Westfield Trust Financial Report 31 December 2005

Directory

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WDC

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EMAS

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Financial Report

Westfield Trust
Comprising Westfield Trust and its Controlled Entities
For the financial year ended 31 December 2005

Contents

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
Revenue and other income					
Property revenue	4	**1,363.8**	1,177.4	**515.4**	442.8
Property revaluation		**1,435.2**	1,163.2	**484.1**	393.7
Fair value adjustment of other investments/receivables		**45.8**	–	**900.4**	–
Distributions/interest from subsidiaries		**–**	–	**709.3**	486.1
		2,844.8	2,340.6	**2,609.2**	1,322.6
Share of after tax profits of equity accounted entities	13(b)	**133.4**	123.9	**–**	–
Foreign currency exchange gain/(loss)		**12.0**	1.4	**0.9**	(10.6)
Profit on disposal of assets	5	**24.7**	35.7	**22.9**	35.6
Interest income		**29.0**	5.8	**27.5**	4.2
Total revenue and other income		**3,043.9**	2,507.4	**2,660.5**	1,351.8
Expenses					
Property expenses and outgoings		**(367.4)**	(340.5)	**(133.0)**	(118.0)
Property and funds management costs		**(14.3)**	(28.4)	**(12.4)**	(26.7)
Corporate costs		**(8.4)**	(8.1)	**(10.2)**	(6.9)
Currency derivatives		**(7.9)**	–	**(7.9)**	–
		(398.0)	(377.0)	**(163.5)**	(151.6)
Merger charges		**–**	(34.5)	**–**	(34.5)
Financing costs					
— interest bearing liabilities		**(494.8)**	(245.0)	**(385.5)**	(152.5)
— other financial liabilities		**(109.6)**	(48.6)	**(109.6)**	(48.6)
	6	**(604.4)**	(293.6)	**(495.1)**	(201.1)
Total expenses		**(1,002.4)**	(705.1)	**(658.6)**	(387.2)
Profit before tax expense and minority interest		**2,041.5**	1,802.3	**2,001.9**	964.6
Tax expense	7	**(41.7)**	(19.5)	**–**	(0.6)
Profit after tax expense		**1,999.8**	1,782.8	**2,001.9**	964.0
Less: net profit attributable to minority interest		**(21.5)**	(33.1)	**–**	–
Net profit attributable to Members of Westfield Trust ("WT")		**1,978.3**	1,749.7	**2,001.9**	964.0

		cents	cents
Basic earnings per unit	8	**114.92**	104.46
Diluted earnings per unit	8	**113.73**	103.00

	Consolidated		Parent	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
Net profit attributable to Members of WT	**1,978.3**	1,749.7	**2,001.9**	964.0
Adjusted for:				
Revaluation of investment properties	**(1,435.2)**	(1,163.2)	**(484.1)**	(393.7)
Revaluation of investment properties attributable to equity accounted entities	**(70.3)**	(65.4)	**(70.3)**	(65.4)
Minority interest property revaluations	**13.9**	26.2	**–**	–
Fair value adjustments on other investments	**(45.8)**	–	**(900.4)**	–
Amortisation of tenant allowances	**16.5**	15.2	**5.2**	5.2
Net unrealised loss on mark to market of derivatives that do not qualify for hedge accounting	**69.8**	–	**69.8**	–
Mark to market of convertible debt	**77.2**	–	**77.2**	–
Deferred tax charge	**41.7**	18.9	**–**	–
Capital distributions from subsidiaries	**–**	–	**(153.6)**	–
Distributions from retained profits	**97.7**	52.5	**196.3**	123.7
Net profit from asset sales/transaction costs written off	**(24.7)**	(1.2)	**(22.9)**	(1.1)
Distribution paid/proposed	**719.1**	632.7	**719.1**	632.7
Weighted average number of securities entitled to distribution at 31 December	**1,730.9**	1,956.6	**1,730.9**	1,956.6
6 months ended 31 December				
Distribution proposed per ordinary unit (cents)	**22.04**	20.74	**22.04**	20.74
Distribution proposed per DRP unit (cents)	**14.61**	–	**14.61**	–
6 months ended 30 June				
Distribution proposed per ordinary unit (cents) [(1)]	**19.50**	17.01	**19.50**	17.01
Distribution proposed per DRP unit (cents) [(1)]	**13.14**	11.40	**13.14**	11.40

[(1)] The comparative amounts have been restated to include the issuance and consolidation of WT's units due to the stapling transaction with Westfield Holdings and Westfield America Trust. On an unadjusted basis, the distribution per ordinary unit was 12.71 cents and the distribution per DRP unit was 8.52 cents.

Balance Sheet

AS AT 31 DECEMBER 2005

	Note	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
Current assets					
Cash and cash equivalents	23(a)	**50.4**	39.0	**21.1**	16.4
Trade receivables	9	**1.9**	6.3	**0.7**	0.4
Derivative assets	10	**–**	30.1	**–**	13.3
Receivables	11	**715.4**	717.7	**818.2**	790.1
Prepayments and deferred costs		**43.9**	55.7	**26.6**	35.6
Total current assets		**811.6**	848.8	**866.6**	855.8
Non current assets					
Investment properties	12	**16,606.8**	13,734.2	**6,525.7**	4,636.8
Equity accounted investments	13(a)	**969.2**	861.2	**–**	–
Other investments	14	**760.9**	841.1	**9,781.5**	9,007.1
Derivative assets	10	**67.3**	31.8	**56.4**	22.4
Prepayments and deferred costs		**126.6**	119.5	**68.2**	60.4
Total non current assets		**18,530.8**	15,587.8	**16,431.8**	13,726.7
Total assets		**19,342.4**	16,436.6	**17,298.4**	14,582.5
Current liabilities					
Payables	15	**503.1**	385.0	**342.4**	279.7
Interest bearing liabilities	16	**2,146.2**	965.8	**1,606.3**	738.0
Derivative liabilities	18	**11.9**	43.3	**11.9**	30.0
Total current liabilities		**2,661.2**	1,394.1	**1,960.6**	1,047.7
Non current liabilities					
Interest bearing liabilities	16	**5,417.5**	5,128.1	**4,440.3**	3,915.7
Other financial liabilities	17	**451.4**	841.4	**451.4**	841.4
Deferred tax liabilities	7	**221.5**	177.4	**–**	–
Derivative liabilities	18	**223.6**	136.3	**210.7**	136.3
Total non current liabilities		**6,314.0**	6,283.2	**5,102.4**	4,893.4
Total liabilities		**8,975.2**	7,677.3	**7,063.0**	5,941.1
Net assets		**10,367.2**	8,759.3	**10,235.4**	8,641.4
Equity attributable to Members of WT					
Contributed equity	19	**5,868.4**	5,304.8	**5,868.4**	5,304.8
Reserves	21	**133.2**	120.5	**–**	1,405.5
Retained profits	22	**4,233.8**	3,216.1	**4,367.0**	1,931.1
Total equity attributable to Members of WT		**10,235.4**	8,641.4	**10,235.4**	8,641.4
Minority interest					
Contributed equity		**94.0**	94.0	**–**	–
Retained profits		**37.8**	23.9	**–**	–
Total minority interest		**131.8**	117.9	**–**	–
Total equity		**10,367.2**	8,759.3	**10,235.4**	8,641.4

	Note	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
Changes in equity attributable to Members of WT					
Opening balance of equity attributable to Members of WT		**8,641.4**	7,048.3	**8,641.4**	7,048.3
Contributed equity					
Distribution reinvestment plan		**236.7**	169.3	**236.7**	169.3
Conversion of options		**326.9**	0.2	**326.9**	0.2
Stapling distribution		**–**	(635.9)	**–**	(635.9)
Units issued to implement the Merger		**–**	483.9	**–**	483.9
Foreign currency translation reserve					
Net exchange difference on translation of foreign operations [1]		**23.6**	109.6	**–**	–
Asset Revaluation Reserve					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**–**	–	**(1,394.6)**	–
Revaluation increment		**–**	–	**–**	895.3
Option Premium Reserve					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**(10.9)**	–	**(10.9)**	–
Retained profits					
Application of AASB 132 and 139 effective 1 January 2005	3(e)	**(276.8)**	–	**1,117.8**	–
Distribution paid		**(683.8)**	(283.7)	**(683.8)**	(283.7)
Net adjustments recognised directly in equity		**(384.3)**	(156.6)	**(407.9)**	629.1
Profit after tax expense for the period [1]		**1,978.3**	1,749.7	**2,001.9**	964.0
Closing balance of equity attributable to Members of WT		**10,235.4**	8,641.4	**10,235.4**	8,641.4
Changes in equity attributable to minority interest					
Opening balance of equity attributable to minority interest		**117.9**	91.7	**–**	–
Profit after tax expense for the period		**21.5**	33.1	**–**	–
Distributions paid or provided for		**(7.6)**	(6.9)	**–**	–
Closing balance of equity attributable to minority interest		**131.8**	117.9	**–**	–
Total equity		**10,367.2**	8,759.3	**10,235.4**	8,641.4

[1] Total income and expenses for the period, including amounts recognised directly in equity, is $2,001.9 million (31 December 2004: $1,859.3 million), being profit after tax expense for the period of $1,978.3 million (31 December 2004: $1,749.7 million) and the net exchange loss on translation of foreign operations of $23.6 million (31 December 2004: $109.6 million).

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
Cash flows from operating activities					
Receipts in the course of operations (including GST)		**1,529.4**	1,293.3	**531.9**	489.2
Payments in the course of operations (including GST)		**(432.3)**	(467.9)	**(160.0)**	(192.8)
Distributions received from equity accounted associates		**62.2**	59.8	**54.5**	–
Distributions received from subsidiaries		**–**	–	**635.6**	449.9
Income and withholding taxes paid		**–**	(0.6)	**–**	(0.6)
Goods and services taxes paid to suppliers for investing activities		**(61.0)**	(53.5)	**(21.1)**	(11.4)
Goods and services taxes paid to government bodies		**(34.0)**	(33.1)	**(10.0)**	(13.4)
Net cash flows from operating activities	23(b)	**1,064.3**	798.0	**1,030.9**	720.9
Cash flows from investing activities					
Acquisition of property investments		**(761.3)**	(663.8)	**(761.3)**	(513.7)
Payments of capital expenditure for property investments		**(587.3)**	(418.8)	**(571.8)**	(362.3)
Acquisition of listed investments		**–**	(484.6)	**–**	(484.6)
Proceeds from the sale of listed investments		**510.9**	–	**510.9**	–
Distributions received from listed investments		**14.7**	5.2	**14.7**	5.2
Payments for the purchase of other investments		**(363.6)**	(359.8)	**(363.6)**	(359.8)
Proceeds from the sale of property investments		**15.6**	278.4	**1.5**	249.7
Net (payments)/receipts for investments in equity accounted investments		**(33.4)**	2.6	**–**	–
Loans repaid by /(advanced to) related entities		**793.0**	(670.3)	**793.0**	(670.3)
Net cash flows used in investing activities		**(411.4)**	(2,311.1)	**(376.6)**	(2,135.8)
Cash flows from financing activities					
Proceeds from the issue of units		**430.0**	169.3	**430.0**	169.3
Net proceeds from interest bearing liabilities		**58.4**	2,365.2	**(46.3)**	2,204.5
Financing costs		**(413.3)**	(313.5)	**(327.4)**	(245.3)
Interest received		**(2.7)**	5.1	**2.0**	1.0
Distributions paid		**(683.7)**	(554.9)	**(683.7)**	(554.9)
Distributions paid by controlled entities to Minority Interest		**(7.4)**	(6.5)	**–**	–
Stapling distribution on implementation of the Merger		**–**	483.8	**–**	483.8
Units issued on implementation of the Merger		**–**	(635.9)	**–**	(635.9)
Merger charges		**(22.8)**	–	**(22.8)**	–
Net cash flows (used in)/from financing activities		**(641.5)**	1,512.6	**(648.2)**	1,422.5
Net increase/(decrease) in cash held		**11.4**	(0.5)	**6.1**	7.6
Add opening cash and cash equivalents brought forward		**39.0**	39.5	**16.4**	19.4
Effects of exchange rate changes on opening cash brought forward		**–**	–	**(1.4)**	(10.6)
Cash and cash equivalents at the end of the year	23(a)	**50.4**	39.0	**21.1**	16.4

NOTE 1 BASIS OF PREPARATION OF THE FINANCIAL REPORT

a) Corporate information
This financial report of WT for the year ended 31 December 2005 was approved in accordance with a resolution of the Board of Directors of Westfield Management Limited as responsible entity of WT ("Responsible Entity") on 20 March 2006.

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

b) Statement of Compliance with Australian Equivalents to International Financial Reporting Standards
This financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and the notes thereto, complies with International Financial Reporting Standards.

This is the first financial report prepared based on AIFRS. Accordingly, the financial information for the prior period comparative has been restated with the exception of AASB 132 and 139 which were applied from 1 January 2005. A summary of the significant accounting policies of WT under AIFRS is disclosed in Note 2 below.

Note 3 includes reconciliations between previously reported Australian Generally Accepted Accounting Principles ("AGAAP") as at 31 December 2004 to AIFRS including:
— a reconciliation between AGAAP and AIFRS equity as at 1 January 2004 and 31 December 2004; and
— a reconciliation between AGAAP and AIFRS profit for the financial year ended 31 December 2004.

As at 31 December 2005, a number of accounting standards have been issued with applicable commencement dates subsequent to year end. The expected impact of these accounting standards should not materially alter the accounting policies of WT at the date of this report.

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, equity accounted investments, investments in subsidiaries, derivative financial instruments and available for sale financial assets that have been measured at fair value.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Listed Property Trust Units
The constitution of WT was amended pursuant to resolutions passed at a Members' meeting on 12 May 2005. As part of the amendment the finite maximum term of the Trust was removed which allows the unitholders' funds to continue to be treated as equity in accordance with AASB 132 "Financial Instruments: Presentation and Disclosure". The Parent Entity and its controlled entities have deferred the adoption of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" to 1 January 2005. Accordingly, AASB 132 and 139 have not been applied to the comparatives and the Trust's units have been accounted for as equity.

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 Stock 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 controlled entities are collectively referred to 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. The minority interest for the period 1 January to 31 December 2005 represents interests in Carindale Property Trust ("CPT") not held by the Group.

i) Synchronisation of Financial Year
By an order dated 27 June 2005, made by the Australian Securities and Investments 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 in so far 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. Investment 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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 the 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 freehold and leasehold land, buildings, leasehold improvements, construction and development projects.

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, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, the Group's portfolio of investment properties is stated at fair value. Gains and losses arising from changes in the fair values of 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.

Amounts capitalised to construction and development projects include the cost of sundry acquisitions and development costs in respect of qualifying assets and borrowing costs during development.

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

The Directors' assessment of fair value of each investment property is confirmed by annual independent valuations conducted on a rolling basis. 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.

Investment properties are derecognised when they have been disposed of and no future benefit is expected from its disposal. Any gains or losses on derecognition are recognised in the income statement in the year of derecognition.

d) Other investments
Other investments excluding investments in subsidiaries are classified as available-for-sale. Listed investments in entities are stated at fair value based on their market values. Unlisted investments are stated at fair value of the Group's interest in the underlying assets.

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.

Investments in subsidiaries/receivables are carried at fair value through the income statement.

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

f) Revenue recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and can be reliably measured. Rental income from investment properties is accounted for on a straight line basis over the lease term. Contingent rental income is recognised as income in the period in which it is earned. If not received at balance date, revenue is reflected in the balance sheet as receivable and is 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 a separate asset and amortised over the term of the lease. The amortisation is recorded against property income.

All other revenues are recognised on an accruals basis.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

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
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.

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 to the year 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 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 amount of financing costs capitalised are those incurred in relation to that borrowing.

Refer to note 2(n) 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) Cash and cash equivalents
Cash on hand, at bank and short term deposits on the balance sheet have a maturity of three months or less. 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 convertible 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.

n) Derivative and other financial instruments
The Group's activities expose it to changes in interest rates and foreign exchange rates. The Group has policies and limits in respect of the use of derivative and other financial instruments to hedge cash flows subject to interest rate and currency risks.

There is a comprehensive hedging program implemented by the Group that is used to manage interest and exchange rate risk. Derivatives are not entered into for speculative purposes and the hedging policies are approved and monitored by the Board. Accounting standards however, include onerous documentation, designation and effectiveness requirements before a derivative financial instrument can qualify for hedge accounting. The Group's treasury transactions are undertaken to achieve economic outcomes in line with its treasury policy. The AIFRS documentation, designation and effectiveness requirements cannot be met in all circumstances. As a result all derivatives other than cross currency swaps that hedge investments in foreign operations and limited interest rate swaps do not qualify for hedge accounting and are recorded at fair value through the income statement.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts and other derivative contracts held by the Group are determined by reference to market values for similar instruments.

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

i) Financial assets

Receivables
Trade and sundry debtors are carried at original invoice amount, less provision for doubtful debts, and are due within 30 days. An estimate for doubtful debts is made when there is objective evidence that WT will not be able to collect the debts. Bad debts are written off when identified.

ii) Financial liabilities

Payables
Trade and sundry creditors are carried at amortised cost, and are generally payable within 60 days.

Interest bearing liabilities
Interest bearing liabilities are carried at amortised cost or at their fair value at the time of acquisition in the case of assumed liabilities. Interest is charged as an expense on an accruals basis.

Other financial liabilities
Other financial liabilities include convertible debt. Where the redemption terms include the settlement for cash on redemption the instrument is classified as a derivative and is fair valued through the income statement.

iii) Interest rate swaps
The Group enters into interest rate swap agreements that are used to convert certain variable interest rate borrowings to fixed interest rates. The swaps are entered into with the objective of hedging the risk of interest rate fluctuations in respect of underlying borrowings.

Derivatives entered into to reduce exposures to fluctuations in floating interest rates may be accounted for as cash flow hedges provided the hedge designation, documentation and effectiveness tests can be met. If these tests are satisfied then the hedging derivative is measured at fair value and gains or losses are reflected directly in equity until the hedged transaction occurs, when they are released to the income statement. To the extent that the hedges do not qualify for hedge accounting then gains or losses arising from changes in fair value is reflected in the income statement immediately.

iv) Cross currency swaps and forward exchange contracts
The Group enters into cross currency swaps and forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at predetermined exchange rates. The objective is to minimise the risk of exchange rate fluctuation in respect of certain of its foreign currency denominated assets, liabilities, revenues and expenses. The Group only enters into derivative financial instruments to hedge certain underlying assets, liabilities, revenues and expenses. For the year ended 31 December 2004, forward exchange contracts were deferred on the balance sheet and not fair valued through the income statement.

The forward exchange contracts entered into to hedge the foreign exchange exposure relating to revenues denominated in a foreign operation's functional currency do not qualify for hedge accounting. Accordingly, such derivatives are measured at fair value and gains and losses are reflected in the income statement as they arise.

The foreign exchange exposure on net investments in foreign operations qualify for hedge accounting provided that the hedge designation, documentation and effectiveness tests are met. If these tests are satisfied then the hedging derivative is measured at fair value and gains and losses relating to the effective portion of the hedge are reflected in the foreign currency translation reserve. Any gains or losses relating to the ineffective portion are recognised directly in the income statement.

v) Disclosure of fair values
Recognised financial assets and liabilities are recorded at balance date at their net fair values with the exception of investments in associates which are carried at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. Refer to note 2(b).

Applicable market rates, values, prices and terms in respect of derivative and other financial instruments are set out in the notes to these financial statements.

vi) Derecognition of financial instruments
The derecognition of financial instruments takes place when the Group no longer controls the contractual rights that comprise the financial instrument which is normally the case when the instrument is sold or all cash flows attributable to the instrument have passed to an independent third party.

o) 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 a formal estimate of the 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.

p) 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 divided by the weighted average number of ordinary units and dilutive potential ordinary units.

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

NOTE 3 IMPACT OF ADOPTING AIFRS

a) AASB 1 transitional exemptions

The Group has made its election to the transitional exemptions allowed by AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" as follows:

i) AASB 3 "Business Combinations" was not applied retrospectively to business combinations undertaken before the date of transition to AIFRS.

ii) AASB 2 "Share Based Payments" is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

iii) The Group has elected not to apply AASB 121 "The Effects of Changes in Foreign Exchange Rates" to the cumulative translation differences at the date of transition to AIFRS. This has resulted in the foreign currency translation reserve balance at 1 January 2004 being transferred to opening retained earnings. Any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition and shall include later translation differences.

iv) The Group has elected to defer the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement". As a result of the deferral, the opening retained earnings at 1 January 2005 has been adjusted to account for the application of AASB 132 "Financial Instruments: Presentation and Disclosure" and AASB 139 "Financial Instruments: Recognition and Measurement" as at that date. Refer to note 3(e) for the reconciliation between 31 December 2004 closing balance and 1 January 2005 opening balance.

b) Reconciliation of profit after tax between AGAAP and AIFRS

	Consolidated 31 Dec 04 $million	**Parent Entity** 31 Dec 04 $million
Profit after tax attributable to Members of WT as previously reported under AGAAP	581.4	575.5
Investment property revaluations [(1)]	1,163.2	393.7
Minority interest property revaluations [(1)]	(26.2)	–
Investment property revaluations attributable to equity accounted associates [(1)]	65.4	–
Deferred tax charge [(2)]	(18.9)	–
Tenant allowances amortised	(15.2)	(5.2)
Profit after tax attributable to Members of WT under AIFRS	**1,749.7**	**964.0**

[(1)] AASB 140 "Investment Property" requires revaluation increment/decrement to be recognised through the income statement. Under AGAAP revaluation movements were recognised in the asset revaluation reserve.

[(2)] A deferred tax liability arises as a result of depreciation claimed for tax purposes and revaluations of investment properties. Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties did not have an impact on the tax expense in the income statement. A liability was only recognised once there was an intention to sell the investment property and the sale would give rise to a tax obligation.

c) Reconciliation of total equity between AGAAP and AIFRS

	Consolidated		**Parent Entity**	
	31 Dec 04 $million	1 Jan 04 $million	31 Dec 04 $million	1 Jan 04 $million
Total equity under previous AGAAP	8,936.7	7,290.3	8,818.8	7,198.6
Deferred tax liability [(1)]	(177.4)	(150.3)	–	–
Revaluation of other investments	–	–	(177.4)	(150.3)
Total equity under AIFRS	**8,759.3**	**7,140.0**	**8,641.4**	**7,048.3**

[(1)] A deferred tax liability arises as a result of depreciation claimed for tax purposes and revaluations of investment properties. Under AGAAP, depreciation allowances for tax purposes and revaluation of investment properties did not have an impact on the tax expense in the income statement. A liability was only recognised once there was an intention to sell the investment property and the sale would give rise to a tax obligation.

NOTE 3 IMPACT OF ADOPTING AIFRS CONTINUED

d) Cash flow Statement under AIFRS

There are no material differences between the AGAAP and AIFRS cash flow statements.

e) Reconciliation of total equity opening balance upon adoption of AASB 132 and 139 on 1 January 2005

	Consolidated 1 Jan 05 $million	Parent Entity 1 Jan 05 $million
Total equity under AIFRS at 31 December 2004	8,759.3	8,641.4
Forward exchange contracts not qualifying for hedge accounting (i)	24.4	24.4
Interest rate swaps not qualifying for hedge accounting (ii)	(136.4)	(91.7)
Mark to market of other financial liabilities (iii)	(175.7)	(175.7)
Fair value adjustments of other investments	–	(44.7)
Total equity under AIFRS at 1 January 2005	**8,471.6**	**8,353.7**
Total equity under AIFRS at 1 January 2005 attributable to:		
— Members of WT	8,353.7	8,353.7
— Minority interest	117.9	–
	8,471.6	**8,353.7**

i) AASB 139 "Financial Instruments" does not allow hedge accounting for derivatives entered into to hedge the foreign exchange exposure relating to revenues denominated in a foreign operation's functional currency. These derivatives are measured at fair value and gains and losses are reflected in the income statement as they arise.

Under AGAAP gains and losses on foreign currency derivatives were deferred and recorded with the underlying transactions being hedged. For hedges of foreign currency revenues, gains and losses were reflected in the income statement as the underlying foreign currency revenues were recognised.

ii) Interest rate derivatives are determined to be ineffective as they do not meet the hedge effectiveness criteria under AASB 139 "Financial Instruments", accordingly these derivatives are measured at fair value and the gains and losses are recorded in the income statement. Under AGAAP, interest rate derivatives were accounted for on an accrual basis.

iii) All convertible debt instruments are recorded at fair value under AIFRS. The fair value is based on the conversion value at balance date.

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 4 PROPERTY REVENUE				
Shopping centre base rent and other property income	**1,380.3**	1,192.6	**520.6**	448.0
Tenant allowances amortised	**(16.5)**	(15.2)	**(5.2)**	(5.2)
	1,363.8	1,177.4	**515.4**	442.8
NOTE 5 PROFIT ON DISPOSAL OF ASSETS				
Revenue from asset sales	**526.6**	198.7	**514.1**	189.7
Cost of assets sold	**(501.9)**	(163.0)	**(491.2)**	(154.1)
	24.7	35.7	**22.9**	35.6
NOTE 6 FINANCING COSTS				
Gross financing costs (excluding mark to market of interest rate hedges that do not qualify for hedge accounting)	**(439.3)**	(290.1)	**(330.6)**	(178.8)
Related party borrowing costs	**(28.2)**	(2.1)	**(27.5)**	(2.1)
Financing costs capitalised to construction projects	**17.7**	33.5	**7.4**	28.4
Financing costs	**(449.8)**	(258.7)	**(350.7)**	(152.5)
Finance lease interest expense	**(2.5)**	(2.5)	**–**	–
Mark to market of interest rate hedges that do not qualify for hedge accounting	**(74.9)**	–	**(67.2)**	–
Interest expense and mark to market of other financial liabilities	**(77.2)**	(32.4)	**(77.2)**	(48.6)
	(604.4)	(293.6)	**(495.1)**	(201.1)

	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
NOTE 7 TAXATION				
a) Tax expense				
Current	**–**	(0.6)	**–**	(0.6)
Deferred	**(41.7)**	(18.9)	**–**	–
	(41.7)	(19.5)	**–**	(0.6)
The prima facie tax on profit before income tax expense is reconciled to the income tax expense provided in the financial statements as follows:				
Accounting profit before income tax	**2,041.5**	1,802.3	**2,001.9**	964.6
Prima facie tax expense on profit at 30% (31 December 2004: 30%)	**(612.5)**	(540.7)	**(600.6)**	(289.4)
Australian trust income not assessable	**570.8**	521.2	**600.6**	288.8
Tax expense	**(41.7)**	(19.5)	**–**	(0.6)
b) Deferred tax liabilities				
Fair value in excess of the tax cost base of investment properties	221.5	177.4	–	–
Deferred tax liabilities	221.5	177.4	–	–

	Consolidated 31 Dec 05 cents	Consolidated 31 Dec 04 cents
NOTE 8 EARNINGS PER UNIT		
a) Attributable to Members of WT		
Basic earnings per unit	**114.92**	104.46
Diluted earnings per unit	**113.73**	103.00

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

	Number of units	Number of units
Weighted average number of ordinary units used in calculating basic earnings per unit	**1,721,397,405**	1,674,944,088
Bonus element of unit options which are dilutive [1]	**18,048,997**	23,839,244
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	**1,739,446,402**	1,698,783,332

	$million	$million
Earnings used in calculating basic earnings per unit	**1,978.3**	1,749.7
Adjustment to earnings on options which are considered dilutive	**–**	–
Earnings used in calculating diluted earnings per unit	**1,978.3**	1,749.7

[1] At 31 December 2005, there were 8,977,320 bonus element of security options. These bonus element of security options have been determined as anti-dilutive for the current period. The adjustment to earnings in respect of these bonus element of security options was $77.2 million.

The weighted average number of converted, lapsed or cancelled potential ordinary units used in diluted earnings per unit was 868,870 (31 December 2004: 6,980,475) .

b) Conversions, calls, subscription or issues after 31 December 2005
Since the end of the financial year:
— 1,435,537 stapled securities have been issued as a consequence of the exercise of options; and
— 9,516,698 stapled securities have been issued 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 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million

NOTE 9 TRADE RECEIVABLES

	31 Dec 05 $million	31 Dec 04 $million	31 Dec 05 $million	31 Dec 04 $million
Trade receivables	**4.3**	8.2	**0.7**	0.4
Less: provision for doubtful debts	**(2.4)**	(1.9)	**–**	–
	1.9	6.3	**0.7**	0.4

NOTE 10 DERIVATIVE ASSETS

	31 Dec 05 $million	31 Dec 04 $million	31 Dec 05 $million	31 Dec 04 $million
Current				
Receivables under cross currency contracts	**–**	16.8	**–**	–
Deferred loss on forward exchange contracts	**–**	13.3	**–**	13.3
	–	30.1	**–**	13.3
Non Current				
Receivables under cross currency contracts	**21.4**	–	**10.5**	–
Receivables under cross currency contracts with related entities	**45.9**	–	**45.9**	–
Receivables under forward exchange contracts	**–**	9.4	**–**	–
Deferred loss on forward exchange contracts	**–**	22.4	**–**	22.4
	67.3	31.8	**56.4**	22.4

NOTE 11 RECEIVABLES

	31 Dec 05 $million	31 Dec 04 $million	31 Dec 05 $million	31 Dec 04 $million
Current				
Sundry debtors	**46.1**	58.0	**32.9**	34.5
Amounts receivable from subsidiaries	**–**	–	**116.0**	95.9
Loans receivable from related entities	**669.3**	659.7	**669.3**	659.7
	715.4	717.7	**818.2**	790.1

NOTE 12 INVESTMENT PROPERTIES

	31 Dec 05 $million	31 Dec 04 $million	31 Dec 05 $million	31 Dec 04 $million
Shopping centre investments	**16,194.4**	13,337.3	**6,344.3**	4,518.1
Construction and development projects	**412.4**	396.9	**181.4**	118.7
	16,606.8	13,734.2	**6,525.7**	4,636.8
Movement in investment properties				
Balance at the beginning of the year	**13,734.2**	11,474.5	**4,636.8**	3,972.0
Acquisition of properties	**808.0**	598.6	**787.6**	255.0
Disposal of properties	**(12.5)**	(161.4)	**(1.6)**	(94.8)
Redevelopment costs	**621.2**	533.2	**618.8**	110.9
Net revaluation increment	**1,435.2**	1,163.2	**484.1**	393.7
Retranslation of foreign operations	**20.7**	126.1	**–**	–
Balance at the end of the year	**16,606.8**	13,734.2	**6,525.7**	4,636.8

Property investments are carried at the Directors' determination of fair value based on independent valuations where appropriate. This includes the original acquisition costs together with capital expenditure since acquisition and either the latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as property taxes on acquisition. Differences between the carrying value and the independent valuation are due to tenant allowances, deferred costs and ground leases recorded separately on the balance sheet.

A full independent valuation of a shopping centre is conducted at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value. Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees, etc.) and capital expenditure in respect of completed projects which has taken place since or was not included in the latest valuation of the shopping centres. During the period between full independent valuations, the shopping centre valuations are generally independently updated annually based on the most recent full independent valuation of the shopping centre in conjunction with current financial information to prepare an independent update. Independent updates use both the capitalisation of net income method and the discounting of future net cash flows to their present value method. A formal inspection of the property is performed where a material physical change has occurred.

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS

Name of entity	Type of equity	Balance Date	Economic Interest 31 Dec 05	Economic Interest 31 Dec 04	Consolidated Carrying Value 31 Dec 05 $million	Consolidated Carrying Value 31 Dec 04 $million
a) Equity accounted entities carrying value						
Australian investments [1]						
AMP Wholesale Shopping Centre Trust No. 2	Trust Units	30 Jun	**10.0%**	10.0%	**54.6**	49.8
Karrinyup	Trust Units	30 Jun	**25.0%**	25.0%	**99.4**	89.7
Mt Druitt	Trust Units	30 Jun	**50.0%**	50.0%	**174.0**	119.2
SA Shopping Centre Trust	Trust Units	31 Dec	**50.0%**	50.0%	**21.5**	21.0
Southland	Trust Units	30 Jun	**50.0%**	50.0%	**406.9**	385.1
Tea Tree Plaza	Trust Units	30 Jun	**50.0%**	50.0%	**212.8**	196.4
Total equity accounted investments					**969.2**	861.2

[1] All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million
b) Details of WT's aggregate share of equity accounted entities net profit		
Property revenue	**88.9**	85.5
Property revaluation	**70.3**	65.4
Total revenue from ordinary activities	**159.2**	150.9
Property outgoings	**(24.5)**	(25.7)
Other expenses	**–**	(0.2)
Borrowing costs	**(1.3)**	(1.1)
Net profit from equity accounted entities before tax expense	**133.4**	123.9
Income tax expense	**–**	–
Share of net profits of equity accounted entities	**133.4**	123.9
c) Details of WT's aggregate share of equity accounted entities assets and liabilities		
Cash	**5.3**	2.6
Receivables	**2.2**	2.6
Shopping centre investments	**976.0**	871.7
Construction and development projects	**23.5**	24.0
Total assets	**1,007.0**	900.9
Payables	**(17.3)**	(17.4)
Interest bearing liabilities	**(13.9)**	(14.8)
Other liabilities	**(6.6)**	(7.5)
Total liabilities	**(37.8)**	(39.7)
Net assets	**969.2**	861.2

NOTE 13 DETAILS OF EQUITY ACCOUNTED INVESTMENTS CONTINUED

	Consolidated	
	31 Dec 05 $million	31 Dec 04 $million
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	**60.1**	58.0
Due between one and five years	**157.4**	145.8
Due after five years	**117.9**	101.8
	335.4	305.6
e) Details of WT's aggregate share of equity accounted entities capital expenditure commitments		
Estimated capital expenditure commitments		
Due within one year	**0.3**	25.4
Due between one and five years	**–**	–
	0.3	25.4

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million

NOTE 14 OTHER INVESTMENTS

Listed investments	**–**	481.3	**–**	481.3
Unlisted investments	**760.9**	359.8	**760.9**	359.8
Investments in subsidiaries	**–**	–	**9,020.6**	8,166.0
	760.9	841.1	**9,781.5**	9,007.1
Movement in other investments				
Balance at the beginning of the year	**841.1**	–	**9,007.1**	6,749.8
Additions	**363.4**	841.1	**363.4**	1,419.7
Disposals	**(489.4)**	–	**(489.4)**	(57.7)
Net revaluation increment	**45.8**	–	**900.4**	895.3
Balance at the end of the year	**760.9**	841.1	**9,781.5**	9,007.1

NOTE 15 PAYABLES

Current				
Trade, sundry creditors and accruals	**503.1**	385.0	**342.4**	279.7
	503.1	385.0	**342.4**	279.7

	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million	Parent Entity 31 Dec 05 $million	Parent Entity 31 Dec 04 $million
NOTE 16 INTEREST BEARING LIABILITIES				
Current				
Unsecured				
Bank loans [1]	**857.6**	739.6	**15.0**	–
Notes payable – A$ [5]	**450.0**	226.2	**275.0**	–
Loans from associates of the Responsible Entity	**838.6**	–	**838.6**	–
Loans from controlled entities	**–**	–	**477.7**	738.0
	2,146.2	965.8	**1,606.3**	738.0
Non Current				
Unsecured				
Bank loans [1]	**914.0**	1,516.2	**–**	530.0
Commercial paper [1]	**238.8**	360.0	**238.8**	360.0
Notes payable				
— US$ [2]	**1,910.7**	1,797.8	**–**	–
— £ [3]	**1,036.5**	–	**–**	–
— € [4]	**323.7**	–	**–**	–
— A$ [5]	**825.0**	1,288.1	**775.0**	1,050.0
Finance leases	**37.2**	39.7	**–**	–
Loans from controlled entities	**–**	–	**3,426.5**	1,975.7
Secured				
Bank loans [6]	**98.6**	93.7	**–**	–
Other	**33.0**	32.6	**–**	–
	5,417.5	5,128.1	**4,440.3**	3,915.7
The maturity profile in respect of current and non current interest bearing liabilities is set out below:				
Due within one year	**2,146.2**	965.8	**1,606.3**	738.0
Due between one and five years	**3,269.5**	3,456.2	**2,329.2**	2,101.0
Due after five years	**2,148.0**	1,671.9	**2,111.1**	1,814.7
	7,563.7	6,093.9	**6,046.6**	4,653.7

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

Refer to note 29(a) for details relating to fixed rate debt and derivatives which hedge the floating rate liabilities.

[1] These instruments are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

[2] **Notes payable – US$**
Guaranteed Senior Notes of US$2,600.0 million were issued in the US 144A bond market by the Westfield Group. The issue comprised US$1,400.0 million and US$700.0 million of fixed rate notes maturing 2014 and 2010 respectively and US$500.0 million floating rate notes maturing 2007. WT was assigned US$1,400.0 million comprising US$550.0 million and US$600.0 million of fixed rate notes maturing 2014 and 2010 respectively and US$250.0 million of floating rate notes maturing 2007. These notes are subject to negative pledge arrangements which require the Westfield Group to comply with certain minimum financial requirements.

[3] **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.

[4] **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.

[5] **Notes payable – A$**
Medium term notes of A$1,275.0 million were issued in the Australian bond market by WT. The issue comprised A$910.0 million of fixed rate notes maturing 2006 to 2010 and A$365.0 million of floating rate notes maturing 2006 to 2008. These notes are subject to negative pledge arrangements which require WT to comply with certain minimum financial requirements.

[6] **Secured liabilities**
Current and non current secured liabilities is $98.6 million (31 December 2004: $93.7 million). Secured liabilities are borrowings secured by mortgages over properties that have an aggregate value of $377.0 million (31 December 2004: $338.3 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 05 $million	31 Dec 04 $million
Financing facilities		
Committed financing facilities available to the Group:		
Total financing facilities at the end of the year	**12,592.4**	12,004.1
Amounts utilised	**(7,582.5)**	(6,098.7)
Available financing facilities	**5,009.9**	5,905.4
Cash	**50.4**	39.0
Financing resources available at the end of the year	**5,060.3**	5,944.4
Maturity profile of financing facilities		
Maturity profile in respect of the above financing facilities:		
Due within one year	**2,624.9**	1,838.1
Due between one year and five years	**7,819.5**	5,598.2
Due after five years	**2,148.0**	4,567.8
	12,592.4	12,004.1

These facilities comprise fixed and floating rate secured facilities, fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Westfield Group to comply with specific minimum financial requirements. These facilities exclude convertible notes set out in note 17.

Amounts utilised include overdraft, borrowings and bank guarantees.

WT, as a member of the Westfield Group, is able to draw on financing facilities unutilised by the Westfield Group totalling A$ equivalent $4,781.5 million at year end which are included in available financing facilities shown above. These are interest only unsecured multicurrency multioption facilities.

Amounts which are denominated in foreign currencies are translated at exchange rates ruling at balance date.

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million

NOTE 17 OTHER FINANCIAL LIABILITIES

Unsecured				
Convertible notes [1]	**451.4**	841.4	**451.4**	841.4
	451.4	841.4	**451.4**	841.4

[1] **Convertible notes**

On 1 December 2003, the Responsible Entity issued 850,000 unsecured notes to Deutsche Bank AG Sydney Branch, with a settlement value of $839.1 million. The notes are for a five year term maturing on 5 January 2009 and have a face value of $1,000 per note. Interest on the notes is payable semi annually in arrears on 5 January and 5 July each year, commencing on 5 July 2004 at a rate set by the bank bill swap rate plus a margin of 0.10 per cent per annum. The terms of the notes allow for the redemption of the notes in certain circumstances including a change in applicable tax laws and a change in control of the Responsible Entity. In conjunction with the issue of the notes, the Responsible Entity issued to Deutsche Bank AG 850,000 call options over units in WT ("WT 2009 Options"). The terms of these options were subsequently amended to permit the delivery of stapled securities in the Westfield Group on exercise of an option (refer to note 20(iii)).

On 22 December 2004, the Responsible Entity was granted a waiver by the ASX to the extent necessary to permit the Responsible Entity to amend, without Member approval, the terms of the WT 2009 Options by including provisions to allow the Responsible Entity the discretion to elect to satisfy the exercise of a WT 2009 Option by making payment to the holder of the option an amount in Australian dollars instead of delivering stapled securities. 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 509,100 (31 December 2004: nil) options were exercised. As a consequence the face value of the WT Notes were repaid and securities were issued in accordance with the terms of the WT 2009 Options (refer to note 20(iii)). As at 31 December 2005 there were 340,900 options outstanding (31 December 2004: 850,000).

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 18 DERIVATIVE LIABILITIES				
Current				
Payables under forward exchange contracts	**10.6**	13.3	**10.6**	13.3
Payables under interest rate swaps	**1.3**	30.0	**1.3**	16.7
	11.9	43.3	**11.9**	30.0
Non current				
Payables under forward exchange contracts	**8.4**	22.4	**8.4**	22.4
Payables under cross currency swaps with related entities	–	69.2	–	69.2
Payables under interest rate swaps	**215.2**	44.7	**202.3**	44.7
	223.6	136.3	**210.7**	136.3

	Units	Units	**Units**	Units
NOTE 19 CONTRIBUTED EQUITY				
a) Number of units on issue				
Balance at the beginning of the year	**1,683,099,391**	2,199,068,672	**1,683,099,391**	2,199,068,672
Distribution reinvestment plan	**27,687,649**	49,520,572	**27,687,649**	49,520,572
Units issued on exercise of options	**37,397,010**	38,114	**37,397,010**	38,114
Consolidation of units pursuant to the terms of the Merger	–	(1,618,973,277)	–	(1,618,973,277)
Units issued to implement the Merger	–	1,053,445,310	–	1,053,445,310
Balance at the end of the year	**1,748,184,050**	1,683,099,391	**1,748,184,050**	1,683,099,391

Holders of stapled securities have the right to receive dividends from WHL and distributions from WAT and WT, and in the event of the winding up of 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).

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
b) Amount of contributed equity				
Balance at the beginning of the year [(1)]	**5,304.8**	5,287.3	**5,304.8**	5,287.3
Distribution reinvestment plan	**236.7**	169.3	**236.7**	169.3
Conversion of options	**326.9**	0.2	**326.9**	0.2
Stapling distributions - return of capital	–	(635.9)	–	(635.9)
Securities issued to implement the Merger	–	483.9	–	483.9
Balance at the end of the year	**5,868.4**	5,304.8	**5,868.4**	5,304.8

(1) The opening balance at 1 January 2005 has been adjusted for the effects of adopting AASB 132 and 139, as outlined in note 3(e).

Since the end of the year:

— 1,435,537 (31 December 2004: 10,267,941) stapled securities have been issued by the Westfield Group for a cash consideration of $19.4 million (31 December 2004: $137.1 million) as a consequence of the exercise of options, WT's share is $7.3 million (31 December 2004: $51.4 million; and

— 9,516,698 (31 December 2004: 15,544,151) stapled securities have been issued by the Westfield Group for a cash consideration of $162.3 million (31 December 2004: $258.7 million) pursuant to the Westfield Group Distribution Reinvestment Plan, WT's share is $83.8 million (31 December 2004: $129.0 million).

	Note	31 Dec 05 Number of options	31 Dec 05 Weighted average exercise price $	31 Dec 04 Number of options	31 Dec 04 Weighted average exercise price $
NOTE 20 SHARE BASED PAYMENTS					
Options on issue					
— Executive Options	20(i)	**952,700**	**5.74**	1,233,600	5.53
— Possfund Options	20(ii)	**–**	**–**	5,300,000	4.82
— WT 2009 Options	20(iii)	**340,900**	**5.02**	850,000	5.02
— Series F Special Options	20(iv)	**52,500**	**5.63**	52,500	3.87
— Series G Special Options	20(v)	**428,315**	**4.97**	428,315	3.41
— Series G1 Special Options	20(vi)	**277,778**	**4.97**	277,778	3.41
— Series H Special Options	20(vii)	**14,070,072**	**5.64**	14,070,072	3.88
— Series I Special Options	20(viii)	**13,260,859**	**5.44**	13,260,859	3.75
	20(ix)	**29,383,124**	**21.96**	35,473,124	13.42
Movement in options on issue					
Balance at the beginning of the year		**35,473,124**	**13.42**	850,000	5.02
Movement in Executive options					
Options exercised during the year					
— extinguished by issuance of new units		**(25,000)**	**5.64**	–	–
— extinguished by transfer of existing units		**–**	**–**	–	–
— extinguished by issuance of new shares for $nil consideration equal to the difference between market value and the exercise price		**(255,000)**	**6.36**	(102,500)	3.78
Options lapsed during the year		**(900)**	**–**	(143,800)	5.88
Movement in Possfund options					
Options exercised during the year					
— extinguished by payment of cash equal to the difference between market value and the exercise price		**(5,300,000)**	**4.82**	(2,650,000)	4.82
Movement in WT 2009 options					
Options exercised during the year					
— extinguished by issuance of new units		**(509,100)**	**5.02**	–	–
Options contributed by WT and WAT pursuant to the Merger					
Executive Options		**–**	**–**	1,479,900	5.53
Possfund Options		**–**	**–**	7,950,000	4.82
Series F Special Options		**–**	**–**	52,500	3.87
Series G Special Options		**–**	**–**	694,445	3.41
Series G1 Special Options		**–**	**–**	277,778	3.41
Series H Special Options		**–**	**–**	14,070,072	3.88
Series I Special Options		**–**	**–**	13,260,859	3.75
Movement in Series G Special Options					
Options exercised during the year					
— cancelled for $nil consideration		**–**	**–**	(266,130)	3.41
Balance at the end of the year [(1)]		**29,383,124**	**21.96**	35,473,124	13.42

[(1)] At 31 December 2005, the 29,383,124 (31 December 2004: 35,473,124) options on issue were convertible to 143,969,955 (31 December 2004: 198,562,898) Westfield Group securities.

NOTE 20 SHARE BASED PAYMENTS CONTINUED

i) Executive Option Plans

Issue date	Expiry date	Exercise price	Note	**Number exercisable at 31 Dec 05**	**Number on issue at 31 Dec 05**	Number exercisable at 31 Dec 04	Number on issue at 31 Dec 04
10 Apr 2000	10 Apr 2005	$3.495	(a)	**–**	**–**	25,000	50,000
22 Sep 2000	22 Sep 2005	$4.706	(a)	**–**	**–**	55,000	110,000
22 Dec 2000	22 Dec 2005	$5.328	(a)	**–**	**–**	10,000	20,000
30 Apr 2001	30 Apr 2006	$4.886	(a)	**25,000**	**50,000**	12,500	50,000
6 Aug 2001	6 Aug 2006	$5.643	(a)	**115,000**	**317,500**	101,250	405,000
12 Nov 2001	12 Nov 2006	$6.510	(a)	**50,000**	**100,000**	25,000	100,000
20 Mar 2002	20 Mar 2007	$6.427	(a)	**18,750**	**75,000**	–	75,000
25 Oct 2002	25 Oct 2007	$4.841	(a)	**24,000**	**59,000**	–	71,500
20 Dec 2002	20 Dec 2007	$5.176	(a)	**8,750**	**35,000**	–	35,000
19 Aug 2003	19 Aug 2008	$5.850	(a)	**–**	**30,000**	–	30,000
1 Sep 2003	1 Sep 2008	$5.835	(a)	**–**	**233,800**	–	233,800
1 Sep 2003	1 Sep 2008	$0.000	(b)	**–**	**2,400**	–	3,300
13 Nov 2003	13 Nov 2008	$5.553	(a)	**–**	**50,000**	–	50,000
				241,500	**952,700**	228,750	1,233,600

a) Under the terms of the 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 the 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 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 the grant dates and the remaining 50% of these awards may be exercised on the fifth anniversary of their grant dates.

The rules of the Executive Option Plan and the Executive Performance Share Plan have been amended to permit WHL to satisfy the exercise of an option or award 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 have no entitlement to dividends/distributions of the Westfield Group.

ii) Possfund options

On 10 February 2005, Possfund Custodian Trustee Limited ("Possfund") exercised 5,300,000 options at an exercise price of $12.84. Under the terms of the Possfund option agreement, the exercise of the options was extinguished by the payment of $22,434,370 to Possfund, being the difference between the volume weighted average trading price for the 20 business days preceding 10 February 2005 and the exercise price of the options.

iii) 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. The options are exercisable at any time between 1 January 2004 and 5 January 2009. The options were issued at a strike price of $3.75.

As a result of the Merger, the terms of the WT 2009 Options were amended so that the strike price is $13.3928 (being the old strike price of $3.75 divided by the 0.28 WT Merger ratio) and the exercise property will become Westfield Group stapled securities. 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).

On 22 December 2004, the Responsible Entity was granted a waiver by the ASX to the extent necessary to permit the Responsible Entity to amend, without member approval, the terms of the WT 2009 Options by including provisions to allow the Responsible Entity the discretion to elect to satisfy the exercise of a WT 2009 Option by making payment to the holder of the option an amount in Australian dollars instead of delivering stapled securities. 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 509,100 WT 2009 Options. The options were extinguished by the issuance of 37,304,860 stapled securities at a weighted average issue price of $17.02

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.

NOTE 20 SHARE BASED PAYMENTS CONTINUED

iv) Series F Special Options
The WAT Series F Special Option entitles the holder the right to be issued 157.35 fully paid stapled securities in exchange for either US$1,000 ($1,364.82) or 1 Series F Cumulative Preferred Stock ("Series F Preferred Share") in Westfield America Inc. ("WEA"). The Series F Special Options are exercisable during the period commencing June 2007 and ending June 2020. As at 31 December 2005, there were 52,500 Series F Special Options on issue which are convertible to 8,260,875 stapled securities.

The Parent Entity and WHL have each granted 52,500 options to the Responsible Entity of WAT to enable WAT to satisfy its obligations to deliver the Westfield Group securities to the holder of the Series F Option on exercise of that Series F Option. Where the exercise of the Series F 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).

Any financial liability associated with these options is recorded in WAT.

v) 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 Series A common shares into which Series G CPS has been converted). On exercise the holder would have received 34.6632 ordinary units in WAT. The ratio will be appropriately adjusted where, instead of delivering a Series G CPS, the holder delivers the number of Series A common shares into which a Series G CPS have been converted. As at 31 December 2005, there were 428,315 WAT Series G Special Options on issue which are exchangeable for 14,846,769 stapled securities.

The Parent Entity and WHL have each granted 428,315 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 G Option on exercise of that Series G Option. Where the exercise of the Series G Option is satisfied by delivery of a Series G Preferred Share (or common shares into which the Preferred Share has converted) WAT must pay the Parent Entity 37.5% of the value of a Series G Preferred Share (or common shares into which the Preferred Share has converted) at the time of exercise.

Any financial liability associated with these options is recorded in WAT.

vi) 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 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 2005, there were 277,778, Series G Special Options on issue which are convertible to 9,628,687 stapled securities.

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

Any financial liability associated with these options is recorded in WAT.

vii) 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 3.049 stapled securities. As at 31 December 2005, there were 14,070,072 Series H Special Options on issue which are convertible to 42,900,564 stapled securities.

The Parent Entity and WHL have each granted 14,070,072 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 H Option on exercise of that Series H Option. Where the exercise of the Series H Option is satisfied by delivery of a WEA Common Share WAT must pay the Parent Entity 37.5% of the value of a Common Share at the time of exercise.

Any financial liability associated with these options is recorded in WAT.

viii) 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 3.1616 stapled securities. As at 31 December 2005, there were 13,260,859 Series I Special Options on issue which are convertible to 41,925,466 stapled securities.

Accordingly, 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 the Westfield Group securities to the holder of the Series I Option on exercise of that Series I Option. Where the exercise of the Series I Option is satisfied by delivery of a WEA Common Share WAT must pay the Parent Entity 37.5% of the value of a Common Share at the time of exercise.

Any financial liability associated with these options is recorded in WAT.

ix) Details of movements in options since 31 December 2005 and the date of this report

	Number of Options
Options on issue at 31 December 2005	29,383,124
Executive Options	
— extinguished by issuance of new shares for $nil consideration equal to the difference between market value and the exercise price	(10,000)
— lapsed since the end of the year	(10,000)
WT 2009 Options	
— extinguished by issuance of new securities	(19,400)
Balance of options on issue at the date of this report	**29,343,724**

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
NOTE 21 RESERVES				
Foreign currency translation reserve	**133.2**	109.6	–	–
Option premium reserve	**–**	10.9	–	10.9
Asset revaluation reserve	**–**	–	–	1,394.6
Balance at the end of the year	**133.2**	120.5	–	1,405.5
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	**109.6**	–	**–**	–
Foreign exchange movement				
— foreign entities	**23.6**	109.6	**–**	–
Balance at the end of the year	**133.2**	109.6	**–**	–
Movement in option premium reserve				
The option premium reserve is to record proceeds received upon the issue of options.				
Balance at the beginning of the year	**10.9**	10.9	**10.9**	10.9
Application of AASB 132 & 139 effective 1 January 2005	**(10.9)**	–	**(10.9)**	–
Balance at the end of the year	**–**	10.9	**–**	10.9
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	**–**	–	**1,394.6**	499.3
Application of AASB 132 & 139 effective 1 January 2005	**–**	–	**(1,394.6)**	–
Revaluation increment	**21.6**	–	**21.6**	895.3
Transferred to profit for the period upon sale of the asset	**(21.6)**	–	**(21.6)**	–
Balance at the end of the year	**–**	–	**–**	1,394.6
NOTE 22 RETAINED PROFITS				
Balance at the beginning of the year [(1)]	**3,216.1**	1,750.1	**1,931.1**	1,250.8
Application of AASB 132 & 139 effective 1 January 2005	**(276.8)**	–	**1,117.8**	
Profit after tax expense and Minority Interest	**1,978.3**	1,749.7	**2,001.9**	964.0
Distributions paid	**(683.8)**	(283.7)	**(683.8)**	(283.7)
Balance at the end of the year	**4,233.8**	3,216.1	**4,367.0**	1,931.1

[(1)] The opening balance at 1 January 2005 has been adjusted for the effects of adopting AASB 132 and 139, as outlined in note 3(e).

NOTE 23 CASH AND CASH EQUIVALENTS				
a) Components of cash and cash equivalents				
Cash	**50.4**	39.0	**21.1**	16.4
Total cash and cash equivalents	**50.4**	39.0	**21.1**	16.4
b) Reconciliation of profit after tax expense to net cash flows from operating activities				
Profit after income tax expense	**1,978.3**	1,749.7	**2,001.9**	964.0
Property revaluation	**(1,435.2)**	(1,163.2)	**(484.1)**	(393.7)
Other investment revaluation	**–**	–	**(900.4)**	–
Deferred tax expense	**41.7**	18.9	**–**	–
Borrowing costs	**604.4**	293.6	**495.1**	201.1
Interest income	**(29.0)**	(5.8)	**(27.5)**	(4.2)
Profit on disposal of non current assets	**(24.7)**	(35.7)	**(22.9)**	(35.6)
Decrease in other assets attributable to operating activities	**(59.2)**	(58.1)	**(32.1)**	(21.3)
Foreign currency exchange (loss)/gain	**(12.0)**	(1.4)	**0.9**	10.6
Net cash flows from operating activities	**1,064.3**	798.0	**1,030.9**	720.9

	Consolidated		Parent Entity	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million

NOTE 24 DISTRIBUTIONS

a) Current year final distribution proposed				
21% estimated tax advantaged (31 December 2004: 42.2% tax advantaged)	**384.3**	349.1	**384.3**	349.1
	384.3	349.1	**384.3**	349.1

Distributions proposed were paid on 28 February 2006. The record date for these distributions was 13 February 2006.

The Westfield Group Distribution Reinvestment Plan ("DRP") was in operation for the distribution payable on 28 February 2006. DRP securities issued during the period rank for distribution from the first day following the date on which they are issued.

b) Distributions paid during the year				
Distribution in respect of the 6 months to 30 June 2005	**334.7**	–	**334.7**	–
Distribution in respect of the 6 months to 31 December 2004	**349.1**	–	**349.1**	–
Distribution in respect of the 6 months to 30 June 2004	**–**	283.7	**–**	283.7
Total distribution paid	**683.8**	283.7	**683.8**	283.7

NOTE 25 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	**1,021.8**	892.7	**362.3**	276.6
Due between one and five years	**2,635.6**	2,202.4	**980.7**	681.0
Due after five years	**2,018.2**	1,825.4	**668.1**	530.7
	5,675.6	4,920.5	**2,011.1**	1,488.3

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

NOTE 26 CAPITAL EXPENDITURE COMMITMENTS

Estimated capital expenditure commitments contracted at balance date but not provided for				
Due within one year	**279.2**	411.8	**216.8**	204.7
Due between one and five years	**2.9**	2.9	**1.1**	1.1
Due after five years	**–**	–	**–**	–
	282.1	414.7	**217.9**	205.8

NOTE 27 CONTINGENT LIABILITIES

Performance guarantees	**39.5**	30.0	**13.2**	30.0
Borrowings of controlled entities	**–**	–	**5,027.6**	3,522.1
Borrowings of associates of the Responsible Entity	**5,484.4**	2,051.5	**5,484.4**	2,051.5
	5,523.9	2,081.5	**10,525.2**	5,603.6

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

NOTE 28 SEGMENT INFORMATION

Primary Geographic Segment

	Australia		New Zealand		Consolidated	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
Revenue and other income						
Revenue	**1,187.5**	1,022.6	**176.3**	154.8	**1,363.8**	1,177.4
Property revaluation	**1,355.4**	1,104.0	**79.8**	59.2	**1,435.2**	1,163.2
Fair value adjustment of other investments	**45.8**	–	**–**	–	**45.8**	–
Equity accounted entities net profit	**133.4**	123.9	**–**	–	**133.4**	123.9
Total segment revenue and other income	**2,722.1**	2,250.5	**256.1**	214.0	**2,978.2**	2,464.5
Other income					**12.0**	1.4
Interest income					**29.0**	5.8
Gain on disposal of assets					**24.7**	35.7
Consolidated total revenue					**3,043.9**	2,507.4
Segment profit						
Segment result	**2,476.6**	2,015.7	**112.0**	79.9	**2,588.6**	2,095.6
Other income					**12.0**	1.4
Corporate overheads					**(8.4)**	(8.1)
Net financing costs					**(575.4)**	(287.8)
Gain on disposal of assets					**24.7**	35.7
Merger charges					**–**	(34.5)
Tax expense					**(41.7)**	(19.5)
Consolidated profit after tax					**1,999.8**	1,782.8
Segment assets						
Segment assets	**16,391.6**	13,772.8	**2,064.9**	1,816.2	**18,456.5**	15,589.0
Corporate assets					**885.9**	847.6
Total segment assets					**19,342.4**	16,436.6
Segment liabilities						
Segment liabilities	**283.2**	135.5	**280.0**	195.1	**563.2**	330.6
Corporate liabilities					**8,412.0**	7,346.7
Total segment liabilities					**8,975.2**	7,677.3
Other segment information						
Investment in equity accounted associates included in segment assets	**969.2**	861.2	**–**	–	**969.2**	861.2
Additions to segment non current assets	**357.7**	402.8	**150.3**	130.4	**508.0**	533.2

Secondary Business Segment

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

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS

a) (i) Summary of interest rate hedges

	Note	Consolidated 31 Dec 05 $million	Consolidated 31 Dec 04 $million
Interest payable			
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	16	**2,146.2**	965.8
Non current interest bearing liabilities	16	**5,417.5**	5,128.1
Unsecured convertible notes	17	**451.4**	841.4
Share of equity accounted entities interest bearing liabilities	13	**13.9**	14.8
Cross currency swaps			
— A$	29(b)(i)	**2,205.0**	1,815.1
— £133.0 million (31 December 2004: £nil)	29(b)(i)	**313.2**	–
		10,547.2	8,765.2
Principal amounts of fixed interest rate liabilities:			
Fixed rate loans			
— A$	29(a)(ii)	**910.0**	1,080.0
— €200.0 million (31 December 2004: €nil)	29(a)(ii)	**323.7**	–
— £283.7 million (31 December 2004: £nil)	29(a)(ii)	**668.3**	–
— US$1,150.0 million (31 December 2004: US$1,150.0 million)	29(a)(ii)	**1,569.5**	1,476.8
Fixed rate derivatives			
— A$	29(a)(ii)	**3,597.5**	4,498.7
— £425.5 million (31 December 2004: £292.5 million)	29(a)(ii)	**1,002.3**	724.4
		8,071.3	7,779.9

[(1)] Fixed rate derivatives in A$ are substantially comprised of interest rate derivatives related to A$ cross currency swaps disclosed above. In addition to the above fixed rate liabilities WT also had floating rate liabilities of $2,475.9 million (31 December 2004: $985.3million) outstanding at 31 December 2005 at an average interest rate, including margin of 5.98% (31 December 2004: 5.68%).

	Note	31 Dec 05 $million	31 Dec 04 $million
Interest receivable			
Principal amounts of all interest bearing assets:			
Cross currency swaps			
— US$1,580.0 million (31 December 2004: US$1,230.0 million)	29(b)(i)	**2,156.4**	1,579.6
— €200.0 million (31 December 2004: €nil)	29(b)(i)	**323.7**	–
— NZ$112.5 million (31 December 2004: NZ$208.5 million)	29(b)(i)	**105.0**	192.5
— Loans receivable from related entities	11	**669.3**	659.7
		3,254.4	2,431.8
Principal amounts of fixed interest rate assets:			
Fixed rate loans			
— £ nil (31 December 2004: £151.6 million)	29(a)(ii)	**–**	375.4
Fixed rate derivatives			
— US$1,150.0 million (31 December 2004: US$1,150.0 million)	29(a)(ii)	**1,569.5**	1,476.8
— €200.0 million (31 December 2004: €nil)	29(a)(ii)	**323.7**	–
		1,893.2	1,852.2

In addition to the above fixed rate assets WT also had floating rate assets of $1,361.2 million (31 December 2004: $579.6 million) outstanding at 31 December 2005 at an average interest rate, including margin of 5.32% (31 December 2004: 4.41%).

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

a) (ii) Interest rates

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

Fixed rate debt and derivatives contracted as at the reporting date and outstanding at	**Interest rate derivatives** 31 Dec 05 Principal amount million	**Interest rate derivatives** 31 Dec 05 Average rate including margin	**Fixed rate borrowings** 31 Dec 05 Principal amount million	**Fixed rate borrowings** 31 Dec 05 Average rate including margin	Interest rate derivatives 31 Dec 04 Principal amount million	Interest rate derivatives 31 Dec 04 Average rate including margin	Fixed rate borrowings 31 Dec 04 Principal amount million	Fixed rate borrowings 31 Dec 04 Average rate including margin
A$ receivable / (payable)								
31 December 2004					A$(4,498.7)	6.34%	A$(1,080.0)	5.95%
31 December 2005	**A$(3,597.5)**	**6.45%**	**A$(910.0)**	**5.80%**	A$(4,277.4)	6.47%	A$(910.0)	5.80%
31 December 2006	**A$(4,372.6)**	**6.53%**	**A$(535.0)**	**5.65%**	A$(4,838.6)	6.57%	A$(535.0)	5.65%
31 December 2007	**A$(5,019.7)**	**6.39%**	**A$(360.0)**	**5.36%**	A$(4,535.7)	6.44%	A$(360.0)	5.36%
31 December 2008	**A$(5,332.4)**	**6.44%**	**A$(160.0)**	**5.50%**	A$(4,703.4)	6.53%	A$(160.0)	5.50%
31 December 2009	**A$(4,725.5)**	**6.45%**	**A$(160.0)**	**5.50%**	A$(4,496.5)	6.54%	A$(160.0)	5.50%
31 December 2010	**A$(3,695.0)**	**6.42%**	**–**	**–**	A$(3,466.0)	6.48%	–	–
31 December 2011	**A$(2,996.3)**	**6.40%**	**–**	**–**	A$(2,787.2)	6.50%	–	–
31 December 2012	**A$(2,571.2)**	**6.36%**	**–**	**–**	A$(2,362.2)	6.45%	–	–
31 December 2013	**A$(1,271.2)**	**6.43%**	**–**	**–**	A$(1,062.2)	6.55%	–	–
31 December 2014	**A$(409.0)**	**6.15%**	**–**	**–**	A$(200.0)	6.28%	–	–
€ receivable / (payable)								
31 December 2005	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2006	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2007	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2008	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2009	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2010	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
31 December 2011	**€200.0**	**3.58%**	**€(200.0)**	**3.58%**	–	–	–	–
£ receivable / (payable)								
31 December 2004					£(292.5)	5.61%	£151.6	5.61%
31 December 2005	**£(425.5)**	**5.41%**	**£(283.7)**	**5.33%**	£(292.5)	5.61%	–	–
31 December 2006	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2007	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2008	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2009	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2010	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2011	**£(425.5)**	**5.45%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2012	**£(292.5)**	**5.50%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2013	**£(292.5)**	**5.50%**	**£(440.0)**	**5.39%**	£(292.5)	5.61%	–	–
31 December 2014	**–**	**–**	**£(440.0)**	**5.39%**	–	–	–	–
31 December 2015	**–**	**–**	**£(440.0)**	**5.39%**	–	–	–	–
31 December 2016	**–**	**–**	**£(440.0)**	**5.39%**	–	–	–	–
US$ receivable / (payable)								
31 December 2004					US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2005	**US$1,150.0**	**4.73%**	**US$(1,150.0)**	4.73%	US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2006	**US$1,150.0**	**4.73%**	**US$(1,150.0)**	4.73%	US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2007	**US$1,150.0**	**4.73%**	**US$(1,150.0)**	4.73%	US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2008	**US$1,150.0**	**4.73%**	**US$(1,150.0)**	4.73%	US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2009	**US$1,150.0**	**4.73%**	**US$(1,150.0)**	4.73%	US$1,150.0	4.73%	US$(1,150.0)	4.73%
31 December 2010	**US$550.0**	**5.13%**	**US$(550.0)**	5.13%	US$550.0	5.13%	US$(550.0)	5.13%
31 December 2011	**US$550.0**	**5.13%**	**US$(550.0)**	5.13%	US$550.0	5.13%	US$(550.0)	5.13%
31 December 2012	**US$550.0**	**5.13%**	**US$(550.0)**	5.13%	US$550.0	5.13%	US$(550.0)	5.13%
31 December 2013	**US$550.0**	**5.13%**	**US$(550.0)**	5.13%	US$550.0	5.13%	US$(550.0)	5.13%

NOTE 29 DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

b) Exchange rates

i) Cross currency swaps in respect of WT's foreign currency assets and liabilities

Cross currency swaps contracted as at the the reporting date and outstanding at	Weighted average exchange rate 31 Dec 05	Weighted average exchange rate 31 Dec 04	Principal amount (payable)/receivable 31 Dec 05 million	Principal amount (payable)/receivable 31 Dec 05 million	Principal amount (payable)/receivable 31 Dec 04 million	Principal amount (payable)/receivable 31 Dec 04 million
NZ$						
Contracts to receive NZ$ and pay A$						
31 December 2004	**–**	1.2535	**–**	**–**	A$(166.3)	NZ$208.5
31 December 2005	**1.1906**	1.1906	**A$(94.5)**	**NZ$112.5**	A$(94.5)	NZ$112.5
31 December 2006	**1.1906**	1.1906	**A$(94.5)**	**NZ$112.5**	A$(94.5)	NZ$112.5
31 December 2007	**1.1906**	1.1906	**A$(94.5)**	**NZ$112.5**	A$(94.5)	NZ$112.5
£						
Contracts to receive € and pay £						
31 December 2005	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2006	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2007	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2008	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2009	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2010	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
31 December 2011	**0.6648**	–	**€200.0**	**£(133.0)**	–	–
US$						
Contracts to receive US$ and pay A$						
31 December 2004	**–**	0.7460	**–**	**–**	A$(1,648.8)	US$1,230.0
31 December 2005	**0.7486**	0.7460	**A$(2,110.5)**	**US$1,580.0**	A$(1,648.8)	US$1,230.0
31 December 2006	**0.7486**	0.7460	**A$(2,110.5)**	**US$1,580.0**	A$(1,648.8)	US$1,230.0
31 December 2007	**0.7488**	0.7461	**A$(2,003.1)**	**US$1,500.0**	A$(1,541.4)	US$1,150.0
31 December 2008	**0.7479**	0.7461	**A$(1,818.4)**	**US$1,360.0**	A$(1,541.4)	US$1,150.0
31 December 2009	**0.7479**	0.7461	**A$(1,818.4)**	**US$1,360.0**	A$(1,541.4)	US$1,150.0
31 December 2010	**0.7461**	0.7461	**A$(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

ii) Forward exchange contracts to hedge WT's foreign currency income

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate 31 Dec 05	Weighted average exchange rate 31 Dec 04	31 Dec 05 million	31 Dec 05 million	31 Dec 04 million	31 Dec 04 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2005	**–**	1.2212	**–**	**–**	A$104.2	NZ$(127.2)
31 December 2006	**1.1916**	1.1963	**A$107.8**	**NZ$(128.5)**	A$101.6	NZ$(121.5)
31 December 2007	**1.1432**	1.1442	**A$121.1**	**NZ$(138.4)**	A$114.0	NZ$(130.4)
31 December 2008	**1.1287**	1.1311	**A$127.6**	**NZ$(144.0)**	A$91.9	NZ$(104.0)
31 December 2009	**1.1234**	1.1187	**A$97.2**	**NZ$(109.2)**	A$41.1	NZ$(46.0)
31 December 2010	**1.1294**	–	**A$43.4**	**NZ$(49.0)**	–	–

c) Credit risks

In accordance with the policies determined by the Board of the Responsible Entity, credit risk is spread among a number of creditworthy counterparties within specified limits. At 31 December 2005, the Group had 65% (31 December 2004: 81%) of its aggregate credit risk spread over four counterparties each with an S&P long term rating of A- or higher. The remainder is spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A- or higher. The aggregate credit risk in respect of derivative financial instruments is $75.0 million (31 December 2004: $90.8 million).

NOTE 30 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 05 $million	31 Dec 04 $million	**31 Dec 05 $million**	31 Dec 04 $million
Consolidated assets				
Cash	**50.4**	39.0	**50.4**	39.0
Trade receivables [(1)]	**1.9**	6.3	**1.9**	6.3
Derivative assets	**67.3**	61.9	**67.3**	61.9
Consolidated liabilities				
Payables [(1)]	**503.1**	385.0	**503.1**	385.0
Interest bearing liabilities				
— Fixed rate debt	**3,461.8**	2,538.7	**3,471.5**	2,556.8
— Floating rate debt	**4,101.9**	3,555.2	**4,101.9**	3,555.2
Other financial liabilities	**451.4**	841.4	**451.4**	841.4
Derivative liabilities	**235.5**	316.0	**235.5**	179.6
Parent Entity assets				
Cash	**21.1**	16.4	**21.1**	16.4
Parent Entity liabilities				
Payables [(1)]	**342.4**	279.7	**342.4**	279.7
Interest bearing liabilities	**6,046.6**	4,653.7	**6,046.6**	4,653.7

[(1)] These financial assets and liabilities are not subject to interest rate risk.

NOTE 31 UNHEDGED FOREIGN CURRENCY NET ASSETS

	Consolidated	
	31 Dec 05 million	31 Dec 04 million
NZ$ denominated net assets before deferred tax	**NZ$1,955.9**	NZ$1,819.4
NZ$ deferred tax	**NZ$(237.3)**	NZ$(192.2)
NZ$ denominated net assets	**NZ$1,718.6**	NZ$1,627.2

The foreign currency denominated net assets set out above have been determined after taking into account the cross currency swap principal amounts in note 29(b)(i).

NOTE 32 AUDITOR'S REMUNERATION

	Consolidated		Parent Entity	
	31 Dec 05 $000	31 Dec 04 $000	**31 Dec 05 $000**	31 Dec 04 $000
Amounts received or due and receivable by the auditors of the parent entity and any other entity in the economic entity for:				
— Audit or review of the financial reports	**1,694**	1,117	**1,559**	887
— Assurance and compliance services	**346**	381	**171**	161
— Independent accounts report relating to the US 144A bond issue	**–**	337	**–**	337
— Independent accounts report relating to the Merger	**–**	1,456	**–**	1,456
— Other services	**116**	199	**50**	111
	2,156	3,490	**1,780**	2,952
Amounts received or due and receivable by Affiliates of the auditors of the parent entity for:				
— Audit or review of the financial reports	**85**	89	**–**	–
— Assurance and compliance services	**–**	–	**–**	–
— Accounting services	**–**	–	**–**	–
— Taxation advice and compliance	**–**	–	**–**	–
— Other services	**–**	–	**–**	–
	85	89	**–**	–
	2,241	3,579	**1,780**	2,952

NOTE 33 RELATED PARTY DISCLOSURES

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

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

a) Nature of relationship with related parties

i) Consolidated

Key Management Personnel of the entity
Details of Key Management Personnel are disclosed in note 34.

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 Peter Lowy and Mr Steven Lowy.

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

ii) Parent

Subsidiaries
Details of Parent Entity interests in subsidiaries are disclosed in note 35.

Key Management Personnel of the entity
Details of Key Management Personnel are disclosed in note 34.

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 34.

The Westfield Group owns aircraft for business use by its executives. During the period LFG, Peter Lowy, David Lowy and Steven Lowy hired the aircraft (when the aircraft was not required for business use) and were 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 the Directors totalled $1,081,239 (2004: $262,080) during the period, and were payable on seven day terms.

Other Related Parties
The Westfield Group and LFG have entered into arrangements during the period 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:

— The Westfield Group entered into arrangements during the period regarding the use of aircraft owned by LFG. The charge for this aircraft was on normal arm's length rates. During the period the Group incurred costs amounting to $972,352 (2004: $nil) in relation to the use of that aircraft. Amounts charged are payable on seven day terms.

— The Westfield Group entered into aircraft operation, maintenance and crew sharing agreements during the period 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 $159,564 (2004: $nil) in relation to the provision of aircrew and maintenance services to LFG. Also during the period, the Westfield Group was charged $76,426 (2004: $nil) for use of aircraft crew employed by LFG. Amounts charged are payable on seven day terms.

During the period the Westfield Group sold an aircraft to LFG for $28.2 million. Included in the operating result of the Westfield Group for the period is a net profit of $1.6 million relating to this sale. The sale was conducted via a formal process, which was overseen by Independent Director John B Studdy, Chairman of the Compliance Sub-Committee. The sale process was undertaken by Bombardier Aerospace Corporation, an independent broker and expert in the sale of such aircraft. As LFG made an offer that was superior to any offer made by a third party (both as to price and other terms), the sale of the aircraft was transacted with LFG.

LFG currently subleases premises from the Westfield Group. During the period $350,776 (2004: $148,262) was charged to LFG covering rental and outgoings with respect to these leases. The leases are on arm's length terms and conditions. Rental is charged monthly and payable on seven day terms.

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

During the period the Westfield Group provided design and construction administrative services to The Lowy Institute for which it charged $15,959 (2004: $nil), which was based on arm's length rates. Amounts charged are payable on seven day terms.

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

Nature	Type	2005	2004
Owing from LFG	Current receivable	**$36,653**	$7,556

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. This above amount has since been paid.

NOTE 33 RELATED PARTY DISCLOSURES CONTINUED

ii) Parent

Subsidiaries
Investments held in subsidiaries are disclosed in note 35.

The Responsible Entity, a subsidiary of WHL, is considered to be a related party of the 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 2005 was $65.8 million (31 December 2004: $48.2 million) of which $4.1 million (31 December 2004: $3.5 million) was payable to associates of the Responsible Entity at 31 December 2005.

d) Manager's service charge
The managers service charge expensed and payable for the year ended 31 December 2005 was $14.0 million (31 December 2003: $28.4 million) of which $0.5 million (31 December 2004: $6.8 million) was payable to associates of the Responsible Entity at 31 December 2005.

e) Reimbursement of expenses
Reimbursement of expenses to associates of the Responsible Entity were $54.1 million (31 December 2004: $50.4 million) for the year ended 31 December 2005.

f) Construction contracts
During the year, the Group entered into $411.8 million (31 December 2004: $473.7 million) of construction contracts in relation to the development and redevelopment of the Group's shopping centres with associates of the Responsible Entity.

During the year, amounts paid (excluding GST) to associates of the Responsible Entity for construction contracts amounted to $539.9 million (31 December 2004: $376.3 million).

g) Rebates
In connection with the acquisition of the issued capital in the AMP Shopping Centre Trust (now named WestArt Trust), WHL, an associate of the Responsible Entity, agreed that it will rebate Management Fees derived from properties which form part of the WestArt Trust portfolio ("WestArt properties") and the Service Charge for the period from 11 August 2003 to 31 December 2005 ("Rebate Period") to the extent necessary to enable the Trust to derive a 7% p.a. ungeared yield from the WestArt properties which are held by WT in the Rebate Period. The benefit of this rebate is limited to the aggregate of:
a) the Management Fees incurred for management of the WestArt properties; and
b) the incremental Service Charge incurred attributable to the acquisition of the WestArt portfolio.

The rebate does not apply in respect of any financial period after 31 December 2005 and is not transferable to any third party.

The rebate for the period 1 January 2005 to 31 December 2005 was $1.8 million (31 December 2004: $1.4 million).

h) Loans and financial derivatives

Cross currency swaps with WAT
WT and WAT entered into cross currency swaps on 3 November 2004. The terms, interest and principal amounts are as follows:
i) WT receives from WAT, on a quarterly basis, floating rate on a principal of US$80.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$107.4 million. The maturity date of this instrument is 2 November 2007;
ii) 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
iii) 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.

On 18 January 2005, WT and WAT entered into two additional cross currency swaps. The terms, interest and principal amounts are as follows:
i) WT receives from WAT, on a quarterly basis, floating rate on a principal of $US140.0 million in exchange for WT paying to WAT, on a quarterly basis, floating rate on a principal of A$184.7 million. The maturity date of this instrument is 5 February 2008; and
ii) 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.

Interest rate swap 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 delayed start date of July 2006 and continues until February 2015.

Loans to/from WHL
During the financial year, WT advanced/received loans to/from WHL. The balance of these loans at year end is $366.1 million receivable (31 December 2004: $659.7 million receivable) with accrued interest of $2.2 million payable (31 December 2004: $3.2 million receivable).

Loans from WAT
During the year, WAT advanced loans to WT. The balance of these loans at year end is $535.3 million payable (31 December 2004: $nil) with accrued interest of $2.8 million payable (31 December 2004: $nil). Interest accrues on this loan on a quarterly basis based on a floating rate.

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.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL

WT forms part of the Westfield Group and its key management personnel are paid by related entities within the Westfield Group.

a) Remuneration of Key Management Personnel

	Short Term Benefits				Post Employment	Share Based		Total
	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits [2] $	Other post employment benefits $	Cash settled share based payment transactions [1] $	Options and rights $	$
Remuneration of Key Management Personnel								
F P Lowy, AC								
Executive Chairman [3]								
31 December 2005	**8,000,000**	**4,500,000**	**664,667**	**44,159**	**81,000**	**–**	**–**	**13,289,826**
31 December 2004	4,247,641	8,357,000	674,352	(20,045)	89,818	–	–	13,348,766
F G Hilmer, AO								
Deputy Chairman								
31 December 2005	**228,000**	**–**	**–**	**–**	**–**	**–**	**–**	**228,000**
31 December 2004	114,000	–	–	–	–	–	–	114,000
D H Lowy, AM								
Deputy Chairman								
31 December 2005	**204,000**	**–**	**–**	**–**	**–**	**–**	**–**	**204,000**
31 December 2004	102,000	–	–	–	–	–	–	102,000
R L Furman								
Non Executive Director								
31 December 2005	**162,000**	**–**	**–**	**–**	**–**	**–**	**–**	**162,000**
31 December 2004	108,045	–	–	–	–	–	–	108,045
D M Gonski, AO								
Non Executive Director								
31 December 2005	**188,000**	**–**	**–**	**–**	**–**	**–**	**–**	**188,000**
31 December 2004	94,000	–	–	–	–	–	–	94,000
S P Johns								
Non Executive Director								
31 December 2005	**608,000**	**–**	**–**	**–**	**–**	**–**	**–**	**608,000**
31 December 2004	588,247	50,000	–	–	40,288	–	131,126	809,661
P S Lowy								
Group Managing Director								
31 December 2005	**1,924,751**	**2,500,000**	**43,237**	**(98,071)**	**–**	**968,308**	**–**	**5,338,225**
31 December 2004	1,503,841	2,754,140	116,318	–	–	–	327,815	4,702,114
S M Lowy								
Group Managing Director								
31 December 2005	**1,500,000**	**2,500,000**	**–**	**(21,277)**	**–**	**968,308**	**–**	**4,947,031**
31 December 2004	1,175,000	2,825,000	–	330,477	–	–	327,815	4,658,292
J B Studdy, AM								
Non Executive Director								
31 December 2005	**170,000**	**–**	**–**	**–**	**–**	**–**	**–**	**170,000**
31 December 2004	125,450	–	–	–	3,638	–	–	129,088
F T Vincent								
Non Executive Director								
31 December 2005	**150,000**	**–**	**–**	**–**	**–**	**–**	**–**	**150,000**
31 December 2004	102,045	–	–	–	–	–	–	102,045
G H Weiss								
Non Executive Director								
31 December 2005	**168,000**	**–**	**–**	**–**	**–**	**–**	**–**	**168,000**
31 December 2004	102,350	–	–	–	1,650	–	–	104,000
D R Wills, AO								
Non Executive Director								
31 December 2005	**156,000**	**–**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2004	78,000	–	–	–	–	–	–	78,000
C M Zampatti, AM								
Non Executive Director								
31 December 2005	**156,000**	**–**	**–**	**–**	**–**	**–**	**–**	**156,000**
31 December 2004	78,000	–	–	–	–	–	–	78,000

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

a) Remuneration of Key Management Personnel Continued

	Short Term Benefits				Post Employment	Share Based		Total
	Cash salary, fees and short term compensated absences $	Short term cash profit sharing and other bonuses $	Non monetary benefits $	Other short term employee benefits [2] $	Other post employment benefits $	Cash settled share based payment transactions [1] $	Options and rights $	$
Remuneration of Key Management Personnel Continued								
J R Broadbent Non Executive Director resigned 13 July 2004								
31 December 2005	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2004	44,200	–	–	–	3,976	–	–	48,176
W J Falconer, CNZM Non Executive Director resigned 13 July 2004								
31 December 2005	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2004	18,350	–	–	–	1,650	–	–	20,000
H Huizinga Non Executive Director resigned 13 July 2004								
31 December 2005	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2004	40,450	–	–	–	3,638	–	–	44,088
R C Mansfield, AO Non Executive Director resigned 13 July 2004								
31 December 2005	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
31 December 2004	36,700	–	–	–	3,300	–	–	40,000
Total Directors								
31 December 2005	**13,614,751**	**9,500,000**	**707,904**	**(75,189)**	**81,000**	**1,936,616**	**–**	**25,765,082**
31 December 2004	8,558,319	13,986,140	790,670	310,432	147,958	–	786,756	24,580,275
P Allen Group Chief Financial Officer [4]								
31 December 2005	**850,000**	**700,000**	**100,509**	**82,820**	**–**	**416,667**		**2,149,996**
31 December 2004	790,854	715,854	247,056	794,530	10,977	38,889	1,316,551	3,914,711
R Jordan Managing Director, Australia and New Zealand								
31 December 2005	**850,000**	**700,000**	**–**	**33,781**	**–**	**328,635**	**–**	**1,912,416**
31 December 2004	750,000	995,000	–	206,664	–	18,889	837,419	2,807,972
Total Non Director Key Management Personnel								
31 December 2005	**1,700,000**	**1,400,000**	**100,509**	**116,601**	**–**	**745,302**	**–**	**4,062,412**
31 December 2004	1,540,854	1,710,854	247,056	1,001,194	10,977	57,778	2,153,970	6,722,683
Total Key Management Personnel								
31 December 2005	**15,314,751**	**10,900,000**	**808,413**	**41,412**	**81,000**	**2,681,918**	**–**	**29,827,494**
31 December 2004	10,099,173	15,696,994	1,037,726	1,311,626	158,935	57,778	2,940,726	31,302,958

(1) Cash settled share based transactions represent amounts accrued relating to the EDA Plan and PIP Plan. Refer to the note 34 (f) for further details regarding the operation of these plans.

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

(3) Non monetary benefits of $661,765 (2004 $674,352) relate to Mr F Lowy's contractual entitlements to private usage of the Group's aircraft. The entitlement to private usage of the Group's aircraft by Mr F 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. Post employment benefits of $81,000 (2004: $89,818) relate to Mr F Lowy's service contract which 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. Mr F Lowy's service contract does not contain provision for any payment on termination other than the retirement benefit outlined above.

(4) Included in the prior year other short term employee benefits figure for Mr P Allen is $563,826 relating to losses, costs and expenses incurred in connection with his relocation to the Sydney office on short notice. Non monetary benefits of $100,509 (2004: $247,056) represented loan forgiveness.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

b) Option holdings of Key Management Personnel
During the financial year, no options and awards ("Options") were issued to the Key Management Personnel under the Executive Option Plan and the Executive Performance Share Plan (together the "Option Plans").

On 25 May 2004, The Supreme Court of New South Wales ordered, under section 411 of the Corporations Act, that a meeting of Westfield Holdings Limited shareholders be held to vote on the proposed Merger by stapling. Under the terms of the Option Plans, the convening of the scheme meeting gave Optionholders a right to exercise all outstanding Options including an accelerated right in respect of previously unvested Options. In accordance with the terms of Option Plans, that right could be exercised at any time prior to the effective date of the Merger being 2 July 2004. Options over Westfield shares not exercised prior to that date reverted to their previous terms of exercise and were converted to Options over stapled securities on a 1:1 basis in accordance with amendments made to the Option Plans. That conversion was consistent with the merger ratios applied in the scheme of arrangement. In all other respects the terms of the Option Plans remain substantially unaltered.

Under the terms of the Option Plans, WHL may satisfy the exercise of an Executive Option in one of the following ways:
i) issuing or transferring a Westfield Group stapled security to the Executive Optionholder;
ii) paying the Optionholder an amount equal to the difference between 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 Option ("Profit Element"); or
iii) issuing or transferring a Westfield Group stapled security to the Executive Optionholder equal to the value of the Profit Element.

Current financial year
There were no options exercised or options oustanding with Key Management Personnel during the current financial year.

Prior financial year

Key Management Personnel	Balance at beginning of period 1 Jan 04	Granted as Remuneration	Options Exercised	Balance at end of period 31 Dec 04	Vested during the previous financial period	Shares issued on exercise of Remuneration options [2]	Paid per share
D H Lowy, AM	1,250,000	–	(1,250,000)	–	625,000	1,250,000	9.31
S P Johns	500,000	–	(500,000)	–	250,000	500,000	9.31
P S Lowy [1]	1,250,000	–	(1,250,000)	–	625,000	497,680	–
S M Lowy	1,250,000	–	(1,250,000)	–	625,000	1,250,000	9.31
Total	**4,250,000**	**–**	**(4,250,000)**	**–**	**2,125,000**	**3,497,680**	

[1] Under the terms of the Executive Option plan, Westfield Group may issue Westfield Group stapled securities to the Executive Optionholder equal to the value of the Profit Element.
[2] In the previous financial period.

c) Security holdings of Key Management Personnel

Stapled securities held in Westfield Group (WDC) (number)	Balance at 1 Jan 2005	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 2005
F P Lowy, AC D H Lowy, AM P S Lowy S M Lowy [1]	166,450,338			391,013	166,841,351
R L Furman	–				–
D M Gonski, AO	299,527				299,527
F G Hilmer, AO	189,433				189,433
SP Johns	1,828,965			(251,843)	1,577,122
J B Studdy, AM	38,573				38,573
F T Vincent	–				–
G H Weiss	–				–
D R Wills, AO	20,000				20,000
C M Zampatti, AM	221,654			13,098	234,752
P Allen	166,031			11	166,042
R Jordan	724,869				724,869
Total	**169,939,390**	**–**	**–**	**152,279**	**170,091,669**

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

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

d) Loans to Key Management Personnel

Key Management Personnel	Balance at beginning of period $	Interest charged [(1)] $	Interest not charged $	Provision for loan forgiveness $	Balance at end of period $	Highest owing in period $
P Allen	50,000	–	–	(50,000)	–	50,000
Total	**50,000**	**–**	**–**	**(50,000)**	**–**	**50,000**

Terms and conditions of loans

Loan to Key Management Personnel is interest free. The loan agreement provided for the principal to be forgiven by July 2005.

(1) The current period non monetary benefits (disclosed in part (a) above) includes a total amount of interest and FBT liability of $3,422 (2004: $21,229) calculated based on Mr P Allen's opening loan of $50,000 at 7% per annum.

e) Other transactions and balances with Key Management Personnel

i) During the financial year the trustees of the Westfield Superannuation Funds acquired 425,513 WDC securities (2004: Nil) and disposed 1,134,500 Westfield Group stapled securities (2004: Nil) in accordance with the Rules of the Superannuation Funds.

ii) During the financial year:

a) an aggregate amount of $1,607,539 (31 December 2004: $417,817) was recognised as income relating to services provided by the Westfield Group on commercial terms to Director related entities of F P Lowy, D H Lowy, P S Lowy and S M Lowy, of which an aggregate amount of $Nil (31 December 2004: $7,556) was recognised as a current receivable from such Director related entities as at 31 December 2005 for the usage of such assets. Refer to note 33 for further details regarding related party transactions; and

b) an aggregate amount of $1,048,778 (31 December 2004: $24,711) was recognised as an expense relating to business usage by the Westfield Group on commercial terms of assets owned by Director related entities of F P Lowy, D H Lowy, P S Lowy and S M Lowy. Refer to note 33 for further details regarding related party transactions.

iii) 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 dividend/distributions by the Westfied Group in respect of stapled securities held in the Westfield Group.

f) Other remuneration disclosures

1 Remuneration Environment

The experience of the Westfield Group in the financial year has highlighted the impact of the global environment in which the Westfield Group now competes for human resources. The Westfield Group is always seeking to add to the resources and skills of its existing management team by recruiting the best available candidates in the various jurisdictions in which it operates. The size and scope of the Westfield Group's business and our philosophy of intensive management of the Westfield Group's business means 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.

The environment in which the Westfield Group operates is extremely competitive. The Westfield executive team is highly regarded and retention of the team is one of the major human resource challenges facing the Westfield Group. At all levels within the business, continuity within the executive team is an important factor in maintaining the Westfield Group's record of high performance over a sustained period. Achieving that continuity is a constant challenge, particularly given the current high level of demand globally for executives with specific skills in many areas required by the Westfield Group. Every effort is made to attract, develop and retain the best available executive talent.

2 Remuneration Committee

2.1 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 plan; and
- administering the equity-linked plans as required in accordance with the rules of the plans.

2.2 Membership and meetings

The current members of the Committee are:

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

The Committee met twice in the financial year. All members of the Committee attended the meetings.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

3 Remuneration of Non-Executive Directors

3.1 Policy
The remuneration of the Non-Executive Directors is determined by the Board (within the limit 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 and the Westfield Group, work towards creating sustainable value for Members and 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 will consider a wide range of factors including the Westfield Group's financial profile, the complexity and geographic spread of its business and the size and scope of the workload and responsibilities assumed by Non-Executive Directors.

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. There was no increase in fees paid to Non-Executive Directors in the financial year.

The aggregate pool available for payment of fees to Non-Executive Directors of the Westfield Group is currently a maximum of $1.8 million. That figure was approved by Members at the Annual General Meeting of the Company held in November 2004.

None of the Non-Executive Directors were paid an amount before they took office as consideration for agreeing to hold office.

3.2 Remuneration
The table below sets out the remuneration for the Non-Executive Directors for the financial year.

Name	Base Fee $	Deputy Chair Fee $	Audit & Compliance Committee $	Board Risk Management Committee $	Nomination Committee $	Remuneration Committee $	Consultancy Fees $	Total $
F G Hilmer, AO	150,000	30,000	30,000	–	–	18,000	–	228,000
D H Lowy, AM	150,000	30,000	–	24,000	–	–	–	204,000
R L Furman	150,000	–	–	–	–	12,000	–	162,000
D M Gonski, AO	150,000	–	20,000	–	6,000	12,000	–	188,000
S P Johns	150,000	–	20,000	18,000	–	–	420,000 (1)	608,000
J B Studdy, AM	150,000	–	20,000	–	–	–	–	170,000
F T Vincent	150,000	–	–	–	–	–	–	150,000
G H Weiss	150,000	–	–	18,000	–	–	–	168,000
D R Wills, AO	150,000	–	–	–	6,000	–	–	156,000
C M Zampatti, AM	150,000	–	–	–	6,000	–	–	156,000

(1) Following his 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 relation issues.

3.3 Other entitlements

Short term employee benefits (Primary)
Cash salary and fees paid to the Non-Executive Directors are disclosed in the table at 3.2.

Non-Executive Directors are not entitled:
a) to short-term compensated absences;
b) to short-term cash profit sharing or other cash or performance related bonus; or
c) to non-monetary or other short-term employee benefits.

Post-employment benefits
Non-Executive Directors are not entitled:
a) to superannuation entitlements other than entitlements arising from contributions deducted from the base fees paid to Non-Executive Directors as required by law; or
b) to any other post-employment benefit.

Other long-term employee benefits
Non-Executive Directors are not paid or entitled 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 (Equity)
Non-Executive Directors do not participate in the Westfield Group's equity-linked incentive plans nor are they paid or entitled to share based compensation.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

4 Group Managing Directors and other senior executives

4.1 Policy

In this section, a reference to senior executives includes, the Westfield Group Managing Directors and Specified Executives (being those Key Management Personnel, other than the Directors, and numbering at least two who were part of the five highest remunerated executives for the financial year). Recognising that the Westfield Group operates in a highly competitive global environment, the Board has adopted policies and processes which:

— enable the Westfield Group to attract and retain key executives who will create sustainable value for Members;
— 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;
— appropriately align the interests of executives with Members; and
— 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 long term equity-linked incentives. The total remuneration package of each executive is designed to ensure an appropriate mix of base salary with short and long term incentives. As executives gain seniority in the Westfield Group, the balance of this mix moves to a higher proportion of variable and long term rewards which are considered to be "at risk" and which are dependent upon the performance of the Westfield Group and of the relevant executive. 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.

Implementation of this policy has over time, resulted in Westfield attracting and retaining experienced senior executives who provide stability and continuity for the Westfield Group.

4.2 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.

4.3 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 bonus is at the discretion of the Remuneration Committee.

Cash based incentives, in respect of 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 (for example, growth in earnings and distributions). The measures chosen are 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 the role which the executive played in any major acquisition or capital transaction during the year as this contribution may have played a vital role in the success of the Westfield Group in that year.

4.4 Equity-linked incentives

The Westfield Group has two equity-linked incentive plans: the Executive Deferred Award Plan ("EDA Plan") and the Partnership Incentive Plan ("PIP Plan").

In 2004, at the time of the Merger, the EDA Plan and PIP Plan replaced the Westfield Executive Option Plan and the Westfield Executive Share Performance Plan as the ongoing equity-linked incentive plans of the Westfield Group. At the time of the Merger, the outstanding awards under the Executive Option Plan became eligible for exercise as a consequence of the restructuring. The vast majority of those outstanding options and awards were exercised at the time of the Merger. No further options or awards will be granted under those Plans.

Prior to 2002, WHL used options with an exercise price at or above market value as the principal means of providing long term equity incentives. There are currently 932,700 options on issue, the last of which will expire in 2008. The Westfield Group subsequently moved to the issue of awards under the Executive Share Performance Plan. Essentially, each award issued under the Executive Share Performance Plan represents a right to receive one Westfield Group stapled security on vesting.

In introducing the EDA Plan and the PIP Plan in 2004, the Westfield Group has retained the same philosophy. That is, rather than granting options with an exercise price at or above market value, awards granted under the new Plans are more in the nature of restricted stock where the executive would be entitled to receive a Westfield Group security on exercise.

However, as explained below, the new 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 $150,000 may be granted the opportunity to participate in the Plan up to 10% of that base salary or $15,000;

— 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 $15.00 per stapled security, the participant would receive an award equal to the economic benefit of 1,000 Westfield Group stapled securities;

— during the vesting period of three to four 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.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

4 Group Managing Directors and other senior executives Continued

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

4.5 The Westfield Group equity linked Plans

The EDA Plan is a plan in which senior and high performing executives participate. There are currently 251 executives world-wide participating in the EDA Plan.

The issue of awards under the EDA Plan is based on the same criteria as the short term variable bonus. That is, the grant of entitlements is closely linked to the performance of the executive measured against objectives established each year pursuant to a performance review and development system. Those objectives are designed to recognise achievement of both financial and non-financial objectives. Executives qualify to receive a 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. With the exception of awards issued in connection with the Retention Plan referred to in 4.6 there are no additional performance hurdles applicable during the vesting period.

The EDA Plan is intended to use the deferral of vesting of a portion of the short term incentive as part of a broader strategy for retaining the service of those executives participating in the Plan.

The PIP Plan was established in 2004 following the vesting of existing options under the Executive Option Plan and Executive Performance Share Plan as a consequence of the Merger. As noted above, 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 will participate in the PIP Plan. There are currently 13 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 security holders in two principal respects:

a) qualification for awards under the PIP Plan each year will be subject to the Westfield Group achieving performance hurdles which will relate to the financial and operating targets of the Westfield Group in the financial year together with any other matters which the Board or Remuneration Committee consider appropriate; and

b) the payout received by executives participating in the PIP Plan will be affected by distributions paid during the vesting period and movements in the price of Westfield Group securities between the qualification date and vesting.

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 will be informed of such 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 issued at that time and will 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 performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum issued in May 2004 in connection with the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

The hurdle chosen by the Remuneration Committee for the 2006 Qualifying Year also reflects the focus on achieving a distribution per security consistent with the Westfield Group's current forecasts for the 2006 financial year ("FY2006").

Specifically the PIP hurdle for FY06 requires achievement of the forecast distribution of $1.065 per stapled security on the basis that:

a) the forecast distribution of not less than 54.5 cents in the six months to 30 June 2006 will include a distribution of project profits; and

b) thereafter, the distribution will be made in accordance with the distribution policy announced by the Group in February 2006. That is, the distribution will be not more than 100% of Operational segment earnings (as adjusted for realised gains and losses from hedging the Group's overseas net income). Operational segment earnings will be reported by the Group on the basis announced in February 2006.

The hurdle chosen by the Remuneration Committee reflects the importance of the Group achieving its forecast distributions in FY06 in accordance with the new distribution policy. That distribution policy focuses on strengthening earnings from the Operational segment as a key driver of earnings per stapled security and of future growth for the Group.

By adopting this combination of the application of performance hurdles in the Qualifying Year and 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 Group for a period of five years in order to get the full benefit of each award. The operation of the PIP Plan and the manner of calculation of the payout to which the executive is entitled is as described in section 4.4 above.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

4 Group Managing Directors and other senior executives Continued

4.6 Retention Plan

The Board and the Remuneration Committee have acknowledged that in 2005 there was generally strong upward pressure on remuneration in the markets in which the Westfield Group operates. The increasingly global nature of the employment market in which the Westfield Group operates is particular evident in the case of executives with design, development and construction expertise who are in high demand and are keenly sought by the Westfield Group and by our local and international competitors.

In 2005, the Board decided to utilise the EDA Plan to make non-recurring awards to five of the Westfield Group's most senior operational and finance executives. Neither the Executive Chairman nor the Group Managing Directors will receive these awards. These awards have been granted with effect from 1 January 2006 and will vest in full on 1 January 2011, provided the recipient remains employed by the Group at that time. The nominal value of these awards at the time of granting is $23 million - a figure which will be amortised over the five year life of the awards.

As noted above, these 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 next five years. In granting these awards, the primary objective of the Group is retention of key executives for an extended period. In order to ensure that the relevant executives continue to perform at the high level required by the Westfield Group, the vesting of the awards is subject to a performance hurdle which requires that, over the five year vesting period, each executive must achieve at least 50% of his target performance 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.

As the awards will be granted in the 2006 financial year, the allocation of these awards amongst the Westfield Group's senior executives will be disclosed in future Remuneration Reports.

5 Remuneration of Executive Directors

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

5.1 Executive Chairman

The term of Mr Frank Lowy's service contract is renewed by agreement between the parties every two years. The remuneration under that contract will be reviewed by the Remuneration Committee on renewal. The current arrangements provide, in respect of the 12 month period ending 30 June 2006, for:

a) a base salary of $8 million;

b) an annual performance bonus of $5 million payable if the Westfield Group achieves the forecast distribution (as detailed in the Explanatory Memorandum for the Merger) of $1.10 per stapled security in respect of that year; and

c) other benefits as detailed in the table below.

Mr Lowy is the co-founder of Westfield and has overseen the success of the Westfield Group since 1960. 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 $81,000.

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 outlined above.

The summary below outlines Mr Lowy's fixed and at risk remuneration for the financial year ended 31 December 2005.

Component of Remuneration	Amount $
Short Term Employee Benefits (Primary)	
— Base salary	8,000,000
Fixed	
— Cash bonus (accrued) (1)	
At risk	4,500,000
— Other short term employee benefits (2)	
Fixed	44,159
— Non monetary benefits (3)	
Fixed	664,667
Post Employment Employee Benefits	
— Pension and superannuation benefits (4)	
Fixed	81,000
Other Long Term Benefits	–
Termination Benefits	–
Share Based Payments (Equity) (5)	–
Total Remuneration	**13,289,826**

(1) The bonus is only payable if the Westfield Group meets its forecast distributions as outlined above.

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

(3) Other benefits comprise usage of the Westfield Group's aircraft which is classified as private usage ($661,766). 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.

(4) 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.

(5) 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 during the financial year.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.2 Group Managing Directors

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

Mr Peter Lowy

- Has been with the Westfield Group since 1983.
- Managing Director since 1997. In January 2006, Mr Lowy's title changed to Westfield Group Managing Director. There has been no change to his responsibilities within the Westfield Group.
- Has resided in the United States since 1990.
- Salary and bonus is reviewed annually by the Remuneration Committee.
- Base salary of US$1,500,000 per annum for the financial year. Mr Lowy's revised base salary effective 1 January 2006 is US$2,500,000 per annum.
- No formal service contract is in place. In the event of termination, any termination payment 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 Peter Lowy's fixed and at risk remuneration for the financial year.

Component of Remuneration	Amount $
Short Term Employee Benefits (Primary)	
— Base salary [1]	
Fixed	1,924,751
— Cash bonus (accrued) [2]	
At risk	2,500,000
— Other short term employee benefits [3]	
Fixed	(98,071)
— Non monetary benefits [4]	
Fixed	43,237
Post Employment Employee Benefits	
Pension and superannuation benefits	–
Share Based Payments (Equity) [5]	
— EDA Plan [6]	
At risk	354,635
— PIP Plan [7]	
At risk	613,673
Other Long Term Benefits [6] [7]	–
Total Remuneration	**5,338,225**

(1) Mr Peter Lowy is based in the United States and the salary disclosed is equivalent to US$1,500,000.

(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) Comprising medical benefits.

(5) Mr Lowy does not hold any options or other equity instruments as part of his remuneration. Refer to notes (6) and (7) for share based payments.

(6) Mr Peter Lowy has participated in the EDA Plan from 1 January 2005. Refer to the table at 5.3 for details of awards held by Mr Lowy under the EDA Plan.

(7) Mr Peter Lowy has participated in the PIP Plan from 1 January 2006. Refer to the table at 5.4 for details of awards held by Mr Lowy under the PIP Plan.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.2 Group Managing Directors Continued

Mr Steven Lowy

— Has been with the Westfield Group since 1987.
— Managing Director since 1997. In January 2006, Mr Lowy's title changed to Westfield Group Managing Director. There has been no change to his responsibilities within the Westfield Group.
— Salary and bonus is reviewed annually by the Remuneration Committee.
— Base salary of $1,500,000 per annum for the financial year. Mr Lowy's revised base salary effective 1 January 2006 is $2,500,000 per annum.
— No formal service contract is 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	**Amount $**
Short Term Employee Benefits (Primary)	
— Base salary	
Fixed	1,500,000
— Cash bonus (accrued) (1)	
At risk	2,500,000
— Other short term employee benefits (2)	
Fixed	(21,277)
— Non monetary benefits	–
Post Employment Employee Benefits	
Pension and superannuation benefits	–
Share Based Payments (Equity) (3)	
— EDA Plan (4)	
At risk	354,635
— PIP Plan (5)	
At risk	613,673
Other Long Term Benefits (4) (5)	–
Total Remuneration	**4,947,031**

(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. Refer to note (4) and (5) for share based payments.
(4) Mr Steven Lowy has participated in the EDA Plan from 1 January 2005. Refer to the table at 5.3 for details of awards held by Mr Lowy under the EDA Plan.
(5) Mr Steven Lowy has participated in the PIP Plan from 1 January 2006. Refer to the table at 5.4 for details of awards held by Mr Lowy under the PIP Plan.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

5 Remuneration of Executive Directors Continued

5.3 Westfield Group Managing Directors: participation in the EDA Plan

The following table 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 any 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	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the Financial Year $
Peter Lowy								
Group Managing Director	1 Jan 05	47,775	1 Jan 08	–	47,775	886,485	N/A	354,635
Steven Lowy								
Group Managing Director	1 Jan 05	47,775	1 Jan 08	–	47,775	886,485	N/A	354,635

(1) 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 cash that is expected to be paid in the future. 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.

5.4 Westfield Group Managing Directors: participation in the PIP Plan

The following table 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 any 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	Total Awards Held	Current Fair Value [1] $	Performance Hurdles	Amortisation for the Financial Year $
Peter Lowy								
Group Managing Director	1 Jan 06	111,465	55,733: 1 Jan 09 55,732: 1 Jan 10	–	111,465	2,149,393	Satisfied[2]	613,673
Steven Lowy								
Group Managing Director	1 Jan 06	111,465	55,733: 1 Jan 09 55,732: 1 Jan 10	–	111,465	2,149,393	Satisfied[2]	613,673

(1) 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 cash that is expected to be paid in the future. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the Qualifying Hurdle is achieved and the employee remains employed with the Westfield Group for the full term of the PIP Plan.

(2) The Group Managing Directors became eligible to participate in the PIP Plan on 1 January 2006 following satisfaction of the performance hurdle for the 2005 Qualifying Year. The performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum for the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

6 Executive Remuneration and Termination Arrangements

6.1 Service contracts and termination arrangements
This report incorporates details of the Specified Executives, being the Key Management Personnel (other than the Directors) numbering at least two, who received the highest remuneration for the financial year.

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 18 years and Mr Allen has been with the Westfield Group for in excess of ten years. There are no formal service contracts for Mr Jordan and 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.

The table below outlines the terms of the service contracts with Specified Executives. [1]

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	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.

[1] In January 2006, the title of Robert Jordan was changed to Managing Director, Australia and New Zealand. There has been no change to his responsibilities within the Group.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

6 Executive Remuneration and Termination Arrangements Continued

6.2 Remuneration: Specified Executives

The following table sets out the remuneration of the Specified Executives.

Executive	**Short Term Employee Benefits (Primary)**				**Post Employment Employee Benefits**	**Share Based Payments (Equity)** [4]		**Termination Benefits**	**Other Long Term Benefits**	**Total** [7]
	Base Salary	Accrued Bonus	Other Short Term Employee Benefits	Non Monetary Benefits		EDA Plan	PIP Plan			
	Fixed [1] $	At Risk [2] $	Fixed [3] $	Fixed $		At Risk [5] $	At Risk [6] $			
Peter Allen Group Chief Financial Officer	850,000	700,000 Vested: 100%	82,820 [8]	100,509 [9]	–	171,176	245,491	–	–	2,149,996
Robert Jordan Managing Director Australia and New Zealand	850,000	700,000 Vested: 100%	33,781 [10]	–	–	83,144	245,491	–	–	1,912,416

(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.
(4) None of the Specified Executives hold any options or other equity instruments as part of their remuneration. Refer to notes (5) and (6) for share based payments.
(5) Refer to the table at 6.3.
(6) Refer to the table at 6.4.
(7) None of the Specified Executives was paid an amount before they took office as consideration for agreeing to take office.
(8) Comprising annual leave and long service leave entitlements.
(9) Comprising loan forgiveness and related fringe benefits tax.
(10) Comprising annual leave and long service leave entitlements.

NOTE 34 REMUNERATION OF KEY MANAGEMENT PERSONNEL CONTINUED

f) Other remuneration disclosures Continued

6 Executive Remuneration and Termination Arrangements Continued

6.3 Specified Executives: participation in the EDA Plan
The following table details awards under the EDA Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the EDA Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value (1) $	Performance Hurdles	Amortisation for the financial year $
Peter Allen Group Chief Financial Officer	1 Sep 04	23,060	1 Sep 07	713 (Feb 05) 710 (Aug 05)	24,483	427,889	N/A	171,176
Robert Jordan Managing Director Australia and New Zealand	1 Sep 04	11,200	1 Sep 07	347 (Feb 05) 345 (Aug 05)	11,892	207,837	N/A	83,144

(1) 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 cash that is expected to be paid in the future. 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.

6.4 Specified Executives: participation in the PIP Plan
The following table details awards under the PIP Plan held by Specified Executives. There has been no alteration to the terms of the grants to any of the Specified Executives under the PIP Plan since the grant date.

Executive	Date of Grant	Number of Awards at Grant Date	Vesting Date	Reinvestment Awards	Total Awards Held	Current Fair Value (1) $	Performance Hurdles	Amortisation for the financial year $
Peter Allen Group Chief Financial Officer	1 Jan 06	44,590	22,295: 1 Jan 09 22,295: 1 Jan 10	–	44,590	859,834	Satisfied (2)	245,491
Robert Jordan Managing Director Australia and New Zealand	1 Jan 06	44,590	22,295: 1 Jan 09 22,295: 1 Jan 10	–	44,590	859,834	Satisfied (2)	245,491

(1) 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 cash that is expected to be paid in the future. The fair value of the awards issued under the PIP Plan is calculated on the assumption that the Qualifying Hurdle is achieved and the employee remains employed with the Wesfield Group for the full term of the PIP Plan.

(2) The Specified Executives became eligible to participate in the PIP Plan on 1 January 2006 following satisfaction of the performance hurdle for the 2005 Qualifying Year for the financial year. The performance hurdle in respect of the financial year related to the Westfield Group achieving the distribution per security consistent with the forecasts made in the Explanatory Memorandum for the Merger. This hurdle was satisfied as the forecast annual distribution of $1.065 per security was achieved for the financial year.

NOTE 35 DETAILS OF CONTROLLED ENTITES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES

	31 Dec 05 – Interest		31 Dec 04 – 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
Carindale Property Trust	50.0	100.0	50.0	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 (NZ) Sub Trust (formerly Westfield Sub Trust No.2)	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 Number 2 Sub Trust	100.0	100.0	100.0	100.0
Westfield Number 3 Sub Trust	100.0	100.0	100.0	100.0
Westfield Number 4 Sub Trust	100.0	100.0	100.0	100.0
Westfield Shoppingtown Property Trust	100.0	100.0	100.0	100.0
Westfield Sub Trust A	100.0	100.0	100.0	100.0
Westfield Sub Trust B	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 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 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	–	–
Westfield Plenty Valley	50.0	50.0	50.0	50.0
Westfield West Lakes	50.0	50.0	–	–
Westfield Whitford City	50.0	50.0	50.0	50.0
Westfield Woden	50.0	50.0	–	–

NOTE 35 DETAILS OF CONTROLLED ENTITES, PROPORTIONATELY CONSOLIDATED AND EQUITY ACCOUNTED ENTITIES CONTINUED

	31 Dec 05 – Interest		31 Dec 04 – 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
Karrinyup Shopping Centre Trust	25.0	25.0	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
ENTITIES INCORPORATED IN NEW ZEALAND				
Consolidated Controlled Entities				
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
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 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

The Directors' of Westfield Management Limited, the Reponsible 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 20 March 2006 in accordance with a resolution of the Board of Directors.

FP Lowy, AC
Executive Chairman

FG Hilmer, AO
Deputy Chairman

Independent Audit Report

TO MEMBERS OF WESTFIELD TRUST

ERNST & YOUNG

Scope

The financial report and directors' responsibility
The financial report comprises the balance sheet, income statement, statement of changes in equity, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Westfield Trust (the trust) and the consolidated entity, for the year ended 31 December 2005. The consolidated entity comprises both the trust and the entities it controlled during that year.

The directors of the Westfield Management Limited are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the trust and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach
We conducted an independent audit of the financial report in order to express an opinion to the members of the trust. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Accounting Standard AASB 124 Related Party Disclosures. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:
— examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
— assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the trust.

Independence
We are independent of the trust and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and 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.

Audit opinion
In our opinion, the financial report of Westfield Trust is in accordance with:

a) 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 2005 and of their performance for the year ended on that date; and
   ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

B.J. Long.

Brian Long
Partner

Sydney 20 March 2006

The Directors of Westfield Management Limited (the "Responsible Entity"), the responsible entity of Westfield Trust ("Trust") submit the following Report for the year ended 31 December 2005 ("Financial Year").

Review of Operations and State of Affairs
The Trust reported a net profit of A$1,978.3 million and a distribution of A$719.1 million for the Financial Year. Basic earnings per unit is 114.92 cents and the distribution per unit is 41.54 cents for the Financial Year.

As at 31 December 2005, the Trust had a A$17.6 billion (consolidated properties: A$16.6 billion and share of equity accounted properties: A$1.0 billion) interest in 54 shopping centres, comprising 12,300 retailers and approximately 3.7 million square metres of retail space.

The Australian and New Zealand operations contributed net property income of A$1,114 million for the year which includes comparable mall income growth of approximately 5.3%. 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 99.5% and specialty store rental growth for the year of 5.2%.

Retail sales in the Group's 43 Australian centres totalled A$17.2 billion, up 5.7% for the 12 months to 31 December 2005. On a comparable basis, total sales increased 4.5% with specialty store sales up 2.9%. Retail sales at the Group's 11 shopping centres in New Zealand increased 4.0% to NZ$1.6 billion for the 12 months to 31 December 2005. On a comparable basis, total sales and specialty store sales remained steady, both up 0.2% for the year.

Property transactions
During the the year the Westfield Group announced the acquisition of a 50% interest in Penrith Plaza, Sydney for A$405 million (net of acquisition costs and inclusive of project costs to date) as well as a 50% interest in Woden Plaza, Canberra for A$245 million (net of acquisition costs). The Westfield Group took over management of both properties on 1 July 2005.

Development projects
In Australia 4 major projects were completed - the A$60 million redevelopment of Westfield Innaloo in Perth, the A$180 million (Westfield Group share A$90 million) development of Westfield Helensvale, a new Westfield centre on Queensland's Gold Coast, the A$120 million redevelopment of Westfield Tuggerah, on the NSW Central Coast and the A$65 million upgrade of Westfield Mt Druitt in Sydney.

In Australia there are 3 major projects currently under construction which are all scheduled to complete in 2006. In Sydney, the A$109 million redevelopment of Westfield Parramatta, is forecast for completion by the second quarter of 2006 and the A$200 million redevelopment of Westfield Liverpool is due to open by Christmas 2006. The Westfield Group's most recent project in Australia is the A$180 million redevelopment of Westfield Chermside in Brisbane which commenced in late 2005 and is on schedule to complete by the end of 2006.

In New Zealand, the NZ$170 million redevelopment of Westfield Queensgate in Wellington opened in November 2005. The Westfield Group also commenced a NZ$35 million redevelopment project at Chartwell in Hamilton and a NZ$32 million project at Newmarket in Auckland. Both of these projects are expected to complete during the second half of 2006.

The current target weighted average yield range of the projects under construction in Australia and New Zealand is 9.3% to 9.6%. This reflects the Westfield Group's incremental income yield on the Westfield Group's project cost.

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

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.

Subsequent Events
No other matter or circumstance has arisen since the end of the Financial Year that has significantly affected, or may significantly affect:
i) the Trust's operations in future financial years;
ii) the results of those operation in future financial years; or
iii) the Trust's state of affairs in future financial years.

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 above. In the opinion of the Directors, disclosure of any further information would be likely to result in unreasonable prejudice to the Group.

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

— The distribution for the six months ended 31 December 2004, paid 28 February 2005: 20.74 cents per unit final distribution [1]	$349.1 million
— The distribution for the six months ended 30 June 2005, paid 31 August 2005 — 19.50 cents per unit interim distribution [2] for all ordinary units; — 13.14 cents per unit interim distribution for ordinary units issued on 28 February 2005 pursuant to the Group's Distribution Reinvestment Plan	$334.7 million

The following final distribution was declared for payment to Members with respect to the Financial Year, and paid on 28 February 2006:

— 22.04 cents per unit final distribution [3] for all ordinary units; — 14.61 cents per unit final distribution for ordinary units issued on 31 August 2005 pursuant to the Group's Distribution Reinvestment Plan	$384.3 million

[1] A distribution of 52.03 cents per Westfield Group stapled security was paid on 28 February 2005. 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] A distribution of 51.07 cents per ordinary WDC stapled security and 34.42 cents per WDCNA (February 2005 DRP) stapled security was paid on 31 August 2005. 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] A distribution of 55.50 cents per ordinary WDC stapled security and 36.80 cents per WDCNB (August 2005 DRP) stapled security was paid on 28 February 2006. 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.

The Directors
There have been no changes to the Board of the Responsible Entity during or since the end of the Financial Year.

Consequently, the following directors served on the Board of the Responsible Entity for the entirety of the Financial Year: Mr F P Lowy AC, Mr F G Hilmer AO, Mr D H Lowy AM, Mr R L Furman, Mr D M Gonski AO, Mr S P Johns, Mr P S Lowy, Mr S M Lowy, Mr J B Studdy AM, Mr F T Vincent, Dr G H Weiss, Mr D R Wills AO and Ms C M Zampatti AM.

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 were stapled to shares in Westfield Holdings Limited and units in Westfield America Trust as part of the merger of the Westfield Group in July 2004. The stapled securities trade on the Australian Stock Exchange under the code WDC.

Director	Number of Stapled Securities
F P Lowy, AC D H Lowy, AM P S Lowy S M Lowy	167,053,051
R L Furman	–
D M Gonski, AO	206,010
F G Hilmer, AO	189,433
S P Johns	1,563,559
J B Studdy, AM	38,573
FT Vincent	–
G H Weiss	20,000
D R Wills, AO	20,000
C M Zampatti, AM	236,125

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

Options
Details of the unissued ordinary units in the Trust under options as at the date of this Report are provided in Note 20 in the Notes to the Financial Statements (page 21).

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 20).

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.

Special rules for Registered Schemes

- $78.1 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 35,721,905 units as at the end of the Financial Year.
- Details of units issued in the Trust during the Financial Year are set out on Note 19 on page 20.
- No withdrawals were made from the scheme during the Financial Year.
- Details of the value of the Trust's assets as at the end of the Financial Year and the basis for the valuation are set out in Notes 2(c), 12 & 14 on pages 9, 15 & 17.
- Details of the number of units in the Trust as at the end of the Financial Year are set out in Note 19 on page 20.

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.

ERNST & YOUNG

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 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

B.J. Long.

Brian Long
Partner

Sydney, 20 March 2006

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

F G Hilmer, AO
Deputy Chair

20 March 2006

Corporate Governance Statement

The Corporate Governance statement for Westfield Trust for the financial year ended 31 December 2005 has been incorporated into the Corporate Governance statement prepared for the stapled Westfield Group. This statement can be found in the 2005 Westfield Group Annual Report, after the Directors' Report.

	Twenty Largest Holders of Stapled Securities in Westfield Group [1]	Securities	Securities
1.	JP Morgan Nominees Australia Limited	276,372,533	15.71
2.	Westpac Custodian Nominees Limited	243,041,482	13.81
3.	National Nominees Limited	207,254,124	11.78
4.	Cordera Holdings Pty Limited	98,694,531	5.61
5.	Citicorp Nominees Pty Limited	87,182,960	4.96
6.	Cogent Nominees Pty Limited	71,948,178	4.09
7.	ANZ Nominees Limited <Cash Income A/C>	51,947,219	2.95
8.	ANZ Nominees Limited <Income Reinvest Plan A/C>	46,611,962	2.65
9.	Citicorp Nominees Pty Limited <CFS WSLE Property Secs A/C>	39,760,054	2.26
10.	AMP Life Limited	28,694,745	1.63
11.	RBC Global Services Australia	19,668,279	1.12
12.	Queensland Investment Corporation	19,244,930	1.09
13.	Franley Holdings Pty Limited	16,027,400	0.91
14.	Westpac Financial Services Limited	15,776,265	0.90
15.	Victorian Workcover Authority	14,512,848	0.82
16.	Frank P Lowy	14,209,367	0.81
17.	Westfield C Fund Pty Limited	13,202,005	0.75
18.	Bond Street Custodians Limited <ENH Property Securities A/C>	12,512,795	0.71
19.	Bond Street Custodians Limited <Property Securities A/C>	11,715,455	0.67
20.	Transport Accident Commission	11,326,276	0.64
		1,299,703,408	**73.87**

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

Voting Rights

At a meeting of members, on a show of hands, every person present who is a member or representative of a member has one vote, and on a poll, every member present in person or by proxy or attorney and every person who is a representative of a member has one vote for each dollar value of the total interest they have in the respective trusts.

Distribution Schedule

Category	Number of Options [1]	Number of Option Holders	Number of Stapled securities	Number of Security-holders	% of securities in each
1-1,000	700	1	32,958,660	63,748	1.88
1,001-5,000	3,200	2	115,571,428	53,981	6.61
5,001-10,000	20,000	2	39,732,050	5,763	2.27
10,001-100,000	803,800	23	72,649,656	3,082	4.15
100,001 and over	883,815	3	1,488,043,964	293	85.08
Total	**1,711,515**	**31**	**1,748,955,758**	**126,867**	**100.00**

As at 28 February 2006, 2,318 security holders hold less than a marketable parcel of quoted securities in the Westfield Group.

[1] In addition, there are 27,661,209 options on issue to four subsidiaries of Westfield Holdings Limited. Due to the stapling structure of the Westifeld Group, these options can not be exercised by these subsidiaries. The total number of options on issue at 28 February 2006 is 29,372,724.

Substantial Securityholders

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

Members of the Lowy family and associates	166,450,338
ING Australia Holdings Limited	87,707,537