

WESTFIELD  
TRUST  
HALF-YEAR  
REPORT  
1998



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# Financial Highlights

Half Year Ended 30 June 1998

	Half Year Ended 30 June 1998 \$ Million	Half Year Ended 30 June 1997 \$ Million	% Change
Total assets	4,396.8	4,033.3	9.0
Unitholders' equity	3,201.2	2,953.1	8.4
Market Capitalisation	3,913.7	3,261.9	20.0
Property income	162.6	151.5	7.3
Net operating profit & distribution to unitholders	128.3	118.7	8.1
Number of units on issue	1,263 M	1,199 M	5.3
Number of unitholders	37,500	38,218	-1.9
Net asset backing per unit	\$2.52	\$2.46	2.4
Distribution per ordinary unit	10.22c	9.97c	2.5
Tax Free/Deferred Portion	31.58%	36.23%	



Westfield Shoppingtown Marion, SA

## Your Manager's Report

# In the first half of 1998, Westfield Trust increased its profit, and distribution to unitholders.

The result was pleasing giving the continued low-inflation environment.

The demand for retail space in Westfield Trust Shoppingtowns remains strong as the capital invested in the portfolio over time continues to enhance the competitiveness of the properties.

Work to upgrade the portfolio has delivered benefits to retailers and shoppers and has provided strong returns to unitholders in Westfield Trust over the short, medium and long term as the following table demonstrates:

Compound annual rates of return (%p.a.) as at 30 June 1998

	1 year	3 years	5 years	10 years
Westfield Trust	22.30	16.74	12.30	14.65
Property Trust Index	9.97	13.57	11.65	11.09
All Ordinaries Index	1.64	14.22	13.29	10.24

### HIGHLIGHTS

- an operating profit of \$128.3 million, an increase of 8.1% over the corresponding period last year.
- a 7.3% rise in property income to \$162.6 million, due to acquisitions, redevelopments and increased returns from the existing portfolio.
- distribution of 10.22 cents per unit, up 2.5% from 9.97 cents per unit for the corresponding period last year.
- at 30 June 1998 total assets of the Trust were up 9.0% to \$4.4 billion while unitholders' equity stood at \$3.2 billion, up 8.4% from 30 June 1997.
- the \$50 million development of Tea Tree Plaza (a joint venture with AMP, Westfield Trust's share – \$25 million) was opened fully leased in March.
- the acquisition of Bondi Carousel Shopping Centre (NSW) for \$32.4 million by Westfield Trust and AMP. The 8,600 square metre shopping centre was a strategic acquisition being adjacent to Bondi Junction Plaza, also jointly owned by the Trust and AMP. Redevelopment approval for a major expansion was granted by the NSW State Government during the period.

# Your Manager's Report

## HIGHLIGHTS (continued)

- construction began on projects totalling \$430 million (Trust's share \$265 million) at:
  - Southland Shoppingtown (Vic), \$285 million (joint venture with AMP);
  - Airport West Shoppingtown (Vic), \$60 million;
  - Indooroopilly Shoppingtown (Qld), \$30 million (joint venture with Commonwealth Funds Management);
  - Strathpine Shoppingtown (Qld), \$40 million; and
  - Belconnen Shoppingtown (ACT) \$15 million (joint venture with Commonwealth Funds Management).



The current redevelopment at Westfield Shoppingtown Southland, Vic

## SHOPPING CENTRE OPERATIONS

Total sales by retailers in Westfield Trust Shoppingtowns in the year to June 1998 were \$6.2 billion. The increase on a comparable basis was 3.0% which compares favourably with the Consumer Price Index for the same period which rose 0.7%.

Vacancy levels in the Trust's Shoppingtowns remained at less than 1% of retail space, reflecting continuing demand for space by retailers.

## SHOPPINGTOWNS PORTFOLIO

To maintain the portfolio's competitive edge, Westfield Trust continually invests to improve and upgrade the shopping centres. In the past few years alone, more than \$1.2 billion has been committed to redevelopment projects.

Expansions to Carousel (WA) and Chatswood (NSW) moved into final planning stages with work scheduled to begin in the second half of the calendar year and a planned redevelopment for Chermside (Qld) is expected to start during the first half of 1999.

There has been an emphasis on boosting the entertainment and lifestyle shopping options that the centres have to offer. This has proved an important strategy for attracting new shoppers and ensuring they spend more time in the centres.

The redevelopments at Carousel, Chatswood, Chermside and Southland were the subject of a major leasing roadshow around Australia in June designed to showcase 500 new opportunities for new or expanding retail businesses in these centres.

The roadshow was successful in confirming the expected level of demand for space in the four expansion projects.

## LOYALTY PROGRAM

A major new marketing initiative developed by Westfield Shopping Centre Management – the Westfield Loyalty Program – moved into final planning stages during the six months to June 1998 after several years in development.

Based on a Westfield Visa card, the program leverages the Westfield brand nationally in a campaign designed to increase sales for Westfield retailers and provide additional benefits to Westfield shoppers. Consequently Westfield Trust unitholders should benefit from enhanced income and capital growth. The Westfield Visa card will be launched to the public at the time of printing of this report.

## FINANCIAL POSITION

Total assets stand at \$4.4 billion and unitholders' equity at \$3.2 billion. Net borrowings of \$911 million represent 20.7% of total assets.

With a unit price of \$3.10 and a June 1998 market capitalisation of \$3.9 billion (1997: \$3.3 billion), Westfield Trust was the 24th-largest entity on the Australian Stock Exchange and represented 18% of the Listed Property Trust Index.

# Your Manager's Report

## UNITS ON ISSUE AND NET ASSET VALUE

At 30 June 1998, the total number of units on issue was 1,263 million (1997: 1,199 million). Net asset value at 30 June 1998 was \$2.52 which compares with \$2.46 at June 1997.

## PROPERTY REVALUATIONS

Four centres were revalued during the first half of calendar 1998 resulting in a \$28.9 million increment to the asset revaluation reserve. The centres were Chatswood, Hurstville, North Rocks (NSW) and Fountain Gate (Vic).

Westfield Shoppingtown	New Valuation \$ Million	Previous Valuation \$ Million	Revaluation Increment \$ Million	New Cap Rate %	Previous Cap Rate %
Chatswood	205.0	188.7	16.3	7.75	7.75
Fountain Gate	192.0	187.3	4.7	8.00	7.50
Hurstville (50%)	156.3	150.3	6.0	7.75	7.75
North Rocks	44.0	42.1	1.9	10.50	10.50
	597.3	568.4	28.9		

## INCOME DISTRIBUTION

The distribution for the six months ended 30 June 1998 is 10.22 cents per unit and is payable on 31 August 1998 with the Record Date being 13 August 1998.

The distribution on the DRP units issued in February 1998 is 6.81 cents.

The tax advantaged component of these distributions is 31.58% arising from two sources: (i) 21.04% is tax deferred due to depreciation on plant and equipment and other allowances, and (ii) 10.54% is tax free as a result of building depreciation allowances.

No income tax is payable on these portions of the distribution. However, there may be capital gains tax consequences in the event of any sale of units that are subject to capital gains tax. Unitholders should seek professional taxation advice in this regard.

## STATUTORY INFORMATION

Information relating to principal activities, investment and borrowing policy, interest in property, units held by the Manager or its associates and other statutory information is set out on page 23.

## THE FUTURE

In the absence of unforeseen circumstances the distribution per unit in the second half of calendar 1998 should be at least maintained.



FP Lowy AO, Chairman  
12 August 1998



Westfield Shoppingtown Indooroopilly, Qld

# Westfield Trust Statutory & Financial Statements

for the six months ended 30 June 1998

# Independent Audit Report *To the Unitholders of Westfield Trust*

## SCOPE

We have audited the Financial Statements of Westfield Trust for the six months ended 30 June 1998 as set out on pages 9 to 22. The Financial Statements include the consolidated financial statements of Westfield Trust and the entities it controlled at the period end or from time to time during the period. The Manager, at the direction of the Trustee, is responsible for the preparation and presentation of the Financial Statements and the information contained therein.

We have conducted an independent audit of the Financial Statements in order to express an opinion on them to the Unitholders of Westfield Trust.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the Financial Statements are free of material misstatement.

Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the Financial Statements, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the Financial Statements are presented fairly in accordance with applicable Accounting Standards, mandatory professional reporting requirements and relevant statutory and other requirements as detailed in the Statement of Principal Accounting Policies so as to present a view of Westfield Trust and its controlled entities which is consistent with our understanding of their financial position and the results of their operations.

The audit opinion expressed in this report has been formed on the above basis.

## AUDIT OPINION

In our opinion, the Financial Statements of Westfield Trust and its controlled entities are properly drawn up:

- (a) so as to give a true and fair view of:
  - (i) the state of affairs of Westfield Trust and its controlled entities as at 30 June 1998 and results of their operations for the six months then ended; and
  - (ii) the other matters required by Division I I of Part 3.6 of the Corporations Law to be dealt with in the Financial Statements;
- (b) in accordance with the provisions of the Corporations Law; and
- (c) in accordance with applicable Accounting Standards, mandatory professional reporting requirements and other relevant reporting requirements.

Greenwood Challoner & Co.



I J Breedon, Partner  
Chartered Accountants  
Sydney, 12 August 1998

# Manager's Statement *For the six months ended 30 June 1998*

In the opinion of the Directors of Westfield Management Limited as Manager of Westfield Trust, the accompanying Financial Statements, which have been prepared in accordance with the requirements of the Corporations Law, the provisions of the Trust Deed dated 1 April 1982, as amended, applicable Accounting Standards and other mandatory professional reporting requirements are drawn up as to give a true and fair view of the state of affairs of Westfield Trust as at 30 June 1998 and the results of the activities of Westfield Trust for the six months ended 30 June 1998.

Signed in accordance with a resolution of the Directors of Westfield Management Limited (ACN 001 670 579).

Sydney, 12 August 1998



F P Lowy AO

Chairman



S P Johns

Director

# Statement of Constitution of the Fund as at 30 June 1998

		Half Year 30 June 1998	Full Year 31 Dec 1997	Half Year 30 June 1997
	Note	\$ Million	\$ Million	\$ Million
<b>CURRENT ASSETS</b>				
Cash		13.8	80.6	14.4
Receivables	2	6.9	6.6	5.6
Other	3	14.0	15.0	12.7
<b>Total Current Assets</b>		<b>34.7</b>	<b>102.2</b>	<b>32.7</b>
<b>NON-CURRENT ASSETS</b>				
Investments	4	4,362.1	4,246.6	4,000.6
<b>Total Non-Current Assets</b>		<b>4,362.1</b>	<b>4,246.6</b>	<b>4,000.6</b>
<b>Total Assets</b>		<b>4,396.8</b>	<b>4,348.8</b>	<b>4,033.3</b>
<b>CURRENT LIABILITIES</b>				
Accounts Payable	5	210.6	210.0	182.2
Borrowings	6	60.0	180.8	-
<b>Total Current Liabilities</b>		<b>270.6</b>	<b>390.8</b>	<b>182.2</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	7	925.0	851.0	898.0
<b>Total Non-Current Liabilities</b>		<b>925.0</b>	<b>851.0</b>	<b>898.0</b>
<b>Total Liabilities</b>		<b>1,195.6</b>	<b>1,241.8</b>	<b>1,080.2</b>
<b>Net Assets</b>		<b>3,201.2</b>	<b>3,107.0</b>	<b>2,953.1</b>
<b>UNITHOLDERS' EQUITY</b>				
Units on Issue	8	2,452.6	2,387.3	2,275.7
Reserves	9	748.6	719.7	677.4
Undistributed Income		0.0	0.0	0.0
<b>Total Unitholders' Equity</b>		<b>3,201.2</b>	<b>3,107.0</b>	<b>2,953.1</b>

The accompanying notes form an integral part of these Financial Statements. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

# Distribution Statement *for the six months ended 30 June 1998*

	Note	Half Year 30 June 1998 \$ Million	Half Year 30 June 1997 \$ Million
<b>OPERATING REVENUE</b>			
Rental and Other Property Income		<b>234.2</b>	217.6
Interest Income		<b>2.7</b>	0.5
		<b>236.9</b>	218.1
<b>LESS - EXPENDITURE</b>			
Rates, Taxes & Other Property Outgoings	10	<b>71.6</b>	66.1
Legal Fees		<b>0.4</b>	0.4
Auditors' Remuneration	11	<b>0.2</b>	0.2
Interest Expense and Other Borrowing Costs	12	<b>28.9</b>	26.1
Trustee Fees		<b>0.4</b>	0.3
Manager's Service Charge		<b>6.2</b>	5.7
Other Expenses	15	<b>0.9</b>	0.6
		<b>108.6</b>	99.4
<b>Operating Profit</b>		<b>128.3</b>	118.7
Abnormal Item - Profit on Sale of Investment		<b>0.0</b>	3.3
Operating Profit after Abnormal Item		<b>128.3</b>	122.0
Undistributed Income brought forward		<b>0.0</b>	0.0
		<b>128.3</b>	122.0
Transfer to Capital Profit Reserve	9	<b>0.0</b>	3.3
Distribution Paid		<b>0.0</b>	0.0
<b>Distribution Payable</b>		<b>128.3</b>	118.7
Undistributed Income carried forward		<b>0.0</b>	0.0
Basic Earnings per Unit (cents)	13	<b>10.22</b>	9.97

The accompanying notes form an integral part of these Financial Statements. Amounts shown as 0.0 represent amounts less than \$50,000 that have been rounded down.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### (i) Basis of Preparation

This general purpose financial report has been prepared in accordance with Accounting Standard AASB 1029 Half-Year Accounts. It is recommended that this report should be read in conjunction with the Annual Report for the year ended 31 December 1997 and any public announcements made by Westfield Trust during the half-year in accordance with the continuous disclosure requirements of the Corporations Law.

This general purpose financial report has been prepared on the basis of historical cost accounting and does not purport to disclose current values except where, in accordance with the requirements of the Trust Deed, Trust property investments are revalued at intervals of not more than three years. Such valuations are reflected in the Financial Statements of the Trust. On the occasion of a revaluation of a Trust property investment by way of independent valuation, the remaining assets in that class are reviewed and appropriate adjustments made for any material increment or decrement. For those property investments in which the Trust has co-ownership, the Financial Statements reflect the Group's proportionate share of the valuation.

### (ii) Consolidated Financial Statements

The Consolidated Financial Statements comprise Westfield Trust and its wholly owned entities, Westfield Shoppingtown Property Trust, W.D.Trust, Westfield Chatswood Trust, Westfield Tuggerah Trust, Westfield Northgate Trust, Westfield Morley Trust and Fountain Gate Trust. The principal assets of Westfield Shoppingtown Property Trust include Westfield Shoppingtown North Rocks and a 50% interest in Southland Trust and a 50% interest in Tea Tree Plaza Trust. The principal asset of W.D. Trust is Westfield Shoppingtown Doncaster. The principal asset of Westfield Chatswood Trust is Westfield Shoppingtown Chatswood. The principal asset of Westfield Tuggerah Trust is Westfield Shoppingtown Tuggerah. The principal asset of Westfield Northgate Trust is Northgate Shopping Centre. The principal asset of Westfield Morley Trust is The Galleria, Morley. The principal asset of Fountain Gate Trust is Westfield Shoppingtown Fountain Gate. The Financial Statements of Westfield Trust on a non-consolidated basis are not materially different from the Consolidated Financial Statements as presented.

### (iii) Property Co-ownerships

The Trust has an effective 50% interest in twelve properties:

The following properties are held as tenant-in-common. The Trust's 50% interest in: Westfield Shoppingtowns Belconnen, Indooroopilly, Marion and Arndale are held as tenant-in-common with Commonwealth Funds Management Limited. Westfield Shoppingtowns Parramatta and Liverpool are held as tenant-in-common with Rodamco Australia Management Pty Limited.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Westfield Shoppingtown Hurstville is held as tenant-in-common with the SAS Trustee Corporation.

Westfield Shoppingtown Miranda is held as tenant-in-common with The National Mutual Life Association of Australasia Limited.

As such, one-half of the cost or the current valuation of these investments and one-half of the assets, liabilities, income and expenditure arising from these investments has been included in those respective classifications in the Financial Statements of the Trust.

The Trust's 50% interest in Bondi Junction Plaza Shoppingtown and Bondi Carousel Shopping Centre are held via a 50% interest in Bondi Junction Trust.

Westfield Shoppingtown Southland is held through Southland Trust and Westfield Shoppingtown Tea Tree Plaza is held through Tea Tree Plaza Trust. The Westfield Trust's 50% interest in these trusts is held through Westfield Shoppingtown Property Trust.

For presentation purposes in order to reflect the substance of the investment in the trusts, Westfield Trust's share of the assets and liabilities have been included in the respective classifications in these Financial Statements. In addition, Westfield Trust's share of the income and expenditure has been included in the respective classifications in these Financial Statements rather than as a distribution received.

### (iv) Revenue

Revenue from rents, percentage rent and other property income (net of bad debts and additional provision for doubtful debts) is brought to account on an accruals basis and if not received at balance date is reflected in the Statement of Constitution of the Fund as Receivables. Recoveries from tenants are recognised as income in the period the applicable costs are accrued. Profits from the sale of property investments are recognised upon settlement and after contractual duties are completed.

### (v) Expenditure

Expenditure, including rates, taxes and other outgoings, is brought to account on an accruals basis.

### (vi) Income Tax

Under current Income Tax Legislation the Trust is not liable to income tax, including capital gains tax, provided it distributes its net income to unitholders.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 1. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

### (vii) Property Investments

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 of 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. Property investments are not revalued to an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. In determining recoverable amount the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

### (viii) Properties Subject to Development

Amounts capitalised to properties subject to development include the cost of acquisition, development, rates, taxes and financing charges during development net of sundry income.

### (ix) Derivatives and Other Financial Instruments

Internal policies, procedures and limits for the use of derivative financial instruments have been approved by the Board of Directors of the Manager.

The Trust only utilises derivative financial instruments to hedge its interest rate exposure. The Trust does not trade in derivative financial instruments for speculative purposes.

The Manager continually reviews and upgrades the treasury policies and procedures to ensure that the exposure to interest rate fluctuations is minimised. Receipts and payments arising from derivative financial instruments are matched and brought to account in the same manner as the underlying hedged interest expense.

### (x) Cash Flows

For purposes of the Statement of Cash Flows, cash 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.

### (xi) Comparative Figures

Where appropriate, certain comparative figures have been restated in order to comply with the current presentation of the Financial Statements.

### (xii) Rounding

Pursuant to ASC Class Order 97/1006, the amounts shown in the Financial Statements have been rounded to the nearest tenth of a million dollars.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

	<b>30 June 1998</b> \$ Million	31 Dec 1997 \$ Million	30 June 1997 \$ Million
<b>2. RECEIVABLES</b>			
Trade Debtors	<b>0.6</b>	0.7	0.9
Less Provision for Doubtful Debts	<b>0.1</b>	0.2	0.2
	<b>0.5</b>	0.5	0.7
Other Debtors	<b>6.4</b>	6.1	4.9
	<b>6.9</b>	6.6	5.6
Movement in Provision for Doubtful Debts			
Balance at beginning of the period	<b>0.2</b>	0.3	0.3
Bad debts previously provided for written-off during the period	<b>(0.1)</b>	(0.1)	(0.1)
Bad and doubtful debts expensed/ provided for during the period	-	-	-
Balance at end of the period	<b>0.1</b>	0.2	0.2
<b>3. OTHER CURRENT ASSETS</b>			
Prepayments	<b>14.0</b>	15.0	12.7
<b>4. INVESTMENTS</b>			
Property Investments incorporating independent valuations.			
Shoppingtowns	<b>4,134.2</b>	4,082.5	3,794.8
Properties subject to development	<b>227.9</b>	164.1	205.8
	<b>4,362.1</b>	4,246.6	4,000.6

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 4. INVESTMENTS (CONTINUED)

### Details of Property Investments As at 30 June 1998

Westfield Shoppingtown	Title	Original Purchase Date	Total Original Acquisition Cost \$ Million	Capital Expenditure Since Acquisition \$ Million	Latest Independent Valuation Date	Latest Independent Valuation \$ Million	Capital Expenditure Since Valuation \$ Million	Book Value \$ Million
Airport West	Freehold	30/06/82	13.5	39.8	30/06/97	79.5 (ii)	0.4	79.9
Arndale (50%)	Freehold	30/06/87	34.9	5.5	31/12/97	36.0 (i)	0.2	36.2
Belconnen (50%)	Crown Lease (Expiry 2086)	26/03/86	44.5	30.8	30/06/97	136.0 (i)	0.4	136.4
Bondi Junction (50%)	} Freehold	30/11/94	58.6	1.3	31/12/97	68.6 (i)	0.1	68.7
Bondi Carousel (50%)		12/5/98	17.2	0.0	31/01/98	16.8 (vi)	0.0	17.2
Burwood	Freehold	30/09/92	68.6	2.5	31/12/97	71.5 (i)	0.0	71.5
Carousel	Freehold	16/04/96	130.2	0.4	28/02/96	125.0 (ii)	0.4	130.6
Chatswood	Freehold	30/11/93	158.9	13.6	30/06/98	205.0 (i)	-	205.0
Chermside	Freehold	23/12/96	126.8	0.4	23/12/96	120.0 (v)	0.4	127.2
Doncaster	Freehold	26/03/93	145.0	6.2	28/02/97	300.0 (ii)	1.3	298.9
	Freehold	01/04/97	147.1					
Figtree	Freehold	30/06/82	12.2	18.1	30/06/97	45.3 (ii)	0.0	45.3
Fountain Gate	Freehold	31/07/95	90.3	0.9	30/06/98	192.0 (i)	-	192.0
	Freehold	23/12/97	96.1					
Galleria	Freehold	03/12/96	301.9	6.9	08/10/96	290.0 (iv)	6.9	308.8
Hornsby	} Freehold	30/06/82	19.4	16.8	31/12/95	39.0 (ii)	0.3	39.3
Northgate		01/07/96	73.5	0.2	15/02/96	73.0 (i)	0.2	73.7
Hurstville (50%)	Freehold/Leasehold (Expiry 2077)	24/05/88	44.4	79.4	30/06/98	156.3 (i)	-	156.3
Indooroopilly (50%)	Freehold	30/06/87	59.7	64.3	31/12/97	187.5 (iii)	0.1	187.6
Innaloo	Freehold	23/12/96	52.6	0.1	23/12/96	50.0 (v)	0.1	52.7
Liverpool (50%)	Freehold	03/06/83	11.9	104.8	31/12/95	126.0 (ii)	8.7	134.7
Marion (50%)	Freehold	30/06/87	62.2	113.9	31/12/97	228.0 (ii)	0.1	228.1
Miranda (50%)	Freehold	30/06/82	17.4	178.2	31/03/96	255.0 (iii)	2.6	257.6
North Rocks	Freehold	30/06/82	17.1	2.9	30/06/98	44.0 (i)	-	44.0
Parramatta (50%)	Freehold	26/03/93	160.6	156.6	31/12/95	330.0 (iii)	3.2	333.2
Southland (50%)	Freehold	12/02/88	75.5	20.4	30/06/97	174.0 (i)	(0.5)	173.5
Strathpine	Freehold	01/05/85	20.0	7.2	31/12/95	116.0 (ii)	0.4	118.8
	Freehold	04/04/96	60.4					
Tea Tree Plaza (50%)	Freehold	12/02/88	60.5	43.6	31/12/97	150.0 (i)	0.3	150.3
Toombul	Freehold	30/06/82	31.5	53.5	31/12/97	184.1 (vi)	0.3	184.4
Tuggerah	Freehold	31/08/94	176.7	4.0	31/12/95	190.0 (iii)	4.0	194.0
Warrawong	Freehold	30/06/88	13.4	84.5	31/12/97	88.0 (ii)	0.3	88.3
			2,402.6	1,056.8		4,076.6	30.2	4,134.2

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 4. INVESTMENTS (CONTINUED)

- (i) As valued by Richard Ellis
- (ii) As valued by Stanton Hillier Parker
- (iii) As valued by Landauer Grant Samuel
- (iv) As valued by JLW Advisory
- (v) As valued by Arthur Andersen
- (vi) As valued by Knight Frank

The Shoppingtowns are valued 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 has not been included in the latest independent valuation of the Westfield Shoppingtowns.

Included in Trust Shoppingtowns and Properties Subject to Development are accumulated holding charges incurred since valuation comprising interest of \$12.7 million (1997: \$12.3 million). Also included are legal fees paid during the period of \$1.0 million (1997: \$0.8 million).

Holding charges are net of accumulated rental income capitalised to properties of \$0.3 million (1997: \$0.1 million).

During the period, the Trust purchased the following:

A 50% interest in Bondi Carousel Shopping Centre at a cost of \$16.2 million, independently valued at \$16.8 million. In addition, acquisition costs of \$1.0 million were incurred.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

	30 June 1998 \$ Million	31 Dec 1997 \$ Million	30 June 1997 \$ Million
<b>5. ACCOUNTS PAYABLE</b>			
Trade Creditors	<b>28.4</b>	28.6	28.4
Other Creditors and Accruals	<b>53.9</b>	59.3	35.1
Distribution Payable	<b>128.3</b>	122.1	118.7
	<b>210.6</b>	210.0	182.2

## 6. BORROWINGS

Bank Borrowings	-	68.5	-
Converting Notes (1)	<b>60.0</b>	60.0	-
Settlement on Property Acquisition - Fountain Gate	-	52.3	-
	<b>60.0</b>	180.8	-

(1) The Trust issued 104,166,667 Converting Notes at an issue price of \$2.376 per Note of which \$0.576 (\$60 million) was paid in March 1997 and the balance of \$1.80 (\$187.5 million) is payable on 17 December 1998. Upon payment of the final call, the Notes will convert to ordinary units on a one-for-one basis.

## 7. NON-CURRENT BORROWINGS

Bills Payable	<b>390.0</b>	277.0	838.0
Commercial Paper	<b>535.0</b>	574.0	-
Converting Notes	-	-	60.0
	<b>925.0</b>	851.0	898.0

## 8. UNITS ON ISSUE

	Units			
Balance at beginning of period	1,241,194,755	<b>2,387.3</b>	2,212.3	2,212.3
DRP Units issued during period	21,413,015	<b>65.3</b>	123.3	63.4
Placements during the period	-	-	51.7	-
	<b>1,262,607,770</b>	<b>2,452.6</b>	2,387.3	2,275.7

The number of units on issue shall not exceed 100,000 million (1997: 100,000 million).

All issued units are listed on the Australian Stock Exchange.

Units were issued during the period to fund extensions to existing Westfield Shoppingtowns and to reduce debt.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

	<b>30 June 1998</b> \$ Million	31 Dec 1997 \$ Million	30 June 1997 \$ Million
<b>9. RESERVES</b>			
Asset Revaluation Reserve	<b>624.4</b>	595.5	553.2
Capital Profits Reserve	<b>124.2</b>	124.2	124.2
	<b>748.6</b>	719.7	677.4
Movement in Reserves			
Asset Revaluation Reserve			
Balance at beginning of the period	<b>595.5</b>	537.0	537.0
Increment arising during the period	<b>28.9</b>	58.5	16.2
Balance at end of the period	<b>624.4</b>	595.5	553.2
Capital Profit Reserve			
Balance at beginning of the period	<b>124.2</b>	120.9	120.9
Transfer from Distribution Statement	<b>0.0</b>	3.3	3.3
Balance at end of the period	<b>124.2</b>	124.2	124.2
	<b>30 June 1998</b> \$ Million	30 June 1997 \$ Million	

## 10. RATES, TAXES AND OTHER PROPERTY OUTGOINGS

### Rates, Taxes and Other Property

Outgoings include the following charges/(credits):

Property Maintenance and Repairs Expense	<b>5.6</b>	4.6
Real Estate Management Fees	<b>11.7</b>	10.8
Reimbursement of Expenses	<b>9.1</b>	8.1

Included in the above amounts are management fees of \$1.9 million (1997: \$1.8 million) payable at 30 June 1998.

## 11. AUDITORS' REMUNERATION

Amounts paid or due and payable to:

Auditors of the Chief Entity - for audit services	<b>0.205</b>	0.191
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Amounts paid or due and payable to:

Auditors other than the Auditors of the Chief Entity - for audit services	<b>0.032</b>	0.046
	<b>0.237</b>	0.237

## 12. INTEREST EXPENSE

Interest Costs	<b>35.3</b>	32.6
Less: Interest Capitalised	<b>6.4</b>	6.5
Interest Expense and Other Borrowing Costs	<b>28.9</b>	26.1

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

**30 June 1998**      31 Dec 1997      30 June 1997

## 13. EARNINGS PER UNIT

Basic Earnings Per Unit (Cents)	<b>10.22</b>	20.02	9.97
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Diluted Earnings Per Unit are not materially different to the Basic Earnings Per Unit noted above.

Basic Earnings Per Unit is calculated by dividing the Earnings by the weighted average number of Ordinary Units on issue during the period.

Diluted Earnings Per Unit is calculated by dividing the Earnings in respect of the period as adjusted for earnings arising from the proceeds on issue of potential Ordinary Units by the weighted average number of ordinary and potential Ordinary Units outstanding for the period.

The weighted average number of units used in the calculation of earnings per unit is 1,255,470,098 units (1997: 1,190,371,400 units).

## 14. ASSET BACKING PER UNIT

Basic Net Asset Backing Per Unit (\$)	<b>2.54</b>	2.50	2.46
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Diluted Net Asset Backing Per Unit (\$)	<b>2.52</b>	2.49	2.46
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Basic net asset backing is calculated by dividing the unitholders' equity by the number of ordinary units on issue.

Diluted net asset backing is calculated by dividing the unitholders' equity (adjusted for conversion of the Converting Notes) by the number of ordinary units on issue (adjusted for conversion of the Converting Notes).

The number of units used in the calculation of Basic Net Asset Backing is 1,262,607,770 (1997: 1,199,225,134 units). The number of units used in the calculation of Diluted Net Asset Backing is 1,366,774,437 (1997: 1,303,391,801).

	<b>30 June 1998</b>	30 June 1997
	<b>\$ Million</b>	\$ Million

## 15. OTHER EXPENSES

Included in other expenses are administrative costs incurred by the Trustee in relation to the Trust

	<b>0.1</b>	0.1
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## 16. CAPITAL EXPENDITURE COMMITMENTS

Expenditure contracted but not provided for:

Due within one year	<b>307.1</b>	73.3
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Due between one year and two years	<b>190.4</b>	42.5
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Due between two and five years	<b>1.5</b>	-
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	<b>499.0</b>	115.8
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# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

## 17. FINANCIAL REPORTING BY SEGMENTS

The Trust operates solely in retail property investment in Australia.

## 18. RELATED PARTIES

Westfield Management Limited which acts as Manager is considered to be a related party of Westfield Trust. The fee and other amounts payable to the Manager are calculated in accordance with the terms of the trust deed. Fees to its Associates are based on normal commercial terms and are disclosed elsewhere in these Financial Statements.

During the period the Trust entered into construction contracts in relation to the development and redevelopment of the Trust's Centres with Associates of the Manager with the Trust's pro-rata share amounting to \$377.4 million (1997: \$28.2 million).

Amounts paid to Associates of the Manager for project costs amounted to \$68.0 million (1997: \$42.9 million). The Manager's Service Charge of \$6.2 million (1997: \$5.7 million) is accrued as at 30 June 1998.

## 19. BANK FACILITIES AND DERIVATIVE FINANCIAL INSTRUMENTS

The Trust has evergreen facilities totalling \$1,200 million with the Australia and New Zealand Banking Group Limited and National Australia Bank Limited which support revolving commercial bill facilities and a commercial paper programme.

The \$800 million commercial paper programme is a non-underwritten, floating rate programme issued via competitive bidding to a panel of Australian banks at a margin to the bank bill interest rate.

The Trust also has a short term facility for \$120 million and uncommitted 11am borrowing lines with several banks.

The Trust has entered into interest rate hedging to ensure that the rate of interest payable on the Trust's forecast borrowings is substantially fixed. The Trust's hedging position at December each year is summarised as follows:

	1998	1999	2000	2001-2005	2006
	\$ Million	\$ Million	\$ Million	\$ Million	\$ Million
Borrowings hedged at fixed rates	750	975	1,075	1,230	1,030

The derivative financial instruments referred to in this note carry rates ranging from 6.42% to 8.63%.

On the unhedged portion of the finance facilities the weighted average effective floating interest rate at 30 June 1998 was 5.15%.

In accordance with the policies determined by the board of the Manager, credit risk is spread among a number of counterparties. The counterparties to derivative financial instruments consist of a number of prime financial institutions.

# Notes to and forming part of the Financial Statements *for the six months ended 30 June 1998*

	30 June 1998 \$ Million	30 June 1997 \$ Million
<b>20. STATEMENT OF CASH FLOWS</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts in the course of operations	<b>235.8</b>	216.7
Payments in the course of operations	<b>(72.0)</b>	(65.0)
Interest received	<b>1.5</b>	0.6
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>165.3</b>	152.3
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for trust property investments	<b>(93.5)</b>	(203.1)
Receipts for trust property investments	-	68.0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(93.5)</b>	(135.1)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in borrowings	<b>74.3</b>	6.1
Decrease in borrowings	<b>(120.8)</b>	-
Net proceeds from Converting Note issues	-	60.0
Interest paid	<b>(35.3)</b>	(31.3)
Distributions paid	<b>(122.1)</b>	(114.4)
Net proceeds from unit issues	<b>65.3</b>	63.5
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>	<b>(138.6)</b>	(16.1)
<b>NET INCREASE/(DECREASE) IN CASH</b>	<b>(66.8)</b>	1.1
<b>CASH AT BEGINNING OF THE PERIOD</b>	<b>80.6</b>	13.3
<b>CASH AT END OF THE PERIOD</b>	<b>13.8</b>	14.4
<b>(i) COMPONENTS OF CASH</b>		
Cash on Deposit	<b>13.8</b>	14.4
<b>(ii) RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES TO OPERATING PROFIT</b>		
Net cash inflows from operating activities	<b>165.3</b>	152.3
Interest Expense	<b>(28.9)</b>	(26.1)
Increase/(Decrease) in receivables and prepayments	<b>(0.4)</b>	(0.9)
Decrease/(Increase) in creditors and accruals	<b>(7.7)</b>	(6.6)
<b>Operating Profit</b>	<b>128.3</b>	118.7
<b>(iii) FINANCING FACILITIES</b>		

(iii) FINANCING FACILITIES  
Multi Option Facilities of \$1,200.0 million (1997: \$1,000.0 million) were available to the Westfield Trust. At 30 June 1998 an amount of \$390.0 million (1997: \$838.0 million) was drawn and \$535.0 million was allocated to support outstandings under the Trust's commercial paper programme (see Note 19).

# Statutory Statements *for the six months ended 30 June 1998*

## COMMENCEMENT DATE OF THE TRUST AND LIFE OF THE TRUST

The Trust was constituted on 1 April 1982 and commenced operations on 1 July 1982. The Trust will only determine upon the happening of certain events which are defined in the Trust Deed.

## PRINCIPAL ACTIVITIES

The principal activities of the Westfield Trust are the long-term ownership and improvement of major shopping centres.

## INVESTMENT AND BORROWING POLICY

- (i) The policy for investment by the Trust involves the acquisition and expansion of major shopping centres to provide greater security for both income and capital growth.
- (ii) Trust borrowings are managed and maintained at a level which is appropriate for the quality of the assets of the Trust and the security of its income stream.

## INTEREST IN PROPERTY

Neither the Manager nor any Associate of the Manager has an interest in property held by the Trust or disposed of by the Trust during the period ended 30 June 1998.

## VALUE OF THE ASSETS OF THE TRUST

The value of the assets of the Trust has changed as a result of the following transactions:

- (a) Capital expenditure on properties; and
- (b) Valuation of properties.

Further information in respect of the above is set out in Note 4 of the Financial Statements.

## UNITS HELD BY MANAGER OR ITS ASSOCIATES

No units were held by the Manager or its nominee at 30 June 1998. Associates of the Manager held 5,355,433 units at 30 June 1998 and at the date of this report.

## FEES AND CHARGES PAID TO THE MANAGER OR ITS ASSOCIATES

Fees and Charges paid by the Trust to the Manager or its Associates in relation to the affairs of the Trust during the period ended 30 June 1998 are as follows:

	\$ Million
Manager's Service Charge - calculated in accordance with the terms of the Trust Deed	6.2
Real Estate Management Fees	11.7
Reimbursement of expenditure	9.1
Project costs	68.0

## EARNINGS PER UNIT

Total Income per Unit	18.76 cents
Net Income before Manager's Service Charge	10.66 cents
Distribution per Unit	10.22 cents

The weighted average number of units used in the calculation of earnings per unit is 1,255,470,098 units.

# Additional Information *for the six months ended 30 June 1998*

## GUARANTEE UNDER THE TRUST DEED

To the knowledge of the Trustee and Manager, there has not been anything that has occurred or failed to occur, that affects the ability of the Guarantor, Perpetual Trustee Company Limited (A.C.N. 000 001 007), to meet its obligations under the Trust Deed.

## TRUSTEE'S REPORT

The Financial Statements for the six months ended 30 June 1998 have been prepared by Westfield Management Limited under delegation by us.

The auditor of the Westfield Trust (the "Trust"), Greenwood Challoner & Co (the "Auditor") who has been appointed by us in accordance with the Trust Deed has conducted an audit of these financial statements.

A review of the operations of the Trust and the result of those operations for the six months is contained in the Manager's report.

Based on our ongoing program of monitoring the Trust and the Manager and our review of the financial statements we believe that:

- the Trust has been conducted in accordance with its stated investment policies, the Trust Deed; and
- the Financial Statements have been appropriately prepared and contain all relevant and required disclosures.

We are not aware of any material matter or significant change in the state of affairs of the Trust occurring up to the date of this report that requires disclosure in the financial statements and the notes to them that has not already been disclosed.

## BUY-BACK PROVISION

The Trust Deed and the Corporations Law specifically requires the Trustee to supervise the making and maintaining of adequate buy-back arrangements by the Manager and to monitor the maintaining of such arrangements and the extent of compliance with the buy-back covenant.

The Managers' covenant in the Trust Deed to buy-back Trust units is suspended whilst the units remain listed on the Australian Stock Exchange.

The Trust Manager intends that the Australian Stock Exchange listing of Trust units will, at all times, be maintained. As at the date of this statement, whilst the units of the Westfield Trust remain listed, no buy-back arrangements are necessary.



Roy Sider  
For and on behalf of  
P.T. Limited (ACN 004 454 666)  
Sydney, 12 August 1998

# Directory

## Manager of the Trust

Westfield Management Limited  
(ACN 001 670 579)

## Registered Office

Level 24, Westfield Towers  
100 William Street  
SYDNEY NSW 2011  
Telephone (02) 9358 7466  
Facsimile (02) 9358 7881

## Directors of Westfield Management Limited

Frank P Lowy AO, Chairman  
Prof. Frederick G Hilmer AO, Deputy Chairman  
Robert A Ferguson  
David M Gonski  
Stephen P Johns  
David H Lowy  
Peter S Lowy  
Steven M Lowy  
Dean R Wills AO  
Carla Zampatti AM

## Secretary

Craig van der Laan de Vries

## General Manager

Trevor Gerber

## Trustee for Unitholders

P.T. Limited (ACN 004 454 666)  
39 Hunter Street  
Sydney NSW 2000

## Auditors

Greenwood Challoner & Co  
Chartered Accountants  
Level 29, 133 Castlereagh Street  
Sydney NSW 2000

## Investor Information

For enquiries about your  
investment, ring or write to:

Westfield Trust  
Freepost 139  
Level 24, 100 William Street  
Sydney NSW 2011  
Telephone (02) 9358 7466  
Free Call 1800 222 242  
Facsimile (02) 9358 7881

## Principal Unit Registry

For enquiries related to the  
register, ring or write to:

Greenwood Challoner Registries  
Pty Limited (ACN 003 157 355)  
Level 1, 225 George Street  
Sydney NSW 2000  
Telephone (02) 9372 6060  
Facsimile (02) 9372 6011

## Branch Unit Registries

Greenwood Challoner Registries  
Pty Limited  
c/- Deloitte Touche Tohmatsu  
190 Flinders Street  
Adelaide SA 5000

Greenwood Challoner Registries  
Pty Limited  
c/- Deloitte Touche Tohmatsu  
Level 2, Advance Bank Centre  
60 Marcus Clarke Street  
Canberra City ACT 2600

Greenwood Challoner Registries  
Pty Limited  
c/- Deloitte Touche Tohmatsu  
Level 26, 123 Eagle Street  
Brisbane QLD 4000

Greenwood Challoner Registries  
Pty Limited  
9th Floor, Bourke Place  
600 Bourke Street  
Melbourne VIC 3000

## Bankers

ANZ Banking Group Limited  
National Australia Bank Limited

## Listings:

Australian Stock Exchange  
New Zealand Stock Exchange

