2001 (Cwlth).

Made on 16 March 2009 in accordance with a resolution of the Board of Directors.



F P Lowy AC

Executive Chairman



F G Hilmer AO

Director

Independent Audit Report

FOR THE MEMBERS OF WESTFIELD TRUST



Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the members of Westfield Trust

We have audited the accompanying financial report of Westfield Trust (the "Trust") which comprises the balance sheet as at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of Westfield Management Limited, the Responsible Entity of the Trust, are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our 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, we consider 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 met the independence requirements of the Corporations Act 2001. We have given to the directors of Westfield Management Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Westfield Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of Westfield Trust and the consolidated entity at 31 December 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
2. the financial report also complies with International Financial Reporting Standards.

Ernst & Young

S J Ferguson
Partner
Sydney
16 March 2009

Liability limited by a scheme approved under Professional Standards Legislation.

Directors' Report

The Directors of Westfield Management Limited ("Responsible Entity"), the responsible entity of Westfield Trust ("Trust") submit the following Report for the year ended 31 December 2008 ("Financial Year").

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

1 Operations And Activities

1.1 Review of Operations and State of Affairs

The Trust reported a net profit of \$3.0 million and a distribution of \$1,060.7 million for the Financial Year. Basic earnings per unit are 0.15 cents and the distribution per unit is 54.25 cents.

As at 31 December 2008, the Trust had a \$23.8 billion (consolidated properties \$22.2 billion and share of equity accounted properties: \$1.6 billion) interest in 56 shopping centres, comprising 13,740 retail outlets and approximately 4.1 million square metres of retail space.

The Australian and New Zealand operation contributed net property income of \$1,280.7 million for the Financial Year which includes comparable mall income growth of approximately 4.7%. This performance reflects the steady retail conditions which prevailed in the year as well as the quality of the portfolios in both regions, with occupancy rates continuing to be in excess of 99% and specialty store retail growth for the year of 6.3%.

Retail sales on the Group's 44 Australian centres totalled \$20.7 billion for the Financial Year. On a comparable basis, sales increased 3.7% with specialty store sales up 4.2%. Retail sales at the Group's 12 centres in New Zealand decreased 1.2% to NZ\$2.1 billion for the Financial Year. On a comparable basis, specialty store sales were down 3.3% for the Financial Year.

Property transactions

During the Financial Year, the Trust acquired an additional interest in KSC Trust for \$53 million, taking its 25% interest to 33.3%.

Development projects

The Group completed and opened three new Australian projects during the Financial Year. These are the \$210 million redevelopment at Westfield Geelong in Geelong, the \$210 million expansion of Westfield Plenty Valley in Melbourne, and the \$600 million redevelopment of Westfield Doncaster also in Melbourne.

Having obtained approval from the City of Sydney to redevelop its Centrepoint, Imperial Arcade and Skygarden properties in the Sydney CBD, construction of the \$860 million project commenced in the second half of 2008.

In New Zealand, the Group completed the NZ\$70 million redevelopment of Westfield Manukau in Auckland. In September 2008, the group commenced a NZ\$75 million expansion of Westfield Riccarton in Christchurch. This project is expected to be completed in the second quarter of 2009.

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

1.2 Principal Activities

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

1.3 Subsequent Events

Since the end of the Financial Year, the Westfield Group conducted a \$2.9 billion underwritten institutional placement. The purpose of the issue was to raise capital to further strengthen the Westfield Group's balance sheet through the retirement of debt. Further details of the placement are provided in Note 18 in the Notes to the Financial Statements (page 16).

1.4 Future Developments

The likely developments in the Trust's operations in future financial years and the expected results of those operations are described in the Review of Operations and State of Affairs above. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

1.5 Environmental Performance

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

2. Distributions

The following distributions were paid to Members during the Financial Year:

The distribution for the six months ended 31 December 2007⁽¹⁾, paid 29 February 2008:

- 23.00 cents per unit final distribution for ordinary units:	\$446,704,991
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The distribution for the six months ended 30 June 2008⁽²⁾, paid 29 August 2008:

- 28.25 cents per unit interim distribution for ordinary units;	
- 18.94 cents per unit interim distribution for ordinary units issued on 28 February 2008 pursuant to the Group's Distribution Reinvestment Plan	\$549,895,956

The following final distribution⁽³⁾ was declared for payment to Members with respect to the Financial Year, and paid on 27 February 2009:

- 26.00 cents per unit final distribution for ordinary units	\$510,840,469
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- (1) The Trust distribution of 23.00 cents per ordinary unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security paid on 29 February 2008. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield America Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.
- (2) The Trust distribution of 28.25 cents per ordinary unit and 18.94 cents per February 2008 DRP unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security and 35.70 cents per February 2008 DRP stapled security paid on 29 August 2008. This distribution was an aggregate of a distribution from the Trust and a distribution from Westfield America Trust. No dividend was paid by Westfield Holdings Limited. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.
- (3) The Trust distribution of 26.00 cents per ordinary unit formed part of the distribution of 53.25 cents per ordinary WDC stapled security paid on 27 February 2009. This distribution is an aggregate of a distribution from the Trust, a dividend from Westfield Holdings Limited and a distribution from Westfield America Trust. The figure reported here only represents that component of the aggregate Westfield Group distribution being the distribution of the Trust.

3. The Directors

The following Directors served on the Board for the Financial Year: Mr F P Lowy AC, Mr D H Lowy AM, Professor F G Hilmer AO, Mr R L Furman, Lord P H Goldsmith QC PC, Mr D M Gonski AC, Mr S P Johns, Mr P S Lowy, Mr S M Lowy, Mr J McFarlane, Professor J Sloan, Dr G H Weiss, Mr D R Wills AO and Ms C M Zampatti AM.

The composition of the Board changed during the Financial Year with the retirement of Mr Dean R Wills AO on 23 May 2008 and the appointments of Mr John McFarlane and Professor Judith Sloan on 26 February 2008, and Lord (Peter) Goldsmith QC PC on 28 August 2008.

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

Director	Number of Stapled Securities
F P Lowy AC	179,598,386
D H Lowy AM	
P S Lowy	
S M Lowy	
R L Furman	50,000
P H Goldsmith QC PC	-
D M Gonski AC	234,701
F G Hilmer AO	205,904
S P Johns	1,512,655
J McFarlane	-
J Sloan	1,000
G H Weiss	21,739
C M Zampatti AM	346,337

Mr Wills retired from the Board on 23 May 2008. On the date of his retirement, Mr Wills held 20,000 ordinary stapled securities in the Westfield Group.

None of the Directors hold options over any issued or unissued units in the Trust or stapled securities in the Westfield Group. No options over any issued or unissued units in the Trust or stapled securities in the Westfield Group have been issued to the Directors. Details of performance rights granted to other Key Management Personnel are contained in Note 38 to the Financial Statements.

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

4. Options And Unissued Interests

Details of the unissued ordinary units in the Trust under options as at the date of this Report are provided in Note 19 in the Notes to the Financial Statements (page 17).

Details of fully paid ordinary units in the Trust which were issued during or since the end of the Financial Year as a result of the exercise of options over unissued units are provided in Note 19 in the Notes to the Financial Statements (page 17).

5. Indemnities And Insurance Premiums

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

6. Special Rules For Registered Schemes

- \$98.2 million in fees were paid and payable to the Responsible Entity and its associates out of the assets of the Trust during the Financial Year.
- No units in the Trust were held by the Responsible Entity at the end of the Financial Year. Associates of the Responsible Entity held 24,458,794 units as at the end of the Financial Year. Associates of the Responsible Entity also hold 27,661,209 options in the Trust.
- Details of units issued in the Trust during the Financial Year are set out on Note 18 on page 16.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 2(d), 11 and 13 on pages 7, 8, 12 and 14.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 18 on page 16.

7. Audit

7.1 Audit and Compliance Committee

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

7.2 Audit Independence



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

In relation to our audit of the financial report of Westfield Trust for the year ended 31 December 2008, 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, 16 March 2009

Liability limited by a scheme approved under Professional Standards Legislation.

8. Synchronisation Of Financial Year

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

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

F P Lowy AC
Executive Chairman

F G Hilmer AO
Director

16 March 2009

Corporate Governance Statement

The Corporate Governance Statement for Westfield Trust for the financial year ended 31 December 2008 has been incorporated into the Corporate Governance Statement prepared for the stapled Westfield Group. This Statement can be found in the 2008 Westfield Group Annual Report, after the Directors' Report.

Members' Information

FOR THE YEAR ENDED 31 DECEMBER 2008

Twenty Largest Holders of Stapled Securities in Westfield Group *		Number of Securities	% of Issued Securities
1	HSBC Custody Nominees (Australia) Limited	516,471,267	22.75
2	National Nominees Limited	337,119,058	14.85
3	J P Morgan Nominees Australia Limited	317,366,482	13.98
4	Citicorp Nominees Pty Limited	130,542,143	5.75
5	Cordera Holdings Pty Limited	123,607,561	5.44
6	Cogent Nominees Pty Limited	45,351,573	2.00
7	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	44,117,754	1.94
8	AMP Life Limited	41,173,400	1.81
9	ANZ Nominees Limited <Cash Income A/C>	40,612,717	1.79
10	ANZ Nominees Limited <Income Reinvest Plan A/C>	27,409,705	1.21
11	Cogent Nominees Pty Limited <SMP Account>	22,012,067	0.97
12	Bond Street Custodians Limited <ENH Property Securities A/C>	18,712,176	0.82
13	Franley Holdings Pty Limited	16,975,434	0.75
14	Mr Frank P Lowy	15,417,391	0.68
15	Queensland Investment Corporation	12,965,223	0.57
16	RBC Dexia Investor Services Australia Nominees Pty Limited <APN A/C>	12,508,356	0.55
17	Citicorp Nominees Pty Limited <CFSIL CWLTH Property 1 A/C>	11,098,129	0.49
18	Citicorp Nominees Pty Limited <CISL LPT No. 1 A/C>	10,354,351	0.46
19	Neweconomy Com Au Nominees Pty Limited <900 Account>	9,854,333	0.43
20	Bond Street Custodians Limited <Property Securities A/C>	8,718,678	0.38
		1,762,387,798	77.62

* Ordinary shares in Westfield Holdings Ltd were stapled to units in Westfield Trust and Westfield America Trust as part of the Merger. The stapled securities trade on the Australian Securities Exchange under the code WDC.

Voting Rights

Westfield Holdings Limited (the Company) – 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

	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	32,028,439	65,469	1.41
1,001 – 5,000	0	0	117,569,030	54,663	5.18
5,001 – 10,000	0	0	41,902,556	6,103	1.85
10,001 – 100,000	52,500	1	73,782,285	3,206	3.25
100,001 and over	27,608,709	3	2,005,195,096	294	88.31
Total	27,661,209	4	2,270,477,406	129,735	100.00

As at 27 February 2009, 4,545 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

* There are 27,661,209 options on issue to four subsidiaries of Westfield Holdings Limited. Due to the stapling structure of the Westfield Group, these options could not be exercised by these subsidiaries. The total number of options on issue at 27 February 2009 is 27,661,209.

* There are 2,390,992 performance rights on issue to a total of 154 Westfield Group employees. Under the stapling arrangements each of Westfield Holdings Limited, Westfield Trust and Westfield America Trust is required to issue securities on the vesting of a performance right.

** Subsidiaries of the Company also hold 83,084,363 units in Westfield America Trust which units are not stapled. There are 2,353,561,769 units in Westfield America Trust on issue.

Substantial Securityholders

The names of the Westfield Group's substantial securityholders and the number of ordinary stapled securities in which each has a relevant interest, as disclosed in substantial shareholding notices given to the Westfield Group, are as follows:

Members of the Lowy family and associates	179,598,386
Commonwealth Bank of Australia	151,483,363
Barclay's Group	118,042,076