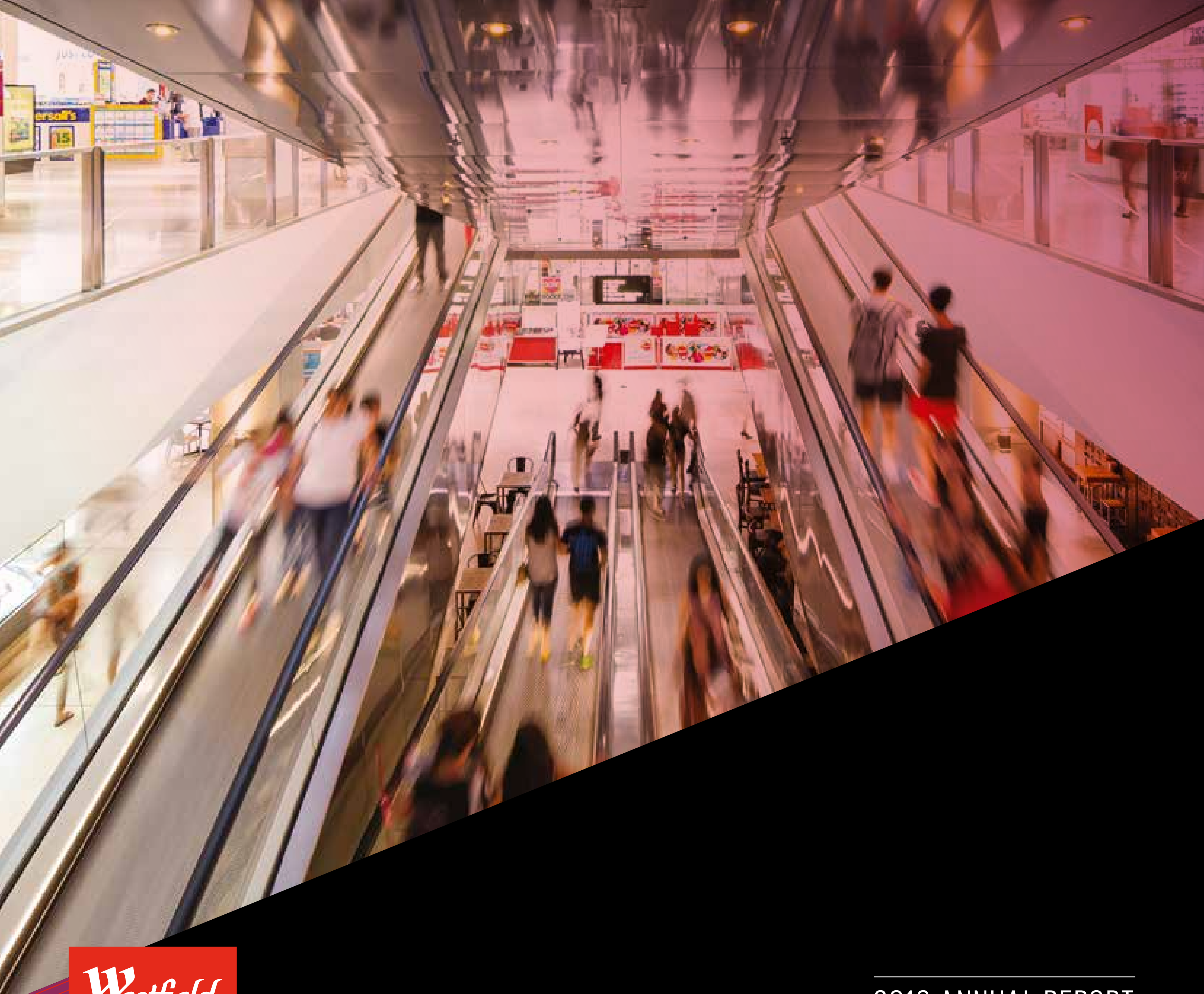


Westfield RETAIL TRUST

2013 ANNUAL REPORT

WESTFIELD RETAIL TRUST IS AUSTRALIA'S LARGEST LISTED REAL ESTATE INVESTMENT TRUST SOLELY FOCUSED ON AUSTRALIAN AND NEW ZEALAND RETAIL PROPERTY, WITH A TOTAL ASSET VALUE OF $14 BILLION AT 31 DECEMBER 2013. THE PRINCIPAL INVESTMENT OF THE TRUST IS A HIGH QUALITY RETAIL PROPERTY PORTFOLIO, COMPRISING INTERESTS IN 46 SHOPPING CENTRES.

CONTENTS

RE1 Limited ABN 80 145 743 862 AFS Licence 380202
as responsible entity for Westfield Retail Trust 1
ABN 66 744 282 872 ARSN 146 934 536

RE2 Limited ABN 41 145 744 065 AFS Licence 380203
as responsible entity for Westfield Retail Trust 2
ABN 11 517 229 138 ARSN 146 934 652

All amounts in Australian dollars unless otherwise specified.

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

KEY FINANCIAL RESULTS[1]

A-IFRS PROFIT AFTER TAX

$777.1 MILLION

INCLUDING $163.6 MILLION
OF PROPERTY REVALUATIONS

FUNDS FROM OPERATIONS (FFO)
IN LINE WITH FORECAST

$596.8 MILLION

19.85 CPS ▲ 2.5%

12 MONTH DISTRIBUTION
PAYOUT RATIO 100% OF FFO

19.85 CPS

▲ 5.9%

TOTAL ASSET VALUE[2]

$14.0 BILLION

▲ 3.7%

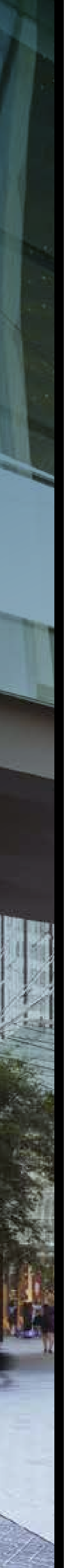
GEARING[2]

22.4%

A+ S&P CREDIT RATING

1 For the 12 months to 31 December 2013.

2 At 31 December 2013.



KEY METRICS[1]

NET OPERATING INCOME

$819.1 MILLION

▲ 1.3%

ANNUAL RETAIL SALES

$21 BILLION

539 MILLION CUSTOMER VISITS

OCCUPANCY[2]

>99.5%

PORTFOLIO LEASED

SPECIALTY RETAIL SALES AUSTRALIA

$9,864 PSM

SPECIALTY RETAIL SALES NEW ZEALAND

NZ$8,542 PSM

LEASE DEALS

2,395

ACROSS 289,000 SQM

CURRENT REDEVELOPMENTS[3]

$309 MILLION

WESTFIELD GARDEN CITY, QLD
WESTFIELD MIRANDA, NSW

DEVELOPMENT PIPELINE[3]

OVER $1 BILLION

1 For the 12 months to 31 December 2013.

2 At 31 December 2013.

3 Represents WRT share.

MAXIMISING LONG TERM RETURNS FOR OUR SECURITYHOLDERS

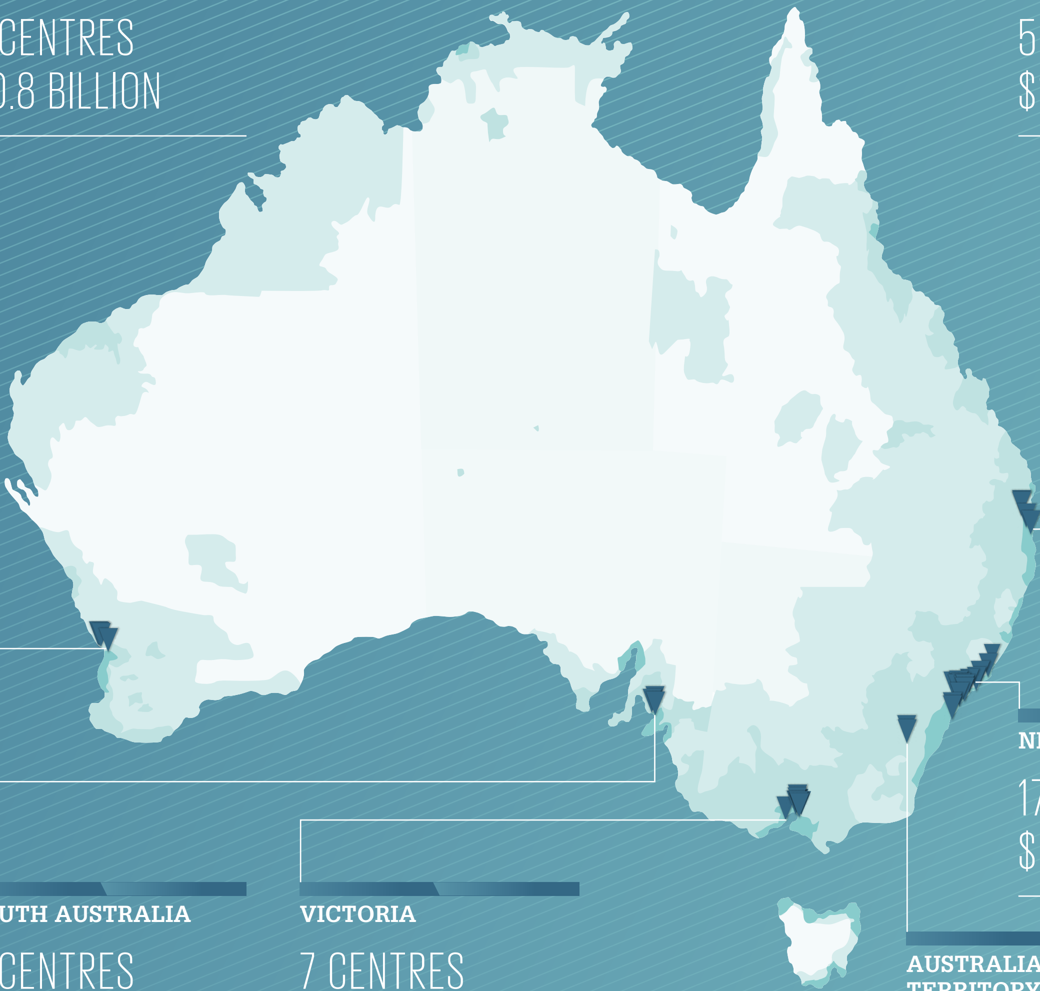
DRIVE THE OPERATING PERFORMANCE OF OUR PORTFOLIO

INVEST IN THE PORTFOLIO THROUGH THE REDEVELOPMENT OF EXISTING ASSETS

IMPLEMENT CAPITAL MANAGEMENT STRATEGIES INCLUDING ACQUISITIONS AND DISPOSALS

MAINTAIN A STRONG FINANCIAL POSITION WITH STABLE CASH FLOWS

QUALITY RETAIL ASSETS



WESTERN AUSTRALIA

3 CENTRES
$0.8 BILLION

QUEENSLAND

5 CENTRES
$1.6 BILLION

NEW SOUTH WALES

17 CENTRES
$6.8 BILLION

SOUTH AUSTRALIA

3 CENTRES
$0.6 BILLION

VICTORIA

7 CENTRES
$2.0 BILLION

AUSTRALIAN CAPITAL TERRITORY

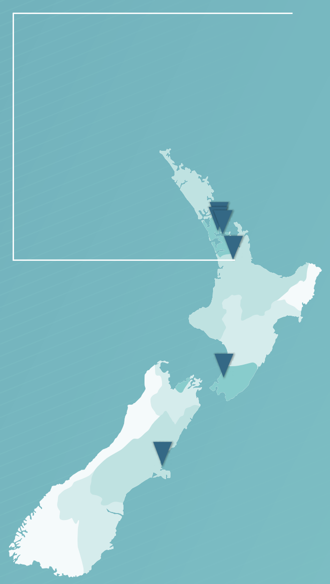
2 CENTRES
$0.6 BILLION

POPULATION DENSITY
(PER 10 SQUARE KILOMETRES)

LESS THAN 1 — **MORE THAN 1,000**

NEW ZEALAND

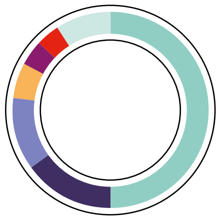
9 CENTRES
NZ$1.4 BILLION



At 31 December 2013	Australia	New Zealand	Total
Centres	37	9	46
Retail Outlets	10,712	1,409	12,121
Gross Lettable Area (million sqm)	3.3	0.4	3.7
Portfolio Leased	>99.5%	99.5%	>99.5%
Annual Retail Sales (billion)	A$19.3	NZ$2.0	A$21.0
Shopping Centre Asset Value (billion)[1]	A$12.4	NZ$1.4	A$13.6
Weighted Average Yield	5.9%	7.3%	6.0%

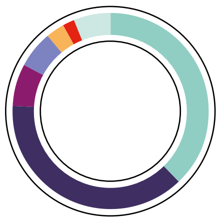
1 The Trust's share of shopping centre assets excluding development projects and construction in progress.

GEOGRAPHICAL DIVERSIFICATION BY ASSET VALUE[1]



New South Wales	50%
Victoria	15%
Queensland	12%
Western Australia	6%
South Australia	4%
ACT	4%
New Zealand	9%

SHOPPING CENTRE PORTFOLIO OWNERSHIP[2]



WRT	38%
WDC	38%
DEXUS	7%
AMP	6%
GIC	3%
GPT	2%
Other[3]	6%

1 Based on WRT's share of shopping centre assets excluding development projects and construction in progress.

2 Based on the total share of shopping centre assets excluding development projects and construction in progress.

3 Other includes APPF, Perron, Asia Property Fund, ISPT and QIC.

Financial Summary	2013	2012	2011
Net Operating Income	$819.1 m	$808.7 m	$765.7 m
Property Revaluations	$163.6 m	$292.7 m	$319.8 m
Profit after Tax	$777.1 m	$830.8 m	$849.1 m
Funds from Operations	$596.8 m 19.85 cps	$591.4 m 19.37 cps	$580.2 m 19.00 cps
Distribution	$593.0 m 19.85 cps	$571.9 m 18.75 cps	$503.9 m 16.50 cps
Number of Shopping Centres	46	47	54
Shopping Centre Assets	$13,632 m	$13,297 m	$12,615 m
Net Assets	$10,475 m	$10,405 m	$10,116 m
Gearing	22.4%	20.7%	21.0%

THE STABLE AND CONSISTENT CASH FLOWS PROVIDED BY THE TRUST'S HIGH QUALITY SHOPPING CENTRE PORTFOLIO, COMBINED WITH ITS STRONG BALANCE SHEET, ENABLES THE PURSUIT OF STRATEGIC INITIATIVES THAT WILL ENHANCE RETURNS FOR SECURITYHOLDERS OVER THE LONG TERM

MR RICHARD F E WARBURTON AO, LVO
CHAIRMAN

PURSUING STRATEGIC INITIATIVES

On behalf of the Board, it gives me great pleasure to present Westfield Retail Trust's 2013 Annual Report.

The Trust has an interest in 46 major shopping centres in Australia and New Zealand, including 14 of Australia's top 20 performing shopping centres by annual sales. The portfolio generates $21 billion of annual sales with over 539 million customers visiting our centres in 2013.

Throughout the year, the Trust continued its focus on maximising the income and capital returns from its investment portfolio. Despite a challenging operating environment, the Trust has delivered a solid performance, remaining over 99.5% leased and continuing to attract new tenants, including major international retailers such as Zara, Apple and Hollister.

A key strategy for delivering growth is investing in the Trust's portfolio through redevelopments, which strengthen the quality and market position of our assets. In 2013, the Trust completed a $92 million redevelopment at Westfield West Lakes (SA) (Trust share 25%), and commenced two major redevelopments, a $400 million project at Westfield Garden City (QLD) (Trust share 50%) and a $435 million project at Westfield Miranda (NSW) (Trust share 25%).

The Trust has a disciplined approach to capital management including maintaining a strong balance sheet, which ensures it has the capacity to invest in redevelopments and other opportunities. The Trust has an A+ Standard & Poor's credit rating and gearing of 22.4% at 31 December 2013. In 2013, the Trust sold its interest in Karrinyup Shopping Centre (WA) for $123.3 million, representing a 19% premium to book value. These proceeds, along with asset disposal proceeds from 2012, were applied to the Trust's buy-back program, under which $226 million of stapled securities have been bought back to date.

The stable and consistent cash flows provided by the Trust's high quality shopping centre portfolio, combined with its strong balance sheet, enables the pursuit of strategic initiatives that will enhance returns for securityholders over the long term. In December 2013, the Trust announced a proposed merger with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group.

The establishment of Scentre Group is part of a proposal that will be considered by the Trust's securityholders at a meeting in May 2014. The proposal has the unanimous support of the independent Directors of the Trust and is recommended to securityholders for consideration.

The proposed merger will deliver future growth with the Trust gaining an internalised retail property operating platform. The proposal is expected to deliver 5.2% pro forma earnings accretion on the Trust's 2014 forecast FFO per stapled security. It gives the Trust the ability to further strengthen its earnings potential while maintaining a strong financial position and enhancing the high quality of its portfolio.

Your Board is pleased with the achievements and progress we have made since the Trust's establishment in December 2010. We believe the proposal to create Scentre Group through a merger with Westfield Group's Australian and New Zealand business will build on this foundation and provide enhanced long term investment returns for the Trust's securityholders.

SCENTRE GROUP PROPOSAL

In December 2013, the Trust announced a proposed merger with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group. Scentre Group will manage, develop and have an ownership interest in Westfield branded shopping centres in Australia and New Zealand. It will combine the current property interests of each of the Trust and Westfield Group in Australia and New Zealand and include a vertically integrated retail property group with assets under management valued at over $38 billion and shopping centre ownership interests of over $28 billion.

KEY HIGHLIGHTS OF THE PROPOSAL

Upon implementation, the proposal better positions the Trust for growth and is expected to create value by:

- internalising Westfield Group's Australia and New Zealand property management, development and funds management platform;
- increasing ownership in the best shopping centre portfolio in Australia and New Zealand;
- enhancing the Trust's corporate structure and capital structure; and
- delivering 5.2% pro forma earnings accretion in 2014.

Under the terms of the merger proposal WRT securityholders would hold 51.4% of Scentre Group and receive:

- a cash payment of $285 for every 1,000 WRT stapled securities by way of a capital return; and
- 918 Scentre Group securities for every 1,000 WRT stapled securities they currently hold.

The Trust's independent Directors established an Independent Board Committee to assess the proposal. The proposal has the unanimous support of the independent Directors of the Trust and is recommended to securityholders for consideration.

Implementation will be via schemes of arrangement and is conditional on the following:

- approval by Trust securityholders and Westfield Group securityholders;
- customary Court and regulatory approvals;
- debt financing for Scentre Group and Westfield Corporation;
- restructuring of contractual arrangements;
- satisfactory Australian Taxation Office rulings;
- opinions from the independent experts for WRT and Westfield Group; and
- entry into ancillary transaction documents.

Further details about the proposal, including an independent expert's report and voting instructions will be contained in the WRT Securityholder Booklet, which will be provided to securityholders in April 2014.

For further information on the proposal, visit *www.westfieldretailtrust.com/scentre-group.*

WELL POSITIONED FOR THE FUTURE

YEAR IN REVIEW
Over the past 12 months, the Trust has focused on its strategy to provide solid long term returns to securityholders by maximising the operating performance of our shopping centres, investing in our portfolio through redevelopments, and pursuing a number of capital management initiatives.

The Trust's 2013 financial results were in line with management forecasts and reflect the high quality of our shopping centre portfolio, which delivers stable and consistent cash flows, underpinned by leases with over 12,100 retail outlets in 46 shopping centres across Australia and New Zealand.

For the 12 months to 31 December 2013, A-IFRS profit after tax for the Trust was $777.1 million or 25.85 cents per stapled security. Funds from operations (FFO) were $596.8 million or 19.85 cents per stapled security, up 2.5%. The distribution for the 12 months to 31 December 2013 was 19.85 cents per stapled security, up 5.9%, representing a payout ratio of 100% of FFO.

PORTFOLIO OPERATING PERFORMANCE
In 2013, the Trust's portfolio of 46 shopping centres across Australia and New Zealand generated $21 billion of retail sales and maintained high sales productivity. Average specialty retail sales were $9,864 per square metre in Australia and NZ$8,542 per square metre in New Zealand for the 12 months to 31 December 2013.

Retail sales in Australia grew 1.7% in 2013, although the December quarter was particularly strong with comparable specialty retail sales growth of 3.0%.

The high sales productivity in our centres, combined with strong customer visitations, ensures continued demand for quality retail space. Our portfolio remains over 99.5% leased and delivered comparable net operating income growth of 1.7% in 2013, in line with forecast. Average specialty rent grew 1.7% across the portfolio in the 12 months to 31 December 2013 to $1,537 per square metre in Australia and NZ$1,128 per square metre in New Zealand.

INVESTING IN OUR PORTFOLIO
Investing in our portfolio through redevelopments is a key strategy for delivering growth. Redevelopment enhances the quality and market position of our assets and creates significant value, with targeted returns of between 12% to 15% through income and capital growth.

In 2013, the Trust was involved in over $920 million of redevelopment projects:

- the Trust completed a $92 million redevelopment at Westfield West Lakes (SA) (Trust share 25%). The project expanded the centre to 72,800 square metres of gross lettable area, and added a Target, 50 specialty retailers and additional car parking;
- the Trust commenced a $400 million redevelopment at Westfield Garden City (Trust share 50%). Westfield Garden City (QLD) is one of the strongest performing centres in Australia, with retail sales of over $500 million in 2013. The redevelopment will increase the gross lettable area by approximately 42% to 140,000 square metres and has an estimated yield on completion in the range of 6.75% to 7.25%. On completion, Westfield Garden City is expected to become one of Australia's top 10 shopping centres; and
- the Trust commenced a $435 million redevelopment at Westfield Miranda (NSW) (Trust share 25%). Westfield Miranda is one of the strongest performing centres in Australia with retail sales of over $610 million in 2013. The redevelopment will increase gross lettable area by approximately 18% to 127,000 square metres, and will deliver a dynamic dining, leisure and entertainment precinct. The project has an estimated yield on completion in the range of 6.50% to 7.00%

We remain confident in our $1 billion development pipeline which includes redevelopments at Westfield Chermside (QLD), Westfield Marion (SA) and Westfield Warringah Mall (NSW), with predevelopment works progressing well.

CAPITAL MANAGEMENT
The Trust maintains disciplined capital management policies to ensure that appropriate risk adjusted returns are achieved where capital is allocated or deployed.

In 2013, the Trust established or extended A$2.0 billion of bank facilities and completed a €500 million (A$720 million) issue of 10 year fixed rate senior guaranteed notes under its Euro medium term note program. The issue of senior guaranteed notes created an additional market for future borrowings and extended our average debt maturity.

The Trust sold its interest in Karrinyup Shopping Centre (WA) for $123.3 million, with the sale proceeds applied to the Trust's on market securities buy-back program, under which $226 million of stapled securities had been bought back at 31 December 2013.

The Trust maintained a strong financial profile at 31 December 2013 with:

- A+ Standard & Poor's credit rating;
- gearing of 22.4%;
- net tangible assets of $3.52 per stapled security;
- $14.0 billion of total assets, including $163.6 million of revaluations in 2013; and
- $636 million of available liquidity.

OUTLOOK

For the year ending 31 December 2014, the Trust is forecast to deliver FFO of 20.4 cents per stapled security representing a 2.8% increase on the prior year. The distribution payout for 2014 is forecast to be 100% of FFO, being 20.4 cents per stapled security. The 2014 forecast assumes comparable net operating income growth of 2.0% to 2.5% for Australia and 1.5% to 2.0% for the portfolio. It also assumes no material change in the current operating environment and excludes the impact of the merger proposal or any future capital transactions.

The Trust's strong financial profile provides the capacity and capital available to invest in opportunities to deliver incremental long term growth for securityholders.

In December 2013, the Trust announced a proposal to merge with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group. Scentre Group will manage, develop and have an ownership interest in Westfield branded shopping centres in Australia and New Zealand.

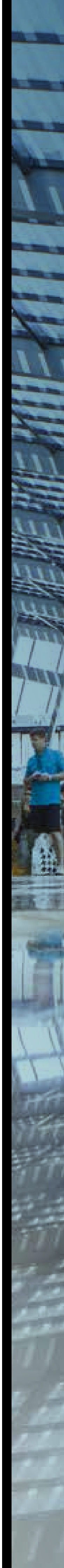
Under the merger proposal the 2014 proforma FFO forecast[1] for Scentre Group is 21.5 cents per stapled security.

Further details about the proposal including an independent expert's report and voting instructions will be contained in the WRT Securityholder Booklet, which will be provided to securityholders in April 2014. For further information on the proposal, visit *www.westfieldretailtrust.com/scentre-group.*

1 Proforma FFO forecast assumes implementation on 1 January 2014 as disclosed under the terms of the proposal on 4 December 2013.

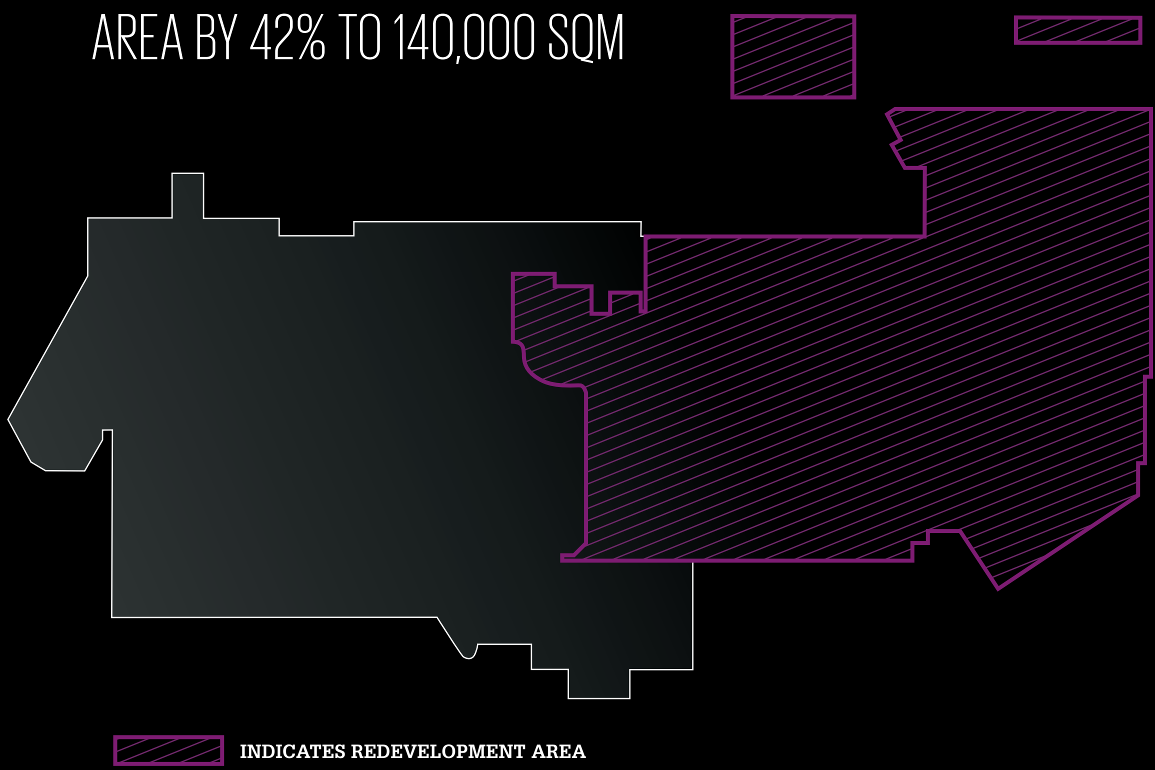
INVESTING IN OUR PORTFOLIO THROUGH REDEVELOPMENTS IS A KEY STRATEGY FOR DELIVERING GROWTH – REDEVELOPMENT ENHANCES THE QUALITY AND MARKET POSITION OF OUR ASSETS AND CREATES SIGNIFICANT VALUE

MR DOMENIC E PANACCIO
MANAGING DIRECTOR



EXPANDING ONE OF AUSTRALIA'S BEST PERFORMING CENTRES

THE REDEVELOPMENT OF WESTFIELD GARDEN CITY WILL INCREASE THE GROSS LETTABLE AREA BY 42% TO 140,000 SQM



WESTFIELD GARDEN CITY QLD

Westfield Garden City is located in the Brisbane suburb of Upper Mount Gravatt, approximately 12 kilometres south of the Brisbane central business district. The centre is one of the strongest performing shopping centres in Australia with retail sales of over $500 million in 2013, and catering to a large and diverse trade area with over 573,000 residents.

In 2013, Westfield Retail Trust announced the commencement of a $400 million redevelopment project at Westfield Garden City (Trust share 50%).

The project will increase the gross lettable area of the centre by approximately 42% to 140,000 square metres, and introduce a full line Myer department store and a Target discount department store. The redevelopment will include an expanded and relocated Kmart department store, and over 100 new specialty retailers. The redevelopment will also create a new dining precinct that will incorporate leisure and entertainment facilities.

The project is expected to complete in late 2014, and the Trust is forecasting a development yield in the range of 6.75%-7.25% on its $200 million share of the project cost.

On completion, Westfield Garden City is expected to become one of Australia's top 10 shopping centres.

WESTFIELD MIRANDA NSW

Westfield Miranda is located approximately 30 kilometres south of the Sydney central business district, and is one of the strongest performing centres in Australia with retail sales of over $610 million in 2013, and catering to a large trade area with over 558,000 residents.

In 2013, Westfield Retail Trust announced the commencement of a $435 million redevelopment project at Westfield Miranda (Trust share 25%).

The project will increase the gross lettable area of the centre by approximately 18% to 127,000 square metres, and include a new Woolworths, an upgraded Big W, a fully refurbished Myer department store, new mini-majors, and approximately 100 new specialty retailers. The redevelopment will also feature a new dining, leisure and entertainment precinct incorporating a 10-screen multiplex Event cinema.

The project is expected to complete in late 2014, and the Trust is forecasting a development yield in the range of 6.5%-7.0% on its $109 million share of the project cost.

On completion, Westfield Miranda is expected to become a flagship Australian shopping centre.

CREATING A FLAGSHIP ASSET

THE REDEVELOPMENT OF WESTFIELD MIRANDA WILL INCREASE THE GROSS LETTABLE AREA BY 18% TO 127,000 SQM

HIGH QUALITY RETAIL ASSETS

At 31 December 2013	Trust Interest	Trust Fair Value ($m)	Estimated Yield	Total Annual Sales ($m)	Annual Sales Growth	Specialty Annual Sales ($psm)	Lettable Area (sqm)	Number of Retailers
Australian Capital Territory								
Belconnen	50.0%	404.0	6.00%	507.7	0.4%	7,864	94,718	290
Woden	25.0%	162.5	6.25%	369.0	(6.9)%	8,674	72,292	255
New South Wales								
Bondi Junction	50.0%	1,126.9	5.25%	1,006.3	4.1%	13,406	127,716	510
Burwood	50.0%	420.1	6.00%	430.8	3.5%	9,536	63,319	248
Chatswood	50.0%	452.9	6.00%	493.4	2.3%	9,081	77,107	274
Figtree	50.0%	77.5	7.50%	180.2	3.9%	8,795	21,997	99
Hornsby	50.0%	447.2	6.00%	626.3	1.7%	7,938	99,953	335
Hurstville	25.0%	135.0	7.00%	413.6	2.3%	9,529	62,542	261
Kotara	50.0%	355.0	6.25%	446.7	(0.1)%	9,264	68,491	260
Liverpool	25.0%	225.0	6.25%	484.8	2.8%	8,372	85,199	343
Miranda	25.0%	346.5	5.75%	614.1	(5.4)%	11,698	107,929	397
Mt Druitt	25.0%	118.7	7.00%	392.7	1.6%	7,861	60,190	243
North Rocks	50.0%	61.5	7.25%	147.1	5.3%	6,659	22,577	87
Parramatta	25.0%	404.5	5.75%	705.7	0.0%	10,155	137,321	493
Penrith	25.0%	273.8	6.00%	596.0	2.1%	10,452	91,690	345
Tuggerah	50.0%	330.0	6.25%	474.9	1.6%	7,962	83,391	266
Warrawong	50.0%	93.5	8.00%	216.2	2.0%	6,021	57,114	142
Warringah Mall	25.0%	287.5	6.00%	710.0	(1.1)%	9,651	126,634	320
Westfield Sydney	50.0%	1,679.1	5.29%	885.8	4.7%	16,482	167,975	364
Queensland								
Chermside	50.0%	824.3	5.50%	874.3	(0.1)%	13,434	150,927	412
Helensvale	25.0%	97.5	6.50%	360.8	5.5%	10,716	44,626	189
Mt Gravatt	50.0%	459.4	6.00%	508.9	(7.3)%	8,915	98,651	313
North Lakes	25.0%	116.3	6.25%	408.8	4.5%	10,272	61,428	215
Strathpine	50.0%	137.5	7.25%	267.2	0.6%	8,083	44,652	165
South Australia								
Marion	25.0%	295.0	5.90%	794.0	1.4%	11,030	135,241	332
Tea Tree Plaza	18.8%	128.2	6.00%	478.1	(0.1)%	10,298	93,974	258
West Lakes	25.0%	130.0	6.25%	375.2	(0.6)%	9,688	72,823	260
Victoria								
Airport West	25.0%	86.3	7.00%	289.6	2.3%	7,366	52,190	175
Doncaster	25.0%	405.0	5.50%	855.6	1.0%	12,242	123,190	442
Fountain Gate	50.0%	727.5	5.75%	872.3	0.9%	8,816	174,900	469
Geelong	25.0%	120.0	6.25%	278.8	1.2%	8,174	51,643	184
Knox	25.0%	257.5	6.50%	685.4	(1.5)%	8,452	141,934	409
Plenty Valley	25.0%	78.8	6.50%	319.0	2.9%	6,780	53,845	179
Southland	25.0%	339.0	5.85%	791.5	0.6%	8,516	129,167	403
Western Australia								
Carousel	50.0%	495.0	5.50%	584.0	2.9%	11,105	82,370	295
Innaloo	50.0%	137.0	7.00%	308.4	4.5%	8,820	47,461	175
Whitford City	25.0%	150.0	6.75%	517.6	7.1%	8,689	77,751	305
TOTAL		**12,385.5**	**5.9%**	**19,270.8**	**1.7%**	**9,864**	**3,264,928**	**10,712**

At 31 December 2013	Trust Interest	Trust Fair Value (NZ$m)	Estimated Yield	Total Annual Sales (NZ$m)	Annual Sales Growth	Specialty Annual Sales (NZ$psm)	Lettable Area (sqm)	Number of Retailers
New Zealand								
Albany	50.0%	217.0	6.50%	313.4	0.2%	9,978	53,217	145
Chartwell	50.0%	87.5	8.25%	127.6	0.9%	5,913	29,020	129
Glenfield	50.0%	53.0	8.38%	134.5	(5.3)%	4,914	30,489	117
Manukau	50.0%	167.8	7.63%	212.3	(2.5)%	8,065	45,528	199
Newmarket	50.0%	124.5	7.13%	130.3	2.0%	10,971	31,491	117
Queensgate	50.0%	156.0	7.25%	226.5	(3.1)%	7,180	51,399	182
Riccarton	50.0%	235.0	7.50%	432.9	1.5%	11,539	55,379	198
St Lukes	50.0%	223.5	6.88%	270.9	(0.6)%	10,473	39,699	179
West City	50.0%	90.5	8.38%	150.3	(2.4)%	6,310	36,180	143
TOTAL		**1,354.8**	**7.3%**	**1,998.7**	**(0.7)%**	**8,542**	**372,402**	**1,409**

STRONG LEADERSHIP

MR RICHARD F E WARBURTON AO, LVO
CHAIRMAN
CHAIR, CONFLICTS COMMITTEE

Mr Warburton was appointed as a Director in 2010. Prior to becoming a professional director, he was the Chairman and Chief Executive Officer of DuPont Australia and New Zealand where he was responsible for DuPont's petro-chemical business operations in Australia and New Zealand. Mr Warburton is currently Chairman of Magellan Flagship Fund Limited and Citigroup Pty Limited. He was previously Chairman of David Jones Limited, AurionGold Limited, Caltex Australia Limited and the Board of Taxation, and a director of Tabcorp Holdings Limited, Southcorp Limited, Nufarm Limited and the Reserve Bank of Australia. Mr Warburton is a Fellow (and former National President) of the Australian Institute of Company Directors.

MR PETER K ALLEN

Mr Allen was appointed as a Director in 2010. He was appointed as an executive director of Westfield Group in May 2011 and is also Westfield Group's Chief Financial Officer. Mr Allen worked for Citibank in Melbourne, New York and London before joining Westfield Group in 1996 as Director for Business Development. From 1998 to 2004, he was based in London as Westfield Group's Chief Executive Officer of United Kingdom/Europe and was responsible for establishing Westfield Group's presence in the United Kingdom. Mr Allen is on the Board of the Kolling Foundation. He is also an Associate Member of the Australian Property Institute.

MR LAURENCE R BRINDLE

Mr Brindle was appointed as a Director in 2010. He has extensive experience in property investment. From 1988 to 2009, Mr Brindle served as an executive with Queensland Investment Corporation (QIC) where he held various positions including Head of Global Real Estate as well as serving as a long term member of QIC's Investment Strategy Committee. Mr Brindle is Chairman of the National Storage REIT. He is the former Chairman of the Shopping Centre Council of Australia and Chief Executive Officer of Trinity Limited. Mr Brindle holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from The University of Queensland and an MBA from Cass Business School, London.

MR ANDREW W HARMOS

Mr Harmos was appointed as a Director in 2010. He is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals, strategic and board corporate legal advice. He was formerly a senior partner of Russell McVeagh. Mr Harmos is Chairman of the New Zealand Stock Exchange, a director of AMP Life Limited, The National Mutual Life Association and Elevation Capital Management Limited. He is also a Trustee of the Arts Foundation of New Zealand. Mr Harmos holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland.

BOARD OF DIRECTORS

MR MICHAEL F IHLEIN
CHAIR, AUDIT AND RISK COMMITTEE

Mr Ihlein was appointed as a Director in 2010. He is a highly experienced corporate and finance executive. Mr Ihlein had a long career with Coca-Cola Amatil Limited (and related companies), where he was Managing Director, Poland (1995 – 1997) and Chief Financial Officer (1997 – 2004). He joined Brambles as Chief Financial Officer in March 2004 and held the position of Chief Executive Officer from July 2007 until his retirement in November 2009. Mr Ihlein is currently a director of CSR Limited, Snowy Hydro Limited and Murray Goulburn Co-operative Co Limited. He is a Fellow of the Australian Institute of Company Directors, CPA Australia and the Financial Services Institute of Australasia (Finsia). He is also Chairman of the Australian Theatre for Young People. Mr Ihlein holds a Bachelor of Business Studies (Accounting) from the University of Technology, Sydney.

MR STEVEN M LOWY AM

Mr Lowy was appointed as a Director in 2010. He currently serves as Co-Chief Executive Officer of Westfield Group. Prior to joining Westfield Group in 1987, Mr Lowy worked in investment banking in the United States. He is a director of the Lowy Institute for International Policy and a member of the Prime Minister's Business-Government Advisory Group on National Security. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales and Chairman of the Victor Chang Cardiac Research Institute. Mr Lowy holds a Bachelor of Commerce (Honours) from The University of NSW.

MS SANDRA V MCPHEE AM
CHAIR, REMUNERATION COMMITTEE

Ms McPhee was appointed as a Director in 2010. She has extensive international experience as a non executive director and senior executive in consumer facing industries including retail, funds management and transport and logistics, most recently with Qantas Airways Limited. Ms McPhee serves on the boards of AGL Energy Limited, Fairfax Media Limited, Tourism Australia and Kathmandu Limited. She is Chairman of St Vincent's and Mater Health Sydney Advisory Council and was previously the Deputy President of the Art Gallery of NSW. Her previous non executive director roles include Coles Group Limited, Australia Post, Perpetual Limited, Primelife Corporation, CARE Australia, and Deputy Chairman of South Australia Water. She is a Fellow of the Australian Institute of Company Directors.

MR DOMENIC E PANACCIO
MANAGING DIRECTOR

Mr Panaccio was appointed as the Managing Director in 2010. Mr Panaccio joined Westfield Group in 2003 as Chief Financial Officer for Westfield America Trust and in July 2004 he was appointed Deputy Group Chief Financial Officer for Westfield Group. Prior to joining Westfield Group he spent 21 years with Foster's Group where he held senior positions in the finance and capital markets areas including Chief Financial Officer for Foster's Wine Division, Beringer Blass Wine Estates, Vice-President Capital Markets and Group Treasurer. Mr Panaccio is a CPA, a Fellow of the Finance and Treasury Association, a member of the Australian Institute of Company Directors and a director of both the Shopping Centre Council of Australia and the Asia Pacific Real Estate Association.

EXPERIENCED MANAGEMENT

MR DOMENIC E PANACCIO
MANAGING DIRECTOR

See Mr Panaccio's biography on page 17.

MR BRIAN J MACKRILL
CHIEF FINANCIAL OFFICER

Mr Mackrill was appointed Chief Financial Officer in 2011. Mr Mackrill has over 25 years of finance and treasury experience, with more than 15 years in the property sector. Prior to joining Westfield Retail Trust, Mr Mackrill held positions with Westfield Group between 1998 and 2010. He held a number of senior finance roles, including Director, Finance for Westfield Group's United Kingdom business in London and Group Treasurer for Westfield Group. Mr Mackrill holds a Bachelor of Economics and a Master of Applied Finance from Macquarie University and is a member of the Australian Institute of Company Directors.

MR ROY J GRUENPETER
GENERAL MANAGER, ASSET MANAGEMENT

Mr Gruenpeter was appointed General Manager, Asset Management in 2011. With over 15 years' experience in the retail property industry, he has performed various roles within the centre management, leasing, development and asset management divisions of Westfield Group including responsibility for co-owned assets managed by third parties. Mr Gruenpeter holds a Bachelor of Arts from Macquarie University and a Graduate Certificate of Urban Estate Management from the University of Technology, Sydney.

MS KATHERINE E GRACE
GENERAL COUNSEL AND COMPANY SECRETARY

Ms Grace was appointed General Counsel and Company Secretary in 2011. Ms Grace has extensive experience in corporate, property, finance and capital markets transactions. She has previously held positions in legal private practice and at Multiplex Limited, Pacific Capital Partners and Valad Property Group. Ms Grace holds a Bachelor of Arts (Honours), Bachelor of Laws (Honours 1st class) and a Master of Public Policy from The University of Sydney. Ms Grace is also a member of the Australian Institute of Company Directors.

CORPORATE GOVERNANCE

The Trust is committed to high standards of ethical conduct, and continually reviews its governance practices to address its obligations as a responsible corporate entity. The Trust, through its Board and its senior management, recognises the need to establish and maintain corporate governance policies and practices which reflect the requirements of the market regulators and participants and the expectations of securityholders and others who deal with the Trust.

The Trust has established three separate committees to assist the Board in implementing a robust corporate governance regime. The charters for the Board and each committee are available at *www.westfieldretailtrust.com*.

For the purposes of considering the proposal to merge the Trust with Westfield Group's Australia and New Zealand business to create the Scentre Group, the Trust formed an Independent Board Committee (**IBC**) comprised solely of the five independent Directors. The IBC had responsibility for evaluating and negotiating the transaction and making recommendations to the Board in relation to the proposed merger.

The Corporate Governance Statement for the Trust, which is located at pages 92 to 104 of this Annual Report, explains how the Trust addresses the ASX Corporate Governance Principles and Recommendations – 2nd Edition (Recommendations). The Trust is compliant in relation to all aspects of the Recommendations with the exception of the establishment of a nomination committee. Rather than have a separate committee, the role of a nomination committee is undertaken by the Board.

1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT
2 STRUCTURE THE BOARD TO ADD VALUE[1]
3 PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING
4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING
5 MAKE TIMELY AND BALANCED DISCLOSURE
6 RESPECT THE RIGHTS OF SHAREHOLDERS
7 RECOGNISE AND MANAGE RISK
8 REMUNERATE FAIRLY AND RESPONSIBLY

1 The Trust has not established a nomination committee pursuant to Principle 2.4 of the Recommendations as the role of a nomination committee is undertaken by the Board.

BOARD COMMITTEES

AUDIT AND RISK COMMITTEE

Michael Ihlein
Chair, Independent Director

Laurence Brindle
Independent Director

Sandra McPhee AM
Independent Director

REMUNERATION COMMITTEE

Sandra McPhee AM
Chair, Independent Director

Andrew Harmos
Independent Director

Richard Warburton AO, LVO
Independent Director

CONFLICTS COMMITTEE

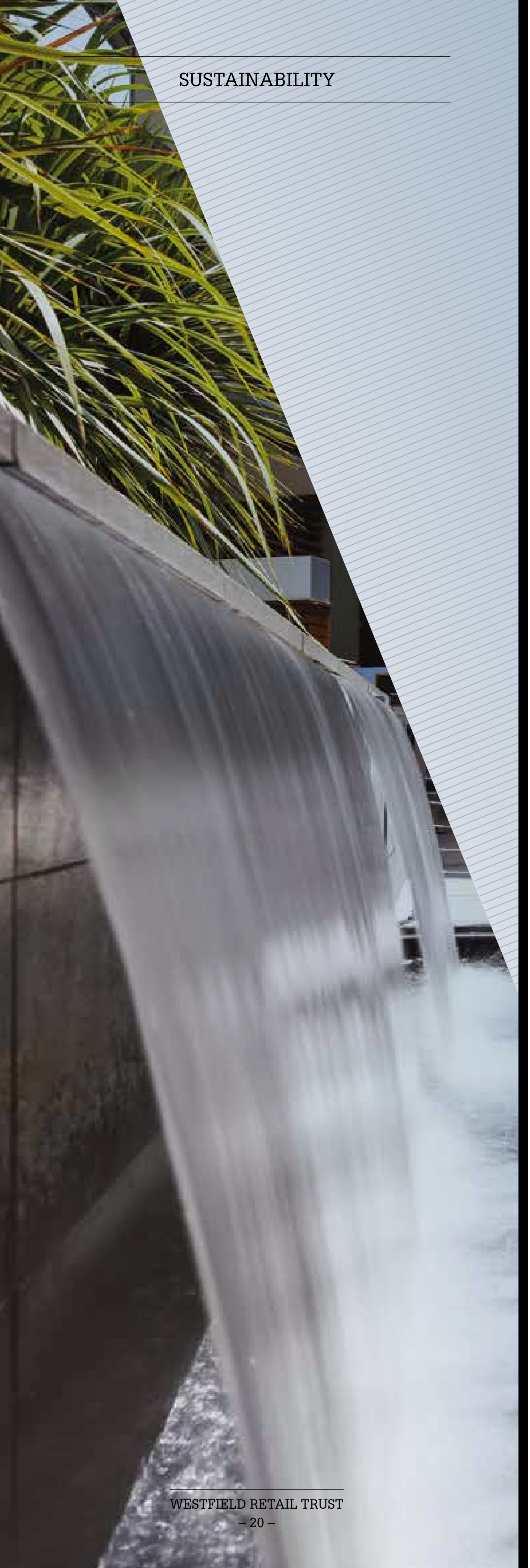
Richard Warburton AO, LVO
Chair, Independent Director

Laurence Brindle
Independent Director

Andrew Harmos
Independent Director

Michael Ihlein
Independent Director

Sandra McPhee AM
Independent Director



SUSTAINABLE BUSINESS PRACTICES

The Trust's property managers maintain operational control over the day-to-day functions of the portfolio's shopping centres, providing design, development and construction services. Working closely with its property manager, the Trust oversees a range of sustainability practices which address environmental, social and economic considerations and are implemented to maximise efficiency and minimise waste.

During 2013 Westfield Retail Trust and Westfield Group continued a review of the portfolio's environmental management practices and initiatives to minimise the environmental impact of the shopping centres. Examples of these initiatives include:

- Westfield Sydney (NSW) installed a grey water recycling system which utilises harvested rain water in the building's bathroom amenities and for other building services thereby reducing water consumption;
- Westfield Garden City (QLD) upgraded its waste management system which resulted in a significant increase in diverted waste from landfill to recycling facilities.

Reducing energy consumption and associated greenhouse gas (GHG) emissions continues to be a focus for the Trust. Purchased electricity and natural gas remain the largest sources of energy consumed by the Trust's Australian assets, generating 291,231 tonnes of carbon dioxide emissions (CO2-e) and 5,665 tonnes of CO2-e of GHG emissions respectively. Of the total GHG emissions recorded for 2013 (413,505 tonnes of CO2-e), purchased electricity accounts for over 70% of the portfolio's emissions.

The ongoing rollout of an integrated low energy voltage system (IELVS) to make shopping centre buildings 'smarter' has led to significant operational efficiency savings and improved indoor environmental quality. Over the past year, efficiency gains were made through the implementation and optimisation of IELVS at Westfield Chatswood (NSW), Westfield Liverpool (NSW), Westfield Bondi Junction (NSW) and Westfield Fountain Gate (VIC).

In addition, emission reductions were achieved through reducing the consumption of road transport fuels (controlled vehicles) by 32.2% and use of synthetic gas by 5.64% through implementing a refrigerant conservation strategy in chillers.

The Trust, in partnership with Westfield Group, remains diligent in measuring, managing and seeking independent verification of energy and GHG emissions data.

The Trust's focus on sustainability has provided an opportunity to implement long-term strategic changes with every new project from planning and design phases to construction and operations. We will continue to aim for greater environmental and financial efficiencies in the Trust's shopping centres.

WESTFIELD RETAIL TRUST[1]

– FOR THE YEAR ENDED 31 DECEMBER 2013 –

Contents

1 Westfield Retail Trust comprises Westfield Retail Trust 1 ABN 66 744 282 872 ARSN 146 934 536 (**WRT1**) and Westfield Retail Trust 2 ABN 11 517 229 138 ARSN 146 934 652 (**WRT2**), which entities are collectively known as the **Trust** and the units of which are stapled.

DIRECTORS' REPORT

The Directors of RE1 Limited ABN 80 145 743 862 (**Company**) submit the following report for the year ended 31 December 2013 (**Financial Year**)(**Report**). The Company acts as responsible entity for WRT1. WRT1 and WRT2 are stapled unit trusts that operate as a single economic entity, being the Trust, which is listed on the Australian Securities Exchange (**ASX**). This Report provides details for WRT1 and the Trust for the Financial Year.

Mr Richard F E Warburton AO, LVO
Mr Warburton was appointed as a Director in 2010. Prior to becoming a professional director, he was the Chairman and Chief Executive Officer of DuPont Australia and New Zealand where he was responsible for DuPont's petro-chemical business operations in Australia and New Zealand. Mr Warburton is currently Chairman of Magellan Flagship Fund Limited and Citigroup Pty Limited. He was previously Chairman of David Jones Limited, AurionGold Limited, Caltex Australia Limited and the Board of Taxation, and a director of Tabcorp Holdings Limited, Southcorp Limited, Nufarm Limited and the Reserve Bank of Australia. Mr Warburton is a Fellow (and former National President) of the Australian Institute of Company Directors.

Mr Peter K Allen
Mr Allen was appointed as a Director in 2010. He was appointed as an executive director of Westfield Group in May 2011 and is also Westfield Group's Chief Financial Officer. Mr Allen worked for Citibank in Melbourne, New York and London before joining Westfield Group in 1996 as Director for Business Development. From 1998 to 2004, he was based in London as Westfield Group's Chief Executive Officer of United Kingdom/Europe and was responsible for establishing Westfield Group's presence in the United Kingdom. Mr Allen is on the Board of the Kolling Foundation. He is also an Associate Member of the Australian Property Institute.

Mr Laurence R Brindle
Mr Brindle was appointed as a Director in 2010. He has extensive experience in property investment. From 1988 to 2009, Mr Brindle served as an executive with Queensland Investment Corporation (QIC) where he held various positions including Head of Global Real Estate as well as serving as a long term member of QIC's Investment Strategy Committee. Mr Brindle is Chairman of the National Storage REIT. He is the former Chairman of the Shopping Centre Council of Australia and Chief Executive Officer of Trinity Limited. Mr Brindle holds a Bachelor of Engineering (Honours) and a Bachelor of Commerce from The University of Queensland and an MBA from Cass Business School, London.

Mr Andrew W Harmos
Mr Harmos was appointed as a Director in December 2010. He is one of the founding directors of Harmos Horton Lusk Limited, an Auckland based specialist corporate legal advisory firm, where he specialises in takeover advice and structuring, securities offerings, company acquisitions and disposals, strategic and board corporate legal advice. He was formerly a senior partner of Russell McVeagh. Mr Harmos is Chairman of the New Zealand Stock Exchange, a director of AMP Life Limited, The National Mutual Life Association and Elevation Capital Management Limited. He is also a Trustee of the Arts Foundation of New Zealand. Mr Harmos holds a Bachelor of Commerce and a Bachelor of Laws (Honours) from The University of Auckland.

Mr Michael F Ihlein
Mr Ihlein was appointed as a Director in 2010. He is a highly experienced corporate and finance executive. Mr Ihlein had a long career with Coca-Cola Amatil Limited (and related companies), where he was Managing Director, Poland (1995 – 1997) and Chief Financial Officer (1997 – 2004). He joined Brambles as Chief Financial Officer in March 2004 and held the position of Chief Executive Officer from July 2007 until his retirement in November 2009. Mr Ihlein is currently a director of CSR Limited, Snowy Hydro Limited and Murray Goulburn Co-operative Co Limited. He is a Fellow of the Australian Institute of Company Directors, CPA Australia and the Financial Services Institute of Australasia (Finsia). He is also Chair of the Australian Theatre for Young People. Mr Ihlein holds a Bachelor of Business Studies (Accounting) from The University of Technology, Sydney.

Mr Steven M Lowy AM
Mr Lowy was appointed as a Director in 2010. He currently serves as Co-Chief Executive Officer of Westfield Group. Prior to joining Westfield Group in 1987, Mr Lowy worked in investment banking in the United States. He is a director of the Lowy Institute for International Policy and a member of the Prime Minister's Business-Government Advisory Group on National Security. Mr Lowy's previous appointments include President of the Board of Trustees of the Art Gallery of New South Wales and Chairman of the Victor Chang Cardiac Research Institute. Mr Lowy holds a Bachelor of Commerce (Honours) from The University of NSW.

Ms Sandra V McPhee AM
Ms McPhee was appointed as a Director in 2010. She has extensive international experience as a non executive director and senior executive in consumer facing industries including retail, funds management and transport and logistics, most recently with Qantas Airways Limited. Ms McPhee serves on the boards of AGL Energy Limited, Fairfax Media Limited, Tourism Australia and Kathmandu Limited. She is Chairman of St Vincent's and Mater Health Sydney Advisory Council and was previously the Deputy President of the Art Gallery of NSW. Her previous non executive director roles include Coles Group Limited, Australia Post, Perpetual Limited, Primelife Corporation, CARE Australia, and Deputy Chairman of South Australia Water. She is a Fellow of the Australian Institute of Company Directors.

Mr Domenic E Panaccio
Mr Panaccio was appointed as the Managing Director in 2010. Mr Panaccio joined Westfield Group in 2003 as Chief Financial Officer for Westfield America Trust and in July 2004 he was appointed Deputy Group Chief Financial Officer for Westfield Group. Prior to joining Westfield Group he spent 21 years with Foster's Group where he held senior positions in the finance and capital markets areas including Chief Financial Officer for Foster's Wine Division, Beringer Blass Wine Estates, Vice-President Capital Markets and Group Treasurer. Mr Panaccio is a CPA, a Fellow of the Finance and Treasury Association, a member of the Australian Institute of Company Directors and a director of both the Shopping Centre Council of Australia and the Asia Pacific Real Estate Association.

DIRECTORS' REPORT (CONTINUED)

1. RESULTS, OPERATIONS AND ACTIVITIES

1.1 Profit after tax, funds from operations and distribution for the period[1]

	31 Dec 13 $million	31 Dec 12 $million
Net property income	799.0	789.9
Overheads	(36.1)	(37.1)
Realised currency derivatives	(1.2)	–
Net financing costs	(168.0)	(163.5)
Mark to market of derivatives and currency gain	23.5	(34.1)
Capital transactions and related costs	19.6	1.5
Property revaluations	163.6	292.7
Tax expense	(23.3)	(18.6)
Profit after tax for the period	777.1	830.8
Adjusted for:		
Property revaluations	(163.6)	(292.7)
Amortisation of tenant allowances	20.1	18.8
Mark to market (gain)/loss on derivatives and currency gain	(23.5)	34.1
Capital transactions and related costs	(19.6)	(1.5)
Deferred tax expense	6.3	1.9
Funds from operations (FFO)	596.8	591.4
Less: amount retained	(3.8)	(19.5)
Distribution for the period	593.0	571.9
Weighted average number of securities on issue for the period (million)	3,006.7	3,053.6
Weighted average number of securities entitled to distributions (million)	2,987.6	3,050.1
FFO per stapled security (cents)	19.85	19.37
Distribution per stapled security (cents)	19.85	18.75

1 Prepared on a proportionate basis.

DIRECTORS' REPORT (CONTINUED)

1. RESULTS, OPERATIONS AND ACTIVITIES (CONTINUED)

1.2 Review of operations and results of operations

Westfield Retail Trust's Australian International Financial Reporting Standards (**A-IFRS**) profit after tax for the 12 months to 31 December 2013 was $777.1 million (31 December 2012: $830.8 million).

Funds from operations (**FFO**) for the Financial Year were $596.8 million (31 December 2012: $591.4 million) or 19.85 cents (31 December 2012: 19.37 cents) per stapled security, after adjusting for property revaluations of $163.6 million (31 December 2012: $292.7 million), amortisation of tenant allowances of $20.1 million (31 December 2012: $18.8 million), gain on mark to market of derivatives and currency of $23.5 million (31 December 2012: $34.1 million loss), deferred tax expense of $6.3 million (31 December 2012: $1.9 million) and net gain from capital transactions of $19.6 million (31 December 2012: $1.5 million). The total distribution per stapled security for the 12 months to 31 December 2013 was 19.85 cents (31 December 2012: 18.75 cents) representing a payout ratio of 100% (31 December 2012: 97%) of FFO for the period.

Key highlights for the 12 month period ending 31 December 2013 include:

Operations

- comparable portfolio net operating income growth of 1.7%;
- high productivity with annual specialty retail sales per square metre of $9,864 in Australia and NZ$8,542 in New Zealand; and
- comparable specialty retail sales growth of 1.4% in Australia and 0.4% in New Zealand.

Property portfolio

- sale of the Trust's interest in Karrinyup Shopping Centre for $123.3 million, representing a 19% premium to the 30 June 2013 book value;
- $92 million Westfield West Lakes (25% Trust share: $23 million) redevelopment successfully completed;
- $400 million Westfield Garden City at Mt Gravatt (50% Trust share: $200 million) and $435 million Westfield Miranda (25% Trust share: $109 million) redevelopment works commenced; and
- over $1 billion pipeline of identified redevelopment opportunities over the next five to seven years.

Capital management

- net proceeds from the sale of Karrinyup Shopping Centre were used to increase the Trust's securities buy-back program to $300 million, of which $226 million has been completed;
- €500 million (A$720 million) issue of 10 year fixed rate senior guaranteed notes under the Trust's Euro medium term note program; and
- $2.0 billion of debt facilities refinanced or maturities extended.

The 2013 full-year results were delivered in a challenging retail environment and highlight the quality of the Trust's portfolio of 46 shopping centres that generate $21.0 billion in annual retail sales. At 31 December 2013, the Trust had total assets in excess of $14 billion and net tangible assets per stapled security of $3.52. Occupancy across the portfolio remained above 99.5% and comparable portfolio net operating income growth for the 12 month period was 1.7%, reflecting the continued demand for quality retail space.

In December 2013, the Trust announced a proposal to merge with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group. If the proposal is approved, Scentre Group will be the largest real estate investment trust listed on the ASX, having assets with a book value in excess of $28 billion. Scentre Group will manage, develop and have an ownership interest in a portfolio of Westfield branded shopping centres in Australia and New Zealand, including the 46 centres in the Trust's current portfolio. Further details about the proposal, including an independent expert's report and voting instructions, will be contained in the WRT Securityholder Booklet, which will be provided to the Trust's securityholders in April 2014.

1.3 Principal activities

The principal activity of WRT1 during the Financial Year was the ownership of retail properties in Australia and New Zealand. There were no significant changes in the nature of those activities during the Financial Year.

In December 2013, the Trust announced a proposal to merge with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group. The establishment of Scentre Group is part of a proposal that will be considered by the Trust's securityholders at a meeting in May 2014.

1.4 Subsequent events

There are no subsequent events to report.

DIRECTORS' REPORT (CONTINUED)

1. RESULTS, OPERATIONS AND ACTIVITIES (CONTINUED)

1.5 Future developments, business strategy and prospects

The Trust will continue to focus on its key business fundamentals to deliver stable and consistent cash flows and growth. This will be driven by maximising operating performance, adding value through redevelopments, and prudent capital management, with a focus to ensuring where capital is allocated or deployed, appropriate risk adjusted long term returns are achieved.

Redevelopments are a key growth driver for the Trust with over $1 billion of future development opportunities identified at 31 December 2013. The Trust continues to actively manage predevelopment work on a number of projects and is confident in its ability to deliver projects which will create significant value for securityholders.

In addition to the current redevelopment program, the Trust will continue to explore capital management initiatives, including acquisitions and disposals. In the Financial Year, this was demonstrated by the disposal of the Trust's interest in Karrinyup Shopping Centre for $123.3 million, representing a 19% premium to the 30 June 2013 book value.

In December 2013, the Trust announced a proposal to merge with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group. Scentre Group will be the largest real estate investment trust listed on the ASX, having assets with a book value in excess of $28 billion. Scentre Group will manage, develop and have an ownership interest in a portfolio of Westfield branded shopping centres in Australia and New Zealand, including the 46 centres in the Trust's current portfolio. Further details about the proposal, an independent expert's report and voting instructions will be included in the WRT Securityholder Booklet, which will be sent to the Trust's securityholders in April 2014.

1.6 Environmental performance

The Trust engages Westfield Group to manage the day to day operations of its shopping centres and provide design, development and construction services. Westfield Group is a well resourced entity which shares the Trust's commitment to business practices that will enhance the long term sustainability of the Trust's investments and maximise income and capital returns.

Environmental laws and regulations in force in Australia and New Zealand are applicable to areas of the Trust's operations and in particular to the operation and redevelopment of its retail assets. The Trust has procedures in place to identify and comply with such requirements including, where applicable, obtaining and complying with the conditions of relevant authority consents and approvals and the obtaining of any necessary licences. These compliance procedures are regularly reviewed and audited and their application closely monitored.

2. DISTRIBUTIONS

The Trust's total distribution for the Financial Year was 19.85 cents per stapled security.

A distribution of 9.925 cents per stapled security for the Trust (comprising solely a distribution of 9.925 cents per unit in WRT1) was declared for the six months ended 30 June 2013 and paid on 30 August 2013.

A distribution of 9.925 cents per stapled security for the Trust (comprising a distribution of 9.635 cents per unit in WRT1 and 0.290 cents per unit in WRT2) was declared for the six months ended 31 December 2013 and will be paid on 28 February 2014.

3. DIRECTORS AND SECRETARY

3.1 Board membership and qualifications

The following Directors served on the Board of the Company for the Financial Year: Mr R F E Warburton AO, LVO, Mr P K Allen, Mr L R Brindle, Mr A W Harmos, Mr M F Ihlein, Mr S M Lowy AM, Ms S V McPhee AM and Mr D E Panaccio.

Details of the qualifications, experience and special responsibilities of each of the Company's Directors as at the date of this Report are located at the start of this Report and also on the Trust's website, *www.westfieldretailtrust.com*.

3.2 Directors' relevant interests

The names of the Directors in office and the relevant interests of each Director in ordinary stapled securities in Westfield Retail Trust at 31 December 2013 are shown below:

Director	Number of stapled securities
R F E Warburton AO, LVO	72,748
P K Allen	115,000
L R Brindle	–
A W Harmos	34,944
M F Ihlein	36,000
S M Lowy AM	–
S V McPhee AM	36,364
D E Panaccio	40,000

None of the Directors holds options over any issued or unissued stapled securities in the Trust.

DIRECTORS' REPORT (CONTINUED)

3. DIRECTORS AND SECRETARY (CONTINUED)

3.3 Directors' attendance at meetings

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

Number of meetings held:	
Board of Directors:	12
Audit and Risk Committee:	7
Remuneration Committee:	5
Conflicts Committee	4

	Board		Audit and Risk Committee		Remuneration Committee		Conflicts Committee	
Directors	**A**	**B**	**A**	**B**	**A**	**B**	**A**	**B**
R F E Warburton AO, LVO	12	12	7	7	5	5	4	4
P K Allen	10	10	7	7	–	–	–	–
L R Brindle	12	12	7	7	–	–	4	4
A W Harmos	12	12	–	–	5	5	4	4
M F Ihlein	12	12	7	7	–	–	4	4
S M Lowy AM	10	9	–	–	–	–	–	–
S V McPhee AM	12	12	7	7	5	5	4	4
D E Panaccio	12	12	7	7	5	5	4	4

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

3.4 Directors' directorships of other ASX-listed companies

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

Director	Company	Date appointed	Date resigned
R F E Warburton AO, LVO	Magellan Flagship Fund Limited	October 2006	Continuing
P K Allen	Westfield Holdings Limited[1]	May 2011	Continuing
	Westfield America Management Limited[2]	May 2011	Continuing
	Westfield Management Limited[3]	May 2011	Continuing
L R Brindle	National Storage Holdings Limited	December 2013	Continuing
A W Harmos	–		
M F Ihlein	CSR Limited	July 2011	Continuing
S M Lowy AM	Westfield Holdings Limited[1]	June 1989	Continuing
	Westfield America Management Limited[2]	February 1996	Continuing
	Westfield Management Limited[3]	June 1989	Continuing
S V McPhee AM	AGL Energy Limited	October 2006	Continuing
	Kathmandu Limited	October 2009	Continuing
	Fairfax Media Limited	February 2010	Continuing
D E Panaccio	–		

1 The securities of which are stapled to units in Westfield Trust and Westfield America Trust and which trades on the ASX as Westfield Group.

2 As responsible entity of Westfield America Trust, a managed investment scheme, the securities of which are stapled to units in Westfield Trust and the shares in Westfield Holdings Limited and which trades on the ASX as Westfield Group.

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

DIRECTORS' REPORT (CONTINUED)

3. DIRECTORS AND SECRETARY (CONTINUED)

3.5 Secretary

As at the date of this Report, Ms Katherine Grace was the Secretary to the Company. Ms Grace was appointed General Counsel and Company Secretary in May 2011. Ms Grace has extensive experience in corporate, property, finance and capital markets transactions. She has previously held positions in legal private practice and at Multiplex Limited, Pacific Capital Partners and Valad Property Group. Ms Grace holds a Bachelor of Arts (Honours), Bachelor of Laws (Honours 1st class) and a Masters of Public Policy from The University of Sydney. Ms Grace is also a member of the Australian Institute of Company Directors.

4. OPTIONS

There are currently no units in WRT1 or unissued stapled securities in the Trust under option as at the date of this Report. Refer to Note 18 to the financial statements.

5. INDEMNITIES AND INSURANCE PREMIUMS

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

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

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

6. AUDIT

6.1 Audit and Risk Committee

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

6.2 Non audit services and audit independence

Details of the amount paid to the auditor, which includes amounts paid for non audit services, are set out in Note 37 to the financial statements. The Board is satisfied that the provision of non audit services by the auditor during the Financial Year is compatible with the general standard of independence for auditors imposed by the Corporations Act. Furthermore, the provision of non audit services by the auditor during the Financial Year did not compromise the independence requirements under the Corporations Act because:

- the Trust's Non Audit Services Policy sets out the categories of non audit services that the auditor may or may not undertake. Those categories of permitted services remain subject to the overriding principle that a non audit service may not be provided in circumstances where it would be detrimental to the actual or perceived independence of the statutory auditor;
- the Non Audit Services Policy provides a mechanism by which approval for non audit services proposed to be performed by the auditor is required to be given prior to the provision of such non audit services, providing an appropriate review point for independence issues prior to engagement;
- under the Non Audit Services Policy, the auditor is required to report on an annual basis as to its compliance with the terms of the Non Audit Services Policy and, in all instances, confirm the position that the independence of Ernst & Young as statutory auditor has been maintained; and
- the auditor has provided an Auditor's Independence Declaration to the Board declaring that there has been no contravention of the auditor independence requirements of the Corporations Act or of any applicable code of professional conduct.

6.3 Auditor's Independence Declaration to the Directors of RE1 Limited

EY

Building a better working world

Auditor's Independence Declaration to the Directors of RE1 Limited

In relation to our audit of the Financial Report of Westfield Retail Trust for the period ended 31 December 2013, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young **Chris Lawton,** Partner

Sydney, 26 February 2014

Liability limited by a scheme approved under Professional Standards Legislation.

REMUNERATION REPORT

7. REMUNERATION REPORT

As a stapled entity comprised solely of two unit trusts, the Trust is not required to prepare a remuneration report that complies with the provisions of section 300A of the Corporations Act. However, the following remuneration report has been prepared to provide information to securityholders and in consideration of the requirements of section 300A of the Corporations Act.

7.1 Introduction

The charter for the Remuneration Committee, as adopted by the Board, requires the Trust to adopt policies and procedures which:

- fairly and responsibly reward senior management having regard to the overall performance of the Trust, the performance of the senior manager and the external compensation environment; and
- enable the Trust to attract and retain senior managers who will create sustainable value for securityholders and other stakeholders.

In 2013 the Board implemented a number of changes to the remuneration arrangements for the Managing Director and senior management, providing greater alignment with returns to securityholders. In particular, the Trust amended the primary performance indicator for the long term incentives (**LTIs**) granted to the Managing Director and senior management to a measure of funds from operations (**FFO**) applied over a three year period and vesting in the fourth year. As outlined in detail in section 7.4 below, FFO is a widely recognised measure of the performance of real estate investment groups. By aligning remuneration with the operating financial contribution of the Trust, this provides a more effective measure of profitability against which to calibrate and reward the performance of the Managing Director and senior management. Measuring financial performance hurdles under the LTI scheme against FFO over a three year period also aligns the Managing Director and senior management with the long term growth and performance objectives of the Trust. In 2013 the Board also reviewed and adjusted the risk weighting of the Managing Director's total remuneration package (**TRP**) to provide for a greater component of remuneration to be at risk under the short term incentive (**STI**) and LTI regime.

The Remuneration Committee and the Board believe that the current remuneration arrangements, including the balance between fixed and variable salary, reflect the most appropriate regime for the Trust. The Trust adopts a prudent and disciplined approach to remuneration. In 2013 there was no change in the base salary of the Managing Director and the Chief Financial Officer. In addition no increase was made to the Board and Committee fees payable to Directors.

The table below provides an overview of the Trust's remuneration structure for 2013:

	Type	Factors considered	2013 TRP % weighting
Base Salary	Fixed	Experience, skills and previous performance	Managing Director: 35% Senior management: 50%-60%
Short Term Incentive (STI)	Variable	Individual performance relative to personal development objectives and financial and corporate targets set at commencement of year	Managing Director: 30% Senior management: 20%-30%
Long Term Incentive (LTI)	Variable	Performance of the Trust against hurdles set at commencement of each year Awards converted to synthetic ownership of the Trust's securities, measured over a three year period with vesting in year four. Payment amount determined by the Trust's security price performance over vesting period	Managing Director: 35% Senior management: 15%-25%

In making recommendations to the Board, the Remuneration Committee takes into account advice from independent remuneration advisors on trends in remuneration for key management personnel. These independent remuneration advisors consider a wide range of factors including the Trust's financial profile, the nature and complexity of its business, and the responsibilities assumed by key management personnel.

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

Transitional arrangements

As a result of the establishment of, and transitional arrangements for, the Trust in late 2010, employee remuneration arrangements for certain Trust senior managers and the Managing Director (who were previously employed by Westfield Group) were assumed by the Trust. This included a separate LTI component relating to the performance of Westfield Group securities held by them prior to being directly employed by the Trust (refer to section 7.10 below). The remaining incentives will vest for employees in December 2014.

REMUNERATION REPORT (CONTINUED)

7.2 Remuneration strategy

The total remuneration package of each senior manager is designed to ensure an appropriate mix of base salary, STIs and LTIs. Broadly, as managers gain seniority, the remuneration mix moves to a higher proportion of STI and LTI rewards, rather than base salary. These elements are considered to be "at risk", as they are dependent on the performance of the Trust over the life of the award.

The Remuneration Committee believes this structure places an appropriate premium on performance and helps reinforce the alignment between the interests of the Managing Director and senior management and securityholders in the Trust.

7.2.1 Base salary (fixed)

Base salary is set by reference to the employee's position, performance and experience. In order to attract and retain senior managers of the highest quality, the Trust aims to set competitive rates of base salary for senior managers.

Base salary rates are reviewed annually and benchmarked against those of competitors in relevant markets.

7.2.2 STI (performance determined)

In addition to a base salary, the Managing Director and senior managers are eligible for an STI cash payment.

STIs reward the Managing Director and senior managers for performance against financial and corporate objectives which are specific to the Managing Director and each senior manager and which are considered to be in the interests of the Trust and its securityholders.

The business and personal development objectives for the Managing Director for the next 12 months are recommended by the Remuneration Committee and approved by the Board. The STI target is expressed as a percentage of the total remuneration package. In 2013 the STI component of the Managing Director's total remuneration package was 30% (together with the LTI component the total 'at risk' component is 65%).

At the end of each year, the Remuneration Committee and Board determine the actual STI to be awarded, taking into consideration the performance of the Managing Director relative to the agreed objectives, as well as the overall performance of the Trust. A similar process is undertaken by the Managing Director in relation to senior managers.

In special circumstances, the Managing Director and senior managers may earn an additional cash bonus in excess of their respective STI target figure, to reward the individual for a contribution made to a major transaction or corporate project. Any additional cash bonus is at the discretion of the Board.

7.2.3 LTI (performance determined)

An objective of the Trust is to appropriately align the Managing Director's and senior managers' remuneration with the interests of the Trust's securityholders. The Remuneration Committee also regards continuity within senior management as a significant objective. The Trust has established an Executive Deferred Award Plan (**Trust Plan**) in which employees participate, and which regulates the operation of the LTIs. The LTI is regarded by the Board as an essential tool for achieving these objectives.

Under the LTI structure:

- performance hurdles are established each year to focus senior managers on the fundamentals of the Trust's business and meeting the operational, development and corporate targets set by the Board;
- the standard vesting period ranges from a three to five year period, which requires senior managers to serve lengthy periods with the Trust. This avoids rewarding short term objectives and rewards senior management for adopting a long term approach to the growth and performance of the Trust. In 2013 the LTI awards were structured to be measured over a three year period with vesting in year four; and
- the value of maturing awards is determined by the performance of the Trust's securities on the ASX.

At the end of each year, LTIs are determined based on the performance hurdles established at the start of the year. LTIs are set as a percentage of base salary. In 2013 the LTI component of the Managing Director's total remuneration package was 35% (together with the STI component the total 'at risk' component is 65%).

An example of a LTI award is:

- a 10% LTI award for an employee with $200,000 base salary would be $20,000;
- on the date of award, a reference price is set that reflects the market price of the Trust's stapled securities. For a $20,000 LTI award, a $3.00 reference price would reflect synthetic ownership of 6,667 stapled securities; and
- on the vesting date, the cash payment is determined by the market price of the Trust's stapled securities (adjusted for any distributions paid over the vesting period). For synthetic ownership of 6,667 stapled securities, a $3.10 market price and an adjustment of $0.60 per stapled security to compensate for distributions during the vesting period would result in a LTI cash payment of $24,668.

The Managing Director and senior managers must remain in the employment of the Trust for the duration of the vesting period to be eligible for the relevant LTI award to vest. The circumstances under which a LTI award would be forfeited include:

- voluntary resignation (other than where retirement conditions are met);
- a summary termination event occurring (includes engaging in serious misconduct or, in certain cases, being convicted of a criminal offence); and
- failing to comply with a competition and confidentiality condition (includes standard confidentiality, non compete and non solicitation conditions).

REMUNERATION REPORT (CONTINUED)

There are also a number of circumstances in which the Managing Director or a senior manager could be eligible for previously awarded LTIs, despite no longer being employed by the Trust on the vesting date, including:

- retirement – depending on the age, length of service and date of retirement the Managing Director or senior managers may be eligible to continue to participate in the Trust Plan up to the relevant vesting date;
- redundancy or termination of employment without cause – a pro rata payment will be made; and
- death or total and permanent disablement – awards will fully vest.

The Board retains discretion under special circumstances to allow vesting of all or part of the previously awarded LTIs to the Managing Director or a senior manager through to the vesting date, even if the Managing Director or senior manager ceases to be employed by the Trust.

The Board reserves the right to adjust the performance hurdle established at the start of any year to reflect any capital transaction occurring during the year which would impact on earnings or FFO (e.g. a significant equity issue at a discount or a sale of a material asset). Where the Board considers that an adjustment is required, both the methodology for the adjustment and the quantum of the adjustment would be referred by the Board to an independent expert to assist and advise the Board in making any such adjustments.

7.3 Non executive Director remuneration

An objective of the Trust is to attract, retain and motivate non executive Directors who will work to create sustainable value for the Trust's stapled securityholders and other stakeholders.

The base fee paid to non executive Directors is determined annually by the Board, with regard to recommendations made by the Remuneration Committee. In making recommendations, the Remuneration Committee takes into account advice from independent remuneration advisors on trends in non executive director remuneration.

Non executive Directors who serve on a Board Committee or act as Chair also receive additional fees for these roles. In circumstances where a special Board Committee is formed, such as for an acquisition or due diligence, non executive Directors may also earn a fee for participation in such committees. Non executive Directors are also reimbursed for out of pocket expenses.

No other bonuses or benefits are paid to non executive Directors before taking office, during tenure or on retirement.

7.3.1 Remuneration of non executive Directors for 2013

The table below sets out the aggregate remuneration for the independent non executive Directors for the period ended 31 December 2013. The Board determined that no increases would be made to Board and Committee fees in 2013.

Name	Year	Base fee $	Chair fee $	Audit & Risk Committee fee $	Remuneration Committee fee $	Conflicts Committee fee $	Total[1] $
R F E Warburton AO, LVO	2013	150,000	150,000	–	–	–	300,000
	2012	150,000	150,000	–	–	–	300,000
L R Brindle	2013	150,000	–	18,000	–	10,000	178,000
	2012	150,000	–	18,000	–	10,000	178,000
A W Harmos	2013	150,000	–	–	7,500	10,000	167,500
	2012	150,000	–	–	7,500	10,000	167,500
M F Ihlein	2013	150,000	–	30,000	–	10,000	190,000
	2012	150,000	–	30,000	–	10,000	190,000
S V McPhee AM	2013	150,000	–	18,000	15,000	10,000	193,000
	2012	150,000	–	18,000	15,000	10,000	193,000

1 Fees are inclusive of superannuation contributions.

Mr S M Lowy AM and Mr P K Allen are non executive Directors of the Trust, but are not considered independent. Mr S M Lowy AM and Mr P K Allen were not remunerated by the Trust during the Financial Year.

REMUNERATION REPORT (CONTINUED)

7.4 Changes to executive remuneration in 2013

In 2013, the Board introduced a new LTI performance hurdle based on FFO. FFO is a widely recognised measure of the performance of real estate investment groups and identifies the operating financial contribution of the Trust. Measuring financial performance hurdles under the LTI scheme against FFO aligns the interests of the Managing Director and senior managers with the performance of the Trust. The 2013 LTI was also structured to measure the FFO performance of the Trust over a three year period with vesting in year four, as outlined below.

Definition of FFO

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

As the Trust has a significant portion of non Australian domiciled investors, and to assist in the comparison of the Trust's performance with other real estate investment groups in Australia and overseas, the additional FFO information as shown in this note is based on the NAREIT definition.

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

The calculation of FFO disclosed in section 7.4 has been audited by the Trust's auditors.

7.4.1 FFO attributable to securityholders of Westfield Retail Trust

	31 Dec 13 cents	31 Dec 12 cents
Basic FFO per stapled security	19.850	19.367
Diluted FFO per stapled security	19.850	19.367

7.4.2 Reconciliation of profit after tax to FFO

	$million	$million
Profit after tax for the period	777.1	830.8
Property revaluations – consolidated	(103.8)	(84.9)
Property revaluations – equity accounted	(59.8)	(207.8)
Amortisation of tenant allowances – consolidated	9.1	8.2
Amortisation of tenant allowances – equity accounted	11.0	10.6
Net fair value loss on currency derivatives that do not qualify for hedge accounting	4.4	–
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	(5.5)	–
Deferred tax expense – equity accounted	6.3	1.9
Capital transactions and related costs – equity accounted	(19.6)	(1.5)
Net fair value (gain)/loss on interest rate hedges that do not qualify for hedge accounting – consolidated	(22.4)	33.9
Net fair value loss on interest rate hedges that do not qualify for hedge accounting – equity accounted	–	0.2
FFO for the period	596.8	591.4

REMUNERATION REPORT (CONTINUED)

7.4.3 FFO, prepared in the proportionate format (refer to Note 27 in the financial report), is represented by:

	31 Dec 13 $million	31 Dec 12 $million
Property revenue (excluding amortisation of tenant allowances)	1,121.9	1,098.4
Property expenses, outgoing and other costs	(302.8)	(289.7)
Net property income	819.1	808.7
Corporate costs	(36.1)	(37.1)
Funds from operations before interest and tax	783.0	771.6
Interest income	2.2	1.9
Financing costs (excluding net fair value gain or loss)[1]	(170.2)	(165.4)
Currency derivatives (excluding net fair value gain or loss and exchange differences)	(1.2)	–
Tax expense (excluding deferred tax)[2]	(17.0)	(16.7)
Funds from operations for the period	596.8	591.4

1 Financing costs (excluding net fair value gain or loss) consist of gross financing cost net of financing cost capitalised of $169.1 million (31 December 2012: $163.3 million), finance leases interest expense of $0.4 million (31 December 2012: $0.2 million) and equity accounted financing costs of $0.7 million (31 December 2012: $1.9 million).

2 Tax expense (excluding deferred tax and tax on capital transactions) consists of current underlying tax expense of $2.4 million (31 December 2012: $1.8 million) and equity accounted current underlying tax expense of $14.6 million (31 December 2012: $14.9 million).

7.4.4 Income and security data

	31 Dec 13 $million	31 Dec 12 $million
The following reflects the income data used in the calculations of basic and diluted FFO per stapled security:		
FFO used in calculating basic earnings per stapled security	596.8	591.4
Adjustment to FFO relating to options which are considered dilutive	–	–
FFO used in calculating diluted FFO per stapled security	596.8	591.4

	31 Dec 13 No. of ordinary stapled securities	31 Dec 12 No. of ordinary stapled securities
The following reflects the security data used in the calculations of basic and diluted FFO per stapled security:		
Weighted average number of ordinary stapled securities used in calculating basic FFO per stapled security	3,006,662,152	3,053,606,723
Security options which are dilutive	–	–
Adjusted weighted average number of ordinary stapled securities used in calculating diluted FFO per stapled security	3,006,662,152	3,053,606,723

REMUNERATION REPORT (CONTINUED)

7.5 2013 LTI performance hurdles

In setting the LTI performance hurdles which applied to the Managing Director and senior management team for 2013, the Remuneration Committee and the Board focused on measures that reflected both the current year performance and future growth and development of the Trust.

The 2013 LTI performance hurdles included:

– Performance against forecast FFO

FFO is used as a key indicator of the Trust's financial performance. A total of 75% of the available LTI for the Managing Director and senior management team was attributable to this hurdle.

In 2013 the LTI was structured to measure financial performance over a three year period. 50% of the financial component of the LTI was available to be awarded to the Managing Director and senior managers in Year 1 (2013) as measured against the FFO performance of the Trust. Delivery of the forecast FFO of 19.85 cents per stapled security resulted in a grant of 100% of this component of the 2013 LTI.

25% of the financial component of the 2013 LTI is available to be awarded to the Managing Director and senior managers in Year 2 (2014) as measured against the FFO performance of the Trust for that financial year and the remaining 25% of the financial component of the 2013 LTI is available to be awarded to the Managing Director and senior managers in Year 3 (2015) as measured against the FFO performance of the Trust for that financial year. Hurdles for the FFO performance in Year 2 and Year 3 are set by the Board at the commencement of the relevant financial year and then communicated to the Managing Director and senior management team; and

– Corporate objectives

In addition to the financial FFO hurdle, the Board set three key corporate objectives against which performance was measured in 2013, with a total of 25% of the available LTI for the Managing Director and senior management team attributed to this component. The measurement of this component was determined by applying the informed judgement of the Board. The three corporate objectives comprised:

- Successful implementation and delivery of identified developments and new investments;
- Oversight of the Trust's capital management in accordance with the Board's expectations; and
- Management of the relationship with Westfield Group including the Corporate Services Agreement.

In 2013, 100% of this component of the 2013 LTI was granted to the Managing Director and senior managers.

Awards (or the relevant component of an award) are granted based on performance in the relevant year, with a subsequent vesting requirement that the participant remains with the Trust for a further three years and six months. The Remuneration Committee considers that the structure of annual awards with performance hurdles measured over multiple years and vesting over an extended period provides an appropriate mechanism for performance incentives and retention.

Further to the changes implemented in 2013, the Board will continue to look to adjust the performance hurdles and implement alternative targets to appropriately reflect the performance requirements and direction of the Trust.

REMUNERATION REPORT (CONTINUED)

7.6 2013 remuneration outcomes

The remuneration of the Managing Director and Chief Financial Officer are determined by the Board, acting on recommendations made by the Remuneration Committee.

The summary below outlines the fixed and variable or 'at risk' remuneration of the Managing Director and the Chief Financial Officer in the Financial Year. 100% of each of the respective STI component and LTI component was paid to the Managing Director and the Chief Financial Officer in the Financial Year.

	D E Panaccio		B J Mackrill	
Components of remuneration	**2013 $'000**	**2012 $'000**	**2013 $'000**	**2012 $'000**
Short term employee benefits				
– Base salary				
Fixed	**1,200**	1,200	**620**	620
– Cash bonus (accrued)				
At risk	**1,020**	1,020	**310**	300
– Other short term employee benefits[1]				
Fixed	**(22)**	53	**(2)**	18
– Non monetary benefits				
Fixed	**–**	–	**–**	–
Total short term employee benefits	**2,198**	2,273	**928**	938
Post employment employee benefits				
Pension and superannuation benefits	**–**	–	**–**	–
Share based payments[2]				
Cash settled plan (at risk)	**1,289**	871	**322**	235
Other LTI				
Westfield Group Securities (at risk)[3]	**236**	631	**–**	96
Total remuneration	**3,723**	3,775	**1,250**	1,269

1 Comprising annual leave and long service leave entitlements.

2 Refer to the table in section 7.6.1 for details of the awards held by Mr D E Panaccio and Mr B J Mackrill under the Trust Plan.

3 Refer to the table in section 7.6.2 for details of the awards held by Mr D E Panaccio in relation to Westfield Group Securities.

The table below outlines the terms of the service contracts for the Managing Director and the Chief Financial Officer:

Name and Title	Employing Company	Commencement Date	Term	Termination Provisions/ Benefits
D E Panaccio (Managing Director)	RE Holding Company Pty Limited	1 November 2010	Mr D E Panaccio's contract continues in force until terminated by either party in accordance with its terms. This includes: – the Trust may in its discretion terminate Mr D E Panaccio's employment on three months' notice of termination; – the Trust may summarily terminate Mr D E Panaccio's employment for cause; and – Mr D E Panaccio may terminate his employment on six months' notice to the Trust.	Refer section 7.7
B J Mackrill (Chief Financial Officer)	RE Holding Company Pty Limited	1 January 2011	Mr B J Mackrill's contract continues in force until terminated by either party in accordance with its terms. This includes: – the Trust may in its discretion terminate Mr B J Mackrill's employment on three months' notice of termination; – the Trust may summarily terminate Mr B J Mackrill's employment for cause; and – Mr B J Mackrill may terminate his employment on three months' notice to the Trust.	Refer section 7.7

REMUNERATION REPORT (CONTINUED)

7.6.1 Managing Director and Chief Financial Officer: participation in the Trust Plan

The following table details awards held under the Trust Plan:

Executive	Date of grant	Number of awards/ vesting date	Reinvestment awards[1]	Total awards held	Fair value at grant[2] $	Market value at 31 Dec 13[3] $	Performance hurdles
D E Panaccio							
(Managing Director)	1/01/2011	171,637: 16/12/13[4]	N/A	171,637	396,482	N/A	Satisfied
		96,545: 15/12/14	N/A	96,545	210,468	286,739	Satisfied
		101,454: 15/12/15	N/A	101,454	208,995	301,318	Satisfied
	1/01/2012[5]	2,380: 16/12/13[6]	N/A	2,380	5,284	N/A	Satisfied
		2,009: 15/12/14	N/A	2,009	4,159	5,967	Satisfied
		2,678: 15/12/15	N/A	2,678	5,169	7,954	Satisfied
	1/01/2012[7]	212,598: 15/12/14	28,940	241,538	531,334	717,368	Satisfied
		106,299: 15/12/15	14,471	120,770	264,163	358,687	Satisfied
		106,299: 15/12/16	14,471	120,770	261,025	358,687	Satisfied
	1/01/2013	398,671: 14/06/16	26,219	424,890	1,207,248	1,261,923	Partially satisfied
B J Mackrill							
(Chief Financial Officer)	1/01/2011	102,982: 16/12/13[8]	N/A	102,982	237,888	N/A	Satisfied
	1/01/2012[5]	1,428: 16/12/13[9]	N/A	1,428	3,170	N/A	Satisfied
	1/01/2012[7]	48,819: 15/12/14	6,648	55,467	122,016	164,737	Satisfied
		24,410: 15/12/15	3,325	27,735	60,668	82,373	Satisfied
		24,409: 15/12/16	3,325	27,734	59,945	82,370	Satisfied
	1/01/2013	92,691: 14/06/16	6,096	98,787	280,690	293,397	Partially satisfied

1 Aggregate figure in relation to the notional reinvestment of distributions for the distributions paid in February and August 2012 and 2013. The notional reinvestment of distributions feature of the Trust Plan only applies to awards granted after 1 January 2012. Prior to this, the number of awards has been adjusted to include an amount being the estimate of the distributions payable on a Trust stapled security over the vesting period.

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

3 The market value at 31 December 2013 is based on a closing price of $2.97.

4 These awards vested (and were paid) in December 2013. The payout amount was $513,195.

5 An additional number of awards was granted relating to the awards granted in January 2011. The additional awards were an adjustment to the January 2011 grants and were a consequence of the change to the Trust's distribution policy to increase, from a payout of 90%, to 100% of distributable earnings for the August 2012 distribution onwards.

6 These awards vested (and were paid) in December 2013. The payout amount was $7,116.

7 Following the Board approval of the 2012 awards plan, the awards granted on 1 January 2012 were adjusted to reflect the notional reinvestment of distributions as disclosed in footnote 1 above.

8 These awards vested (and were paid) in December 2013. The payout amount was $307,916.

9 These awards vested (and were paid) in December 2013. The payout amount was $4,270.

REMUNERATION REPORT (CONTINUED)

7.6.2 Managing Director: Westfield Group Securities

The following table details Westfield Group Securities held by the Managing Director:

Executive	Date of grant	Vesting date	Total awards held/ issued	Fair value at grant[1,2] $	Market value at 31 Dec 13[3] $
D E Panaccio					
(Managing Director)	1/01/2010	15/12/2014	36,233	347,112	365,591

1 The fair value of the awards issued under Westfield Group Securities is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and security price movements. The fair value of Westfield Group Securities is calculated on the assumption that the employee remains employed with the Trust for the full vesting period.

2 The fair value at grant on transfer of the pre-existing arrangements in respect of Westfield Group Securities.

3 The market value at 31 December 2013 is based on a closing price of $10.09.

The following table details Westfield Group Securities held by the Managing Director which vested during the Financial Year:

Executive	Date of grant	Vesting date	Total awards held/issued	Fair value at grant[1,2] $
D E Panaccio				
(Managing Director)	1/01/2009[3]	16/12/2013	33,806	323,862
	1/01/2010[4]	16/12/2013	34,635	331,803

1 The fair value of the awards issued under Westfield Group Securities is based on the estimated fair value of earnings. This is calculated by discounting the total value of the anticipated impact of future distributions and security price movements. The fair value of Westfield Group Securities is calculated on the assumption that the employee remains employed with the Trust for the full vesting period.

2 The fair value at grant on transfer of the pre-existing arrangements in respect of Westfield Group Securities.

3 These awards vested (and were paid) in December 2013. The payout amount was $351,582.

4 These awards vested (and were paid) in December 2013. The payout amount was $360,204.

7.7 Service Agreements and termination arrangements

The Trust has entered into service agreements (**Service Agreements**) with the Managing Director and senior managers, which outline the elements of remuneration which may be conferred on the Managing Director and senior managers during their period of employment by the Trust (including base salary, STIs and LTIs). Service Agreements are silent on the details of that remuneration. Those details are determined annually by the Board and advised to the Managing Director and senior managers by letter.

Service Agreements do not have a fixed term. They may be terminated by the Trust at any time by giving the relevant senior manager three months' notice. The Managing Director may terminate the contract at any time by giving the Trust six months' notice, or in the case of the senior managers, three months' notice.

Payments to the Managing Director and senior managers on termination are also common to each Service Agreement, and include the following:

– Resignation (excluding retirement) or termination for cause

The Managing Director or a senior manager who resigns from the Trust to pursue other opportunities or who is dismissed by the Trust for cause is entitled to minimal benefits on termination of employment. The Managing Director or senior manager is also entitled only to accrued base salary and statutory entitlements to the date of departure. Payment of a pro-rata bonus for the relevant year may be considered in exceptional circumstances. All unvested LTIs are forfeited;

– Redundancy or termination without cause

The Managing Director or a senior manager made redundant by the Trust or who is terminated without cause is entitled to receive accrued statutory entitlements, a pro-rata performance bonus to the date of termination and pro-rata vesting of outstanding LTI awards (excluding any awards lapsed as a consequence of a failure to satisfy a performance hurdle). The Managing Director or senior manager is also entitled to a redundancy payment of up to a maximum of 24 months' base salary depending on the length of service of the Managing Director or senior manager plus between one to three months' base salary in lieu of notice;

– Death or permanent disability

If the Managing Director or a senior manager dies or suffers permanent disability during the term of employment, the entitlements payable to the Managing Director or a senior manager (or the estate of the Managing Director or a senior manager) are accrued statutory entitlements, a pro-rata performance bonus to the date of termination and full vesting of outstanding LTI awards (excluding any awards lapsed as a consequence of a failure to satisfy a performance hurdle); and

REMUNERATION REPORT (CONTINUED)

– Retirement

The Trust believes that if the Managing Director satisfies the retirement conditions referred to below, the termination should be treated in a different manner to a resignation in the ordinary course. Provided the Managing Director has reached the age of 55 with at least five years' continuous service or the aggregate of the age of the Managing Director and the number of years of service is equal to or greater than 70, aggregated with years of service to the Trust and Westfield Group, the Managing Director will be entitled to accrued statutory entitlements and a pro-rata performance bonus to the date of retirement. A similar position applies to senior managers. An objective of the Board is to keep long serving senior managers, including the Managing Director, participating in LTI awards until the point of retirement. To assist in achieving this objective, a retiring Managing Director or a senior manager who meets the above retirement criteria also has the right to participate in any LTIs awarded prior to retirement until the date of vesting (excluding any awards lapsed as a consequence of a failure to satisfy a performance hurdle).

The Remuneration Committee and the Board believe that these policies provide appropriate incentives (and disincentives) on termination which balance the interests of the Trust and its securityholders with providing reasonable payments to the senior manager to reflect the circumstances of their departure. Where permitted by law, the Trust imposes a further requirement that, following retirement, the senior manager complies with certain continuing non compete obligations, which, if not satisfied, will result in forfeiture of all awards then outstanding.

7.8 Accounting policy

The Trust's accounts and this Remuneration Report disclose the full cost to securityholders of the Trust's LTI awards, and not simply the amortisation of the face value of the award when granted.

At the date of an LTI award, the face value is adjusted for anticipated increases in the value of that LTI award over its life. Assumptions regarding security price movements are made to estimate the Trust's future liability with respect to each award. The estimated future liability is then amortised over the life of the award.

At the end of each accounting period, LTI awards are adjusted to fair market value on the basis of the then current security price and assumptions made in the previous years are reconsidered having regard to any change in circumstances.

This process may result in a variation of the estimate of the future liability of the Trust with respect to that award and an increase or decrease in amortisation. The full amount of the amortisation is included in the accounts and disclosed as part of the remuneration of the Managing Director and senior management. By adopting this method of amortisation, securityholders obtain an accurate picture of the full cost to the Trust of granting LTI awards, as well as, the actual remuneration received by the recipients.

This process can give rise to significant year on year fluctuations in the disclosed remuneration, dictated principally by movements up or down in the price of the Trust securities as well as assumptions made about the future value of securities. These fluctuations in disclosed remuneration occur despite the fact that the face value of the LTI awards remains constant as between the years being compared.

7.9 Hedging policy

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

These prohibitions include instruments such as equity swaps, caps and collars and other types of hedges, which are entered into for the purposes of mitigating the financial impact of movements in the price of Trust securities to the extent such movements impact the value of awards made under the LTI.

The primary purpose of this prohibition is to ensure that at all times until the LTI awards vest, there is alignment between the interests of the Managing Director and each senior manager and the interests of the Trust's securityholders. In the Board's view, this alignment potentially ceases if the Managing Director or a senior manager's economic interest in an LTI award is hedged, because the Managing Director or a senior manager would not be affected (or affected to a lesser extent), by positive or negative movements in the market value of Trust securities.

7.10 Westfield Group awards

Key members of the Trust's senior management team, including the Managing Director, joined the Trust from Westfield Group. These employees had, prior to their resignation, been entitled to long term benefits under the Westfield Group Executive Deferred Award Plan. The Trust agreed to continue the pre-existing arrangements with respect to those Westfield Group Securities granted as at 31 December 2010, and assumed the responsibility for payment of the Westfield Group Securities to the relevant employees on each vesting date, subject to the relevant employee remaining employed by the Trust at the date of vesting. The remaining Westfield Group Securities roll off for the relevant employees in December 2014 and the market value of these securities as at 31 December 2013 was $365,591.

REMUNERATION REPORT (CONTINUED)

7.11 Role of the Remuneration Committee
The Trust's remuneration arrangements are overseen by the Remuneration Committee. The Remuneration Committee's activities are governed by its Charter, a copy of which is available at *www.westfieldretailtrust.com*.

The responsibilities of the Remuneration Committee include:

- Determining and reviewing remuneration policies to apply to the Trust's Managing Director, senior managers and non-executive Directors;
- Determining the specific remuneration packages for senior managers (including base salary, STIs, LTIs and other contractual benefits);
- Reviewing contractual rights of termination for senior managers;
- Reviewing the appropriateness of the Trust's succession planning policies;
- Reviewing management's recommendation of the total proposed LTI awards; and
- Administering the LTI awards.

The deliberations of the Remuneration Committee, including any recommendations made on remuneration issues, are considered by the Board.

The current members of the Remuneration Committee are:

Name	Position held	Status
S V McPhee AM	Chair	Independent Director
A W Harmos	Member	Independent Director
R F E Warburton AO, LVO	Member	Independent Director

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

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

Richard F E Warburton AO, LVO
Chairman

Domenic E Panaccio
Managing Director

26 February 2014

INCOME STATEMENT

- FOR THE YEAR ENDED 31 DECEMBER 2013 -

	Note	31 Dec 13 $million	31 Dec 12 $million
Revenue			
Property revenue	3	534.3	514.6
		534.3	514.6
Share of after tax profits of equity accounted entities			
Property revenue		567.5	565.0
Property revaluations	6	59.8	207.8
Property expenses, outgoings and other costs		(155.2)	(150.1)
Capital transactions and related costs	6	19.6	1.5
Net interest income/(expense)		0.2	(1.3)
Tax expense		(20.9)	(16.8)
	13(b)	471.0	606.1
Expenses			
Property expenses, outgoings and other costs		(147.6)	(139.6)
Corporate costs		(36.1)	(37.1)
		(183.7)	(176.7)
Interest income		1.3	1.1
Currency loss	4	(0.1)	–
Financing costs	5	(147.1)	(197.4)
Property revaluations	6	103.8	84.9
Profit before tax		779.5	832.6
Tax expense	7	(2.4)	(1.8)
Profit after tax for the period		777.1	830.8
Profit after tax for the period attributable to:			
– Unitholders of Westfield Retail Trust 1		772.1	826.2
– Unitholders of Westfield Retail Trust 2		5.0	4.6
Profit after tax for the period		777.1	830.8

		cents	cents
Basic earnings per stapled security	8(a)	25.85	27.21
Diluted earnings per stapled security	8(a)	25.85	27.21
Basic earnings per unit attributable to unitholders of Westfield Retail Trust 1	8(c)	25.68	27.06
Diluted earnings per unit attributable to unitholders of Westfield Retail Trust 1	8(c)	25.68	27.06

STATEMENT OF COMPREHENSIVE INCOME

– FOR THE YEAR ENDED 31 DECEMBER 2013 –

	31 Dec 13 $million	31 Dec 12 $million
Profit after tax for the period	777.1	830.8
Other comprehensive income for the period		
Movement in foreign currency translation reserve[1]		
– Net exchange difference on translation of foreign operations	87.8	21.7
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	(5.5)	–
Total comprehensive income for the period	859.4	852.5
Total comprehensive income for the period attributable to:		
– Unitholders of Westfield Retail Trust 1	854.4	847.9
– Unitholders of Westfield Retail Trust 2	5.0	4.6
Total comprehensive income for the period	859.4	852.5

1 Items of other comprehensive income will be reclassified to the income statement when specific conditions are met in future periods.

BALANCE SHEET

– AS AT 31 DECEMBER 2013 –

	Note	31 Dec 13 $million	31 Dec 12 $million
Current assets			
Cash and cash equivalents	21(a)	21.4	17.1
Trade debtors		8.8	5.6
Receivables		23.4	21.1
Prepayments and deferred costs	10	9.7	12.8
Total current assets		63.3	56.6
Non current assets			
Investment properties	11	6,676.6	6,482.1
Equity accounted investments	13(d)	6,985.2	6,791.7
Derivative assets	9	55.6	–
Deferred tax assets		0.5	0.6
Prepayments and deferred costs	10	11.3	8.1
Total non current assets		13,729.2	13,282.5
Total assets		13,792.5	13,339.1
Current liabilities			
Trade creditors		43.6	45.6
Payables and other creditors	14	87.2	63.9
Interest bearing liabilities	15	246.1	0.2
Tax payable		1.4	2.1
Derivative liabilities	16	1.7	0.1
Total current liabilities		380.0	111.9
Non current liabilities			
Payables and other creditors	14	2.2	1.8
Interest bearing liabilities	15	2,902.7	2,772.2
Derivative liabilities	16	32.3	48.0
Total non current liabilities		2,937.2	2,822.0
Total liabilities		3,317.2	2,933.9
Net assets		10,475.3	10,405.2
Equity attributable to unitholders of Westfield Retail Trust 1			
Contributed equity	17(b)	9,010.2	9,212.4
Reserves	19	100.0	17.7
Retained profits	20	1,343.0	1,157.6
Total equity attributable to unitholders of Westfield Retail Trust 1		10,453.2	10,387.7
Equity attributable to unitholders of Westfield Retail Trust 2			
Contributed equity	17(b)	11.2	11.6
Retained profits	20	10.9	5.9
Total equity attributable to unitholders of Westfield Retail Trust 2		22.1	17.5
Total equity		10,475.3	10,405.2

STATEMENT OF CHANGES IN EQUITY

– FOR THE YEAR ENDED 31 DECEMBER 2013 –

31 December 2013	Note	Contributed equity $million	Foreign currency translation reserve $million	Retained profits $million	Total equity $million
Changes in equity attributable to unitholders of Westfield Retail Trust 1					
Balance at the beginning of the period		9,212.4	17.7	1,157.6	10,387.7
– Profit after tax for the period		–	–	772.1	772.1
– Other comprehensive income		–	82.3	–	82.3
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	17(b)	(202.2)	–	–	(202.2)
– Distributions paid	22(b)	–	–	(586.7)	(586.7)
Closing balance of equity attributable to unitholders of Westfield Retail Trust 1		9,010.2	100.0	1,343.0	10,453.2
Changes in equity attributable to unitholders of Westfield Retail Trust 2					
Balance at the beginning of the period		11.6	–	5.9	17.5
– Profit after tax for the period		–	–	5.0	5.0
– Other comprehensive income		–	–	–	–
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	17(b)	(0.4)	–	–	(0.4)
– Distributions paid	22(b)	–	–	–	–
Closing balance of equity attributable to unitholders of Westfield Retail Trust 2		11.2	–	10.9	22.1
Total equity		9,021.4	100.0	1,353.9	10,475.3

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

- FOR THE YEAR ENDED 31 DECEMBER 2013 -

31 December 2012	Note	Contributed equity $million	Foreign currency translation reserve $million	Retained profits $million	Total equity $million
Changes in equity attributable to unitholders of Westfield Retail Trust 1					
Balance at the beginning of the period		9,236.4	(4.0)	865.9	10,098.3
– Profit after tax for the period		–	–	826.2	826.2
– Other comprehensive income		–	21.7	–	21.7
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	17(b)	(24.0)	–	–	(24.0)
– Distributions paid	22(b)	–	–	(534.5)	(534.5)
Closing balance of equity attributable to unitholders of Westfield Retail Trust 1		9,212.4	17.7	1,157.6	10,387.7
Changes in equity attributable to unitholders of Westfield Retail Trust 2					
Balance at the beginning of the period		11.6	–	5.8	17.4
– Profit after tax for the period		–	–	4.6	4.6
– Other comprehensive income		–	–	–	–
Transactions with owners in their capacity as owners:					
– Buy-back and cancellation of contributed equity, including transaction costs	17(b)	0.0	–	–	0.0
– Distributions paid	22(b)	–	–	(4.5)	(4.5)
Closing balance of equity attributable to unitholders of Westfield Retail Trust 2		11.6	–	5.9	17.5
Total equity		9,224.0	17.7	1,163.5	10,405.2

CASH FLOW STATEMENT

– FOR THE YEAR ENDED 31 DECEMBER 2013 –

	Note	31 Dec 13 $million	31 Dec 12 $million
Cash flows from operating activities			
Receipts in the course of operations (including Goods and Services Tax (**GST**))		608.6	570.3
Payments in the course of operations (including GST)		(195.6)	(191.9)
Settlement of income hedging currency derivatives		(1.2)	–
Distributions received from equity accounted entities		346.4	360.7
Interest received from equity accounted entities		19.5	24.3
Income and withholding taxes paid		(3.0)	(2.2)
GST paid		(40.3)	(25.4)
Net cash flows from operating activities	21(b)	734.4	735.8
Cash flows from investing activities			
Payments of capital expenditure for property investments		(88.1)	(58.5)
Payments for the acquisition of development projects		–	(25.2)
Net inflows from investments in and loans to equity accounted entities		72.7	185.5
Financing costs capitalised to development projects and construction in progress		(5.5)	(8.3)
Net cash flows (used in)/from investing activities		(20.9)	93.5
Cash flows from financing activities			
Buy-back of stapled securities		(202.6)	(24.0)
Termination of surplus interest rate swaps upon repayment of interest bearing liabilities with the net proceeds from asset sales		–	(16.5)
Net proceeds from interest bearing liabilities		251.4	1,287.4
Payment of Westfield Sydney Facility and Project Design and Construction Agreement loans to Westfield Group		–	(1,340.0)
Financing costs excluding interest capitalised to development projects and construction in progress		(172.5)	(200.1)
Interest received		1.3	1.1
Distributions paid		(586.7)	(539.0)
Net cash flows used in financing activities		(709.1)	(831.1)
Net increase/(decrease) in cash and cash equivalents held		4.4	(1.8)
Add: opening cash and cash equivalents brought forward		17.1	18.9
Effects of exchange rate changes on opening cash and cash equivalents brought forward		(0.1)	–
Cash and cash equivalents at the end of the period	21(a)	21.4	17.1

INDEX OF NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL REPORT

(a) Corporate information

The financial report of Westfield Retail Trust, comprising Westfield Retail Trust 1 ARSN 146 934 536 (**WRT1**) and Westfield Retail Trust 2 ARSN 146 934 652 (**WRT2**) (together the **Trust**) and their respective controlled entities, for the year ended 31 December 2013, was approved in accordance with a resolution of the Board of Directors of RE1 Limited (as responsible entity of WRT1) on 26 February 2014. WRT1 was registered with the Australian Securities and Investments Commission (**ASIC**) as a managed investment scheme on 2 November 2010 and commenced trading on 21 December 2010.

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

(b) Statement of compliance

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

- AASB 10 *Consolidated Financial Statements*

  This standard broadens the situations where an entity is likely to be considered to control another entity and includes new guidance for determining control of an entity. This standard had no significant impact on the Trust's financial results and balance sheet;

- AASB 11 *Joint Arrangements*

  This standard uses the principle of control in AASB 10 to define joint control and removes the option to account for jointly controlled entities using the proportionate consolidation method. Joint operations that give the joint venture parties a right to the underlying assets and obligations is accounted for by recognising the share of those assets and obligations. This standard had no significant impact on the Trust's financial results and balance sheet;

- AASB 12 *Disclosure of Interests in Other Entities*

  The standard introduces new disclosures about judgements made by management in determining whether control exists, and requires summarised information about joint arrangements, associates, structured entities and subsidiaries with external non controlling interests. Further details of significant judgements and assumptions made in determining whether control exists may be found in Note 12 Details of shopping centre investments. This standard had no significant impact on the Trust's financial results and disclosures; and

- AASB 13 *Fair Value Measurement*

  The standard establishes a single source of guidance for determining the fair value of assets and liabilities. This standard had no significant impact on the Trust's financial results and disclosures.

The Trust has also adopted the following amendments to accounting standards as a result of the revision of related standards and the Annual Improvements Projects (for non urgent changes):

- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*;
- AASB 2011-8 *Amendment to Australian Accounting Standards arising from AASB 13*; and
- AASB 2011-9 *Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income*.

For the financial period, the adoption of these amended standards had no significant impact on the financial statements of the Trust.

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

- AASB 9 *Financial Instruments* (effective from 1 January 2017)

  This standard includes requirements to improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139 *Financial Instruments: Recognition and Measurement*. The Trust is currently assessing the impact of AASB 9.

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

- AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (effective from 1 January 2014);
- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* (effective from 1 January 2014);
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting* (effective from 1 January 2014); and
- AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities* (effective from 1 January 2014).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: BASIS OF PREPARATION OF THE FINANCIAL REPORT (CONTINUED)

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

The financial report is presented in Australian dollars.

(d) Significant accounting judgements, estimates and assumptions

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

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements, in particular, Note 2 Summary of significant accounting policies, Note 12 Details of shopping centre investments and Note 35 Fair value of financial assets and liabilities. Actual results may differ from these estimates under different assumptions and conditions and may materially affect the Trust's financial results or the financial position in future periods.

(e) Comparative information

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Accounting for the establishment of Westfield Retail Trust

The Trust is a stapled entity comprising WRT1 and WRT2 with a common Board and common investor base. The stapled securities trade as one security on the Australian Securities Exchange (**ASX**) under the code WRT.

The Trust became a new separately listed property trust as a result of a restructuring of Westfield Group which was implemented on 20 December 2010.

The restructure involved the transfer of certain assets and liabilities to the Trust and the transfer of ownership of the Trust to the securityholders of Westfield Group. The substance of the transaction is therefore not an acquisition or business combination within the scope of AASB 3 *Business Combinations*. Rather, it was a demerger of a portion of the Australian and New Zealand property assets from the Westfield Group structure and a continuation of that portion of the Australian and New Zealand property business within the Trust. Accordingly, the Trust has accounted for the transaction using the pooling of interests method. Under the pooling of interests method, the assets and liabilities transferred to the Trust have been recognised at their previous carrying amounts in Westfield Group.

As WRT1 and WRT2 are stapled and have a common Board, the financial results of the Trust represent the consolidated results of WRT1, WRT2 and their respective controlled entities.

AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purposes of preparing a consolidated financial report. In accordance with this requirement, WRT1 is deemed to be the parent entity of the Trust due to its relative size being significantly greater than that of WRT2. The results and equity attributable to that of WRT2, being the other stapled entity which is not directly or indirectly held by WRT1, are shown separately in the financial statements as non controlling interests.

The responsible entity of WRT1 is RE1 Limited ABN 80 145 743 862. The responsible entity of WRT2 is RE2 Limited ABN 41 145 744 065. WRT1 is the property owning entity of the Trust. WRT2 earns non rental income and is treated as a company for Australian income tax purposes.

(b) Consolidation and classification

The consolidated financial report comprises the financial statements and notes to the financial statements of WRT1 (**Parent entity**), WRT2 and their respective controlled entities from the date the control of an entity is obtained until such time as that control ceased. The Parent entity and the consolidated entities are collectively referred to as the economic entity known as the Trust. Where entities adopt accounting policies which differ from those of the Parent entity, adjustments have been made so as to achieve consistency within the Trust.

In preparing the consolidated financial statements, all intra-group transactions and balances, including unrealised profits arising thereon, have been eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Consolidation and classification (continued)

(i) Joint arrangements

Joint operations

The Trust has significant co-ownership interests in a number of properties through unincorporated joint ventures. These interests are held directly and jointly as tenants in common. The Trust has the rights to the individual assets and obligations arising from these interests and recognises their share of the net assests, liabilities, revenues and expenses of the operation.

Joint ventures

The Trust has significant co-ownership interests in a number of properties through property partnerships or trusts. These joint venture entities are accounted for using the equity method of accounting. The Trust and its joint venture entities use consistent accounting policies. Investments in joint venture entities are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Trust's share of net assets of the joint venture entities. The consolidated income statement reflects the Trust's share of the results of operations of the joint venture entities.

(ii) Associates

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

(iii) Controlled entities

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

(c) Investment properties

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

(i) Shopping centre investments

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

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

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

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

The Directors' assessment of fair value of each shopping centre investment property takes into account latest independent valuations, generally prepared annually, with updates taking into account any changes in estimated yield, underlying income and valuations of comparable centres. In determining the fair value, the capitalisation of net income method and the discounting of future cash flows to their present value have been used which are based upon judgements and assumptions in relation to future rental income, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. Refer to Note 12 for the estimated yield for each property. It is the Trust's policy to appoint a number of qualified independent valuers and that no individual valuer is appointed to appraise any individual property for greater than three consecutive years.

(ii) Development projects and construction in progress

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Foreign currencies

(i) Translation of foreign currency transactions

The functional and presentation currencies of the Parent entity and its Australian subsidiaries are Australian dollars. The functional currency of the New Zealand entities is New Zealand dollars. The presentation currency of the New Zealand entities is Australian dollars to enable the consolidated financial statements of the Trust to be reported in a common currency.

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

(ii) Translation of accounts of foreign operations

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

(e) Revenue recognition

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

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

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

All other revenues are recognised on an accruals basis.

(f) Expenses

Expenses are brought to account on an accruals basis.

(g) Taxation

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

(i) WRT1

WRT1 is the property owning entity of the Trust. WRT1 is treated as a trust for Australian tax purposes.

Under current Australian income tax legislation, WRT1 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 WRT1's constitution. WRT1's New Zealand entities are subject to New Zealand tax on their earnings.

(ii) WRT2

WRT2 earns non rental income and is treated as a company for Australian tax purposes.

(iii) Deferred tax

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

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

(h) Goods and services tax (GST)

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

The net amount of GST receivable from or payable 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 is classified as an operating cash flow.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(j) 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 Trust are capitalised at the present value of the minimum lease payments under lease and are disclosed as an asset in investment properties.

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.

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

(l) Contributed equity
Issued and paid up capital is recognised at the fair value of the consideration received or paid by the Trust. Any transaction costs arising on the issue of ordinary securities, or buy-back and cancellation of securities, are recognised directly in equity as a reduction of the proceeds received, or an increase in the payments made.

(m) Derivative and other financial instruments
The Trust's treasury policy authorises the use of derivative financial instruments, including forward exchange contracts, currency and interest rate options and cross currency and interest rate swaps to manage the risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are recognised at fair value.

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Derivative and other financial instruments (continued)

(i) Financial assets (continued)

Receivables

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

(ii) Financial liabilities

Payables

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

Interest bearing liabilities

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

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

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

The fair value of the Trust's interest bearing borrowings as disclosed in Note 35 is determined as follows:

- The fair value of quoted notes and bonds is based on price quotations at the balance date; and
- The fair value of unquoted instruments, loans from banks, finance leases and other non-current financial liabilities is estimated by discounting future cash flows using rates that approximate the Trust's borrowing rate as at balance date, for debt with similar maturity, credit risk and terms.

(n) Recoverable amount of assets

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

(o) Earnings per stapled security

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

(p) Rounding

In accordance with ASIC Class Order 98/100, the amounts shown in the financial report have, unless otherwise indicated, been rounded to the nearest tenth of a million dollars. Amounts shown as 0.0 represent amounts less than $50,000 that have been rounded down.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 3: PROPERTY REVENUE			
Shopping centre rent and other property income		543.4	522.8
Amortisation of tenant allowances		(9.1)	(8.2)
		534.3	514.6
NOTE 4: CURRENCY LOSS			
Realised loss on income hedging currency derivatives		(1.2)	–
Net fair value loss on currency derivatives that do not qualify for hedge accounting		(4.4)	–
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations		5.5	–
		(0.1)	–
NOTE 5: FINANCING COSTS			
Gross financing costs (excluding net fair value gain or loss on interest rate hedges that do not qualify for hedge accounting)			
– Interest bearing liabilities		(174.6)	(157.7)
– Interest bearing liabilities with related entities	41(b)	–	(13.9)
– Financing costs capitalised to development projects and construction in progress		5.5	8.3
Financing costs		(169.1)	(163.3)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting		22.4	(33.9)
Finance leases interest expense		(0.4)	(0.2)
		(147.1)	(197.4)
NOTE 6: SIGNIFICANT ITEMS			
The following significant items are relevant in explaining the financial performance of the business:			
Property revaluations – consolidated		103.8	84.9
Property revaluations – equity accounted	13(b)	59.8	207.8
Net fair value loss on currency derivatives that do not qualify for hedge accounting	4	(4.4)	–
Accumulated exchange differences transferred from foreign currency translation reserve on realisation of net investment in foreign operations	4	5.5	–
Deferred tax – equity accounted	13(b)	(6.3)	(1.9)
Net fair value gain/(loss) on interest rate hedges that do not qualify for hedge accounting – consolidated	5	22.4	(33.9)
Net fair value loss on interest rate hedges that do not qualify for hedge accounting – equity accounted	13(b)	–	(0.2)
Capital transactions and related costs – equity accounted	13(b)	19.6	1.5
NOTE 7: TAXATION			
Tax expense			
Current – underlying tax		(2.4)	(1.8)
Deferred tax		–	–
		(2.4)	(1.8)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:			
Profit before income tax		779.5	832.6
Share of after tax profits of equity accounted entities	13(b)	(471.0)	(606.1)
Profit before income tax – consolidated		308.5	226.5
Prima facie tax expense on consolidated profit at 30%		(92.6)	(68.0)
Australian trust income not assessable		64.6	47.0
Property revaluations not assessable		31.1	25.5
Tax on intra-group transactions		(5.5)	(6.3)
Tax expense		(2.4)	(1.8)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 8: EARNINGS PER STAPLED SECURITY

	31 Dec 13 cents	31 Dec 12 cents
(a) Attributable to securityholders of Westfield Retail Trust		
Basic earnings per stapled security	25.85	27.21
Diluted earnings per stapled security	25.85	27.21

(b) Income and security data

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

	$million	$million
Earnings used in calculating basic earnings per stapled security[1]	777.1	830.8
Adjustment to earnings relating to options which are considered dilutive	–	–
Earnings used in calculating diluted earnings per stapled security	777.1	830.8

1 Refer to the income statement for details of the profit after tax.

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

	No. of ordinary stapled securities	No. of ordinary stapled securities
Weighted average number of ordinary stapled securities used in calculating basic earnings	3,006,662,152	3,053,606,723
Security options which are dilutive	–	–
Adjusted weighted average number of ordinary stapled securities used in calculating diluted earnings	3,006,662,152	3,053,606,723

	cents	cents
(c) Attributable to unitholders of Westfield Retail Trust 1		
Basic earnings per unit	25.68	27.06
Diluted earnings per unit	25.68	27.06

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

	$million	$million
Earnings used in calculating basic earnings per unit	772.1	826.2
Adjustments to earnings relating to options which are considered dilutive	–	–
Earnings used in calculating diluted earnings per unit	772.1	826.2

	No. of units	No. of units
Weighted average number of ordinary units used in calculating basic earnings per unit	3,006,662,152	3,053,606,723
Security options which are dilutive	–	–
Adjusted weighted average number of ordinary units used in calculating diluted earnings per unit	3,006,662,152	3,053,606,723

(d) Conversions, calls, subscription, issues or buy-backs after 31 December 2013

There have been no conversions to, calls of, subscriptions for or issues of new or potential ordinary stapled securities since the reporting date and before the completion of the financial report. Since the end of the Financial Year, the Trust has not bought back any stapled securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	Note	31 Dec 13 $million	31 Dec 12 $million
NOTE 9: DERIVATIVE ASSETS			
Non current			
Receivables on currency derivatives		48.9	–
Receivables on interest rate derivatives		6.7	–
		55.6	–

The Trust presents the fair value of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2013, when these netting arrangements are applied to the derivative portfolio, the derivative assets of $55.6 million are reduced by $27.4 million to the net amount of $28.2 million (31 December 2012: netting arrangements have no impact on the derivative assets disclosed above).

NOTE 10: PREPAYMENTS AND DEFERRED COSTS

	Note	31 Dec 13 $million	31 Dec 12 $million
Current			
Prepayments and deposits		4.9	8.4
Deferred costs – other		4.8	4.4
		9.7	12.8
Non current			
Deferred costs – other		11.3	8.1
		11.3	8.1

NOTE 11: INVESTMENT PROPERTIES

	Note	31 Dec 13 $million	31 Dec 12 $million
Non current			
Shopping centre investments	12(a)	6,571.7	6,405.4
Development projects and construction in progress		104.9	76.7
		6,676.6	6,482.1
Movement in total investment properties			
Balance at the beginning of the period		6,482.1	6,200.2
Redevelopment costs		90.7	171.8
Acquisition of development projects		–	25.2
Net revaluation increment		103.8	84.9
Balance at the end of the period[1]		6,676.6	6,482.1

1 The fair value of investment properties at the end of the year of $6,676.6 million (31 December 2012: $6,482.1 million) comprises investment properties at market value of $6,671.4 million (31 December 2012: $6,479.0 million) and ground leases included as finance leases of $5.2 million (31 December 2012: $3.1 million).

NOTE 12: DETAILS OF SHOPPING CENTRE INVESTMENTS

	Note	31 Dec 13 $million	31 Dec 12 $million
Consolidated Australian shopping centres	12(a)	6,571.7	6,405.4
Equity accounted Australian shopping centres	12(a),13(d)	5,813.8	5,829.8
Equity accounted New Zealand shopping centres	12(b),13(d)	1,246.5	1,061.6
		13,632.0	13,296.8

Investment properties are carried at the Directors' determination of fair value which takes into account latest independent valuations, with updates at each balance date of independent valuations that were prepared previously. The carrying amount of investment properties comprises the original acquisition cost, subsequent capital expenditure, tenant allowances, deferred costs, ground leases, straight line rent and revaluation increments and decrements. Independent valuations are conducted in accordance with International Valuation Standards Council valuation standards for Australian and New Zealand properties. The independent valuation uses the capitalisation of net income method and the discounting of future net cash flows to their present value method. The key assumptions in determining the valuation of the investment properties are the estimated weighted average yield, net operating income and the growth rate. Significant movement in each of these assumptions in isolation would result in a higher or lower fair value of the properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12(a): DETAILS OF SHOPPING CENTRE INVESTMENTS – AUSTRALIA

Australian shopping centres	Ownership interest 31 Dec 13 %	Ownership interest 31 Dec 12 %	Fair value 31 Dec 13 $million	Estimated yield 31 Dec 13 %	Fair value 31 Dec 12 $million	Estimated yield 31 Dec 12 %	Latest independent valuation date	Valuer
Airport West	25.0	25.0	86.3	7.00	84.5	7.00	06-13	Urbis Pty Ltd
Belconnen	50.0	50.0	404.0	6.00	390.0	6.13	12-13	Colliers International C&V Pty Limited
Bondi Junction	50.0	50.0	1,126.9	5.25	1,091.9	5.25	12-13	Cushman & Wakefield Inc
Burwood	50.0	50.0	420.1	6.00	402.6	6.00	12-13	Colliers International C&V Pty Limited
Carousel	50.0	50.0	495.0	5.50	463.5	5.75	12-13	CB Richard Ellis Pty Limited
Chatswood	50.0	50.0	452.9	6.00	452.9	6.00	06-13	Cushman & Wakefield Inc
Chermside	50.0	50.0	824.3	5.50	784.0	5.50	12-13	Knight Frank Valuations
Doncaster	25.0	25.0	405.0	5.50	393.7	5.50	12-13	Knight Frank Valuations
Figtree	50.0	50.0	77.5	7.50	77.5	7.50	06-13	Urbis Pty Ltd
Fountain Gate	50.0	50.0	727.5	5.75	715.0	5.75	12-13	Savills (Valuations) Pty Limited
Geelong	25.0	25.0	120.0	6.25	125.0	6.25	06-13	CB Richard Ellis Pty Limited
Helensvale	25.0	25.0	97.5	6.50	95.0	6.50	06-13	Savills (Valuations) Pty Limited
Hornsby	50.0	50.0	447.2	6.00	442.7	6.00	12-13	Knight Frank Valuations
Hurstville	25.0	25.0	135.0	7.00	145.0	7.00	06-13	Jones Lang LaSalle
Innaloo	50.0	50.0	137.0	7.00	133.5	7.00	12-13	Jones Lang LaSalle
Karrinyup[1]	–	16.7	–	–	103.3	6.00		
Knox	25.0	25.0	257.5	6.50	257.5	6.50	06-13	Cushman & Wakefield Inc
Kotara	50.0	50.0	355.0	6.25	354.0	6.25	12-13	CB Richard Ellis Pty Limited
Liverpool	25.0	25.0	225.0	6.25	220.0	6.25	12-13	Savills (Valuations) Pty Limited
Marion	25.0	25.0	295.0	5.90	287.5	5.90	12-13	CB Richard Ellis Pty Limited
Miranda[2]	25.0	25.0	346.5	5.75	345.7	5.75	06-12	CB Richard Ellis Pty Limited
Mt Druitt	25.0	25.0	118.7	7.00	116.2	7.00	12-13	CB Richard Ellis Pty Limited
Mt Gravatt[2]	50.0	50.0	459.4	6.00	457.5	6.00	06-12	Jones Lang LaSalle
North Lakes	25.0	25.0	116.3	6.25	108.8	6.25	12-13	CB Richard Ellis Pty Limited
North Rocks	50.0	50.0	61.5	7.25	59.2	7.50	12-13	Colliers International C&V Pty Limited
Parramatta	25.0	25.0	404.5	5.75	396.8	5.75	12-13	Knight Frank Valuations
Penrith	25.0	25.0	273.8	6.00	272.0	6.00	12-13	CB Richard Ellis Pty Limited
Plenty Valley	25.0	25.0	78.8	6.50	76.3	6.50	06-13	CB Richard Ellis Pty Limited
Southland	25.0	25.0	339.0	5.85	332.5	5.85	12-13	Knight Frank Valuations
Strathpine	50.0	50.0	137.5	7.25	141.0	7.25	06-13	Urbis Pty Ltd
Tea Tree Plaza	18.8	18.8	128.2	6.00	127.6	6.13	12-13	Knight Frank Valuations
Tuggerah	50.0	50.0	330.0	6.25	327.5	6.25	06-13	Colliers International C&V Pty Limited
Warrawong	50.0	50.0	93.5	8.00	95.0	8.00	06-13	Cushman & Wakefield Inc
Warringah Mall	25.0	25.0	287.5	6.00	280.8	6.00	06-13	Cushman & Wakefield Inc
West Lakes[3]	25.0	25.0	130.0	6.25	104.0	6.38	12-13	Savills (Valuations) Pty Limited
Westfield Sydney[4]	50.0	50.0	1,679.1	5.29	1,662.2	5.29	06-13	Cushman & Wakefield Inc
Whitford City	25.0	25.0	150.0	6.75	150.5	6.75	12-13	Jones Lang LaSalle
Woden	25.0	25.0	162.5	6.25	162.5	6.25	12-13	Cushman & Wakefield Inc
Total Australian portfolio			12,385.5	5.9	12,235.2	5.9		
Consolidated[5]			6,571.7		6,405.4			
Equity accounted[6]			5,813.8		5,829.8			
Total Australian portfolio			12,385.5		12,235.2			

1 On 10 September 2013, the Trust sold its interest in Karrinyup.

2 Centre currently under redevelopment.

3 Development completed during the year.

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

5 Centres which are between 20% – 50% held directly and jointly as tenants in common are treated as joint operations. All interests in the assets and all the liabilities, obligations, costs and expenses of the assets are shared by the parties to the joint operations based on the respective percentage ownership of each of the parties. The allocation of revenue and expenses is based on the respective percentage ownership of each of the parties.

6 Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12(b): DETAILS OF SHOPPING CENTRE INVESTMENTS – NEW ZEALAND

New Zealand shopping centres	Ownership interest 31 Dec 13 %	Ownership interest 31 Dec 12 %	Fair value 31 Dec 13 NZ$million	Estimated yield 31 Dec 13 %	Fair value 31 Dec 12 NZ$million	Estimated yield 31 Dec 12 %	Latest independent valuation date	Valuer
Albany	50.0	50.0	217.0	6.50	207.5	6.75	12-13	Colliers International New Zealand Limited
Chartwell	50.0	50.0	87.5	8.25	87.0	8.50	12-13	Colliers International New Zealand Limited
Glenfield	50.0	50.0	53.0	8.38	52.5	8.50	12-13	Colliers International New Zealand Limited
Manukau	50.0	50.0	167.8	7.63	168.8	7.63	12-13	CB Richard Ellis Limited
Newmarket	50.0	50.0	124.5	7.13	122.5	7.25	06-13	Colliers International New Zealand Limited
Queensgate	50.0	50.0	156.0	7.25	157.5	7.25	06-13	CB Richard Ellis Limited
Riccarton	50.0	50.0	235.0	7.50	215.0	8.00	06-13	CB Richard Ellis Limited
St Lukes	50.0	50.0	223.5	6.88	236.1	6.88	12-13	CB Richard Ellis Limited
West City	50.0	50.0	90.5	8.38	92.0	8.38	06-13	Colliers International New Zealand Limited
Total New Zealand portfolio			1,354.8	7.3	1,338.9	7.5		
Exchange rate			1.0869		1.2613			
Total New Zealand portfolio in A$million			1,246.5		1,061.6			
Equity accounted[1]			1,246.5		1,061.6			
Total New Zealand portfolio			1,246.5		1,061.6			

1 Centres held through a separate vehicle with joint control are treated as a joint venture and accounted for under the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: DETAILS OF EQUITY ACCOUNTED INVESTMENTS

(a) Equity accounted entities' economic interest

Name of investments[1]	Type of equity	Balance date	Economic interest 31 Dec 13 %	Economic interest 31 Dec 12 %
Australian investments[2]				
Bondi Junction	Trust units	31 Dec	50.0	50.0
Chatswood	Trust units	31 Dec	50.0	50.0
Doncaster	Trust units	31 Dec	25.0	25.0
Fountain Gate	Trust units	31 Dec	50.0	50.0
Hornsby	Trust units	31 Dec	50.0	50.0
Karrinyup[3,4]	Trust units	30 Jun	–	16.7
Knox	Trust units	31 Dec	25.0	25.0
Kotara	Trust units	31 Dec	50.0	50.0
Mt Druitt[4]	Trust units	30 Jun	25.0	25.0
Mt Gravatt	Trust units	31 Dec	50.0	50.0
North Rocks	Trust units	31 Dec	50.0	50.0
Southland[4]	Trust units	30 Jun	25.0	25.0
Sydney Central Plaza	Trust units	31 Dec	50.0	50.0
Tea Tree Plaza[4]	Trust units	30 Jun	18.8	18.8
Tuggerah	Trust units	31 Dec	50.0	50.0
Warringah Mall	Trust units	31 Dec	25.0	25.0
New Zealand investments[2]				
Albany	Shares	31 Dec	50.0	50.0
Chartwell	Shares	31 Dec	50.0	50.0
Glenfield	Shares	31 Dec	50.0	50.0
Manukau	Shares	31 Dec	50.0	50.0
Newmarket	Shares	31 Dec	50.0	50.0
Queensgate	Shares	31 Dec	50.0	50.0
Riccarton	Shares	31 Dec	50.0	50.0
St Lukes	Shares	31 Dec	50.0	50.0
West City	Shares	31 Dec	50.0	50.0

1 Details of the entities in respect of these investments are provided in Note 45.

2 All equity accounted property partnerships, trusts and companies operate solely as retail property investors.

3 On 10 September 2013, the Trust sold its interest in Karrinyup.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(b) Details of Westfield Retail Trust's aggregate share of equity accounted entities' after tax profit

	Australia		New Zealand		Total	
	31 Dec 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million
Shopping centre rent and other property income	451.7	448.5	126.8	127.1	578.5	575.6
Amortisation of tenant allowances	(9.2)	(9.0)	(1.8)	(1.6)	(11.0)	(10.6)
Property revenue	442.5	439.5	125.0	125.5	567.5	565.0
Interest income	0.7	0.6	0.2	0.2	0.9	0.8
Revenue	443.2	440.1	125.2	125.7	568.4	565.8
Property expenses, outgoings and other costs	(120.7)	(115.0)	(34.5)	(35.1)	(155.2)	(150.1)
Capital transactions and related costs	18.9	0.5	0.7	1.0	19.6	1.5
Net fair value loss on interest rate hedges that do not qualify for hedge accounting	–	(0.2)	–	–	–	(0.2)
Financing costs	(0.4)	(1.4)	(0.3)	(0.5)	(0.7)	(1.9)
Expenses	(102.2)	(116.1)	(34.1)	(34.6)	(136.3)	(150.7)
Share of profit from equity accounted entities before property revaluations and tax expense	341.0	324.0	91.1	91.1	432.1	415.1
Property revaluations	45.7	204.2	14.1	3.6	59.8	207.8
Share of profit before tax of equity accounted entities	386.7	528.2	105.2	94.7	491.9	622.9
Tax expense						
– Current – underlying tax	–	–	(14.6)	(14.9)	(14.6)	(14.9)
– Deferred tax	–	–	(6.3)	(1.9)	(6.3)	(1.9)
Share of after tax profit of equity accounted entities	386.7	528.2	84.3	77.9	471.0	606.1

(c) Details of Westfield Retail Trust's aggregate share of equity accounted entities' comprehensive income

Share of after tax profit of equity accounted entities	386.7	528.2	84.3	77.9	471.0	606.1
Other comprehensive income	–	–	82.3	21.7	82.3	21.7
Share of total comprehensive income of equity accounted entities	386.7	528.2	166.6	99.6	553.3	627.8

(d) Details of Westfield Retail Trust's aggregate share of equity accounted entities' assets and liabilities

		Australia		New Zealand[1]		Total	
	Note	31 Dec 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million
Cash and cash equivalents		16.5	21.3	4.8	3.1	21.3	24.4
Receivables		14.0	8.1	–	–	14.0	8.1
Shopping centre investments	12	5,813.8	5,829.8	1,246.5	1,061.6	7,060.3	6,891.4
Development projects and construction in progress		88.9	23.6	53.2	44.1	142.1	67.7
Other assets		2.5	6.3	0.4	0.3	2.9	6.6
Total assets		5,935.7	5,889.1	1,304.9	1,109.1	7,240.6	6,998.2
Payables		(82.6)	(63.8)	(37.9)	(30.1)	(120.5)	(93.9)
Tax payable		–	–	(6.5)	(5.6)	(6.5)	(5.6)
Interest bearing liabilities – finance leases		(6.8)	(6.5)	(15.4)	(13.3)	(22.2)	(19.8)
Deferred tax liabilities		–	–	(106.2)	(87.2)	(106.2)	(87.2)
Total liabilities		(89.4)	(70.3)	(166.0)	(136.2)	(255.4)	(206.5)
Net assets		5,846.3	5,818.8	1,138.9	972.9	6,985.2	6,791.7

1 The Trust's investment in its New Zealand equity accounted entities is represented by equity of $615.2 million (31 December 2012: $527.6 million) and long term loans of $523.7 million (31 December 2012: $445.3 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
(e) Equity accounted entities' tax expense		
Current – underlying tax	(14.6)	(14.9)
Deferred tax	(6.3)	(1.9)
	(20.9)	(16.8)
The prima facie tax on profit before tax is reconciled to the income tax expense provided in the financial statements as follows:		
Profit before income tax	491.9	622.9
Prima facie tax expense at 30%	(147.6)	(186.9)
Australian trust income not assessable	102.3	97.2
Property revaluations not assessable	17.9	62.3
Differential on tax rates on New Zealand foreign income	1.8	1.9
Tax on intra-group transactions	5.5	6.3
Prior year (under)/over provision	(0.8)	1.5
Other items	(0.1)	0.9
Tax expense	(20.9)	(16.8)

	Committed financing facilities 31 Dec 13 $million	Total interest bearing liabilities 31 Dec 13 $million	Committed financing facilities 31 Dec 12 $million	Total interest bearing liabilities 31 Dec 12 $million
(f) Summary of equity accounted entities' financing facilities and interest bearing liabilities				
Finance leases	22.2	22.2	19.8	19.8
	22.2	22.2	19.8	19.8
Interest bearing liabilities – current	0.1	0.1	0.1	0.1
Interest bearing liabilities – non current	22.1	22.1	19.7	19.7
	22.2	22.2	19.8	19.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 13: DETAILS OF EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
(g) Details of Westfield Retail Trust's aggregate share of equity accounted entities' operating lease receivables		
Future minimum rental revenues under non cancellable operating retail property leases:		
Due within one year	398.8	402.0
Due between one and five year(s)	943.2	983.3
Due after five years	633.4	666.8
	1,975.4	2,052.1
(h) Details of Westfield Retail Trust's aggregate share of equity accounted entities' capital expenditure commitments		
Estimated capital expenditure commitments in relation to development projects:		
Due within one year	139.2	7.5
	139.2	7.5
(i) Details of Westfield Retail Trust's aggregate share of equity accounted entities' contingent liabilities		
Performance guarantees	3.1	3.2
	3.1	3.2
(j) Details of Westfield Retail Trust's aggregate share of equity accounted entities' capital transactions and related costs		
Asset sales and related capital costs		
– Proceeds from asset sales	133.4	647.0
– Less: carrying value of assets sold and related capital costs	(113.8)	(643.0)
Net fair value loss on the termination of surplus interest rate swaps upon repayment of interest bearing liabilities with the proceeds from asset sales	–	(2.5)
	19.6	1.5

NOTE 14: PAYABLES AND OTHER CREDITORS

	31 Dec 13 $million	31 Dec 12 $million
Current		
Payables and other creditors	83.3	60.3
Employee benefits	3.9	3.6
	87.2	63.9
Non current		
Employee benefits	2.2	1.8
	2.2	1.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15: INTEREST BEARING LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Current		
Unsecured – interest bearing liabilities		
Commercial paper[1]	245.9	–
Finance leases	0.2	0.2
	246.1	0.2
Non current		
Unsecured – interest bearing liabilities		
Bank loans[2]		
– A$ denominated	527.0	1,248.6
– NZ$ denominated	519.6	440.7
Notes payable		
– A$ denominated[3]	1,080.0	1,080.0
– € denominated[4]	771.1	–
Finance leases	5.0	2.9
	2,902.7	2,772.2
Total interest bearing liabilities	3,148.8	2,772.4

1 The Trust's commercial paper program is backed by the Trust's non current unsecured bank loans.

2 These instruments are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial requirements. Refer to Note 33. The bank facilities are unsecured, interest only floating rate facilities.

3 Notes payable – A$ denominated

As at 31 December 2013, Guaranteed Notes of A$1,080.0 million (31 December 2012: A$1,080.0 million) were on issue in the Australian bond market. The issues comprised $800.0 million, $150.0 million and $30.0 million (31 December 2012: $800.0 million, $150.0 million and $30.0 million) of fixed rate notes maturing in 2016, 2019 and 2022 respectively, and $100.0 million (31 December 2012: $100.0 million) of floating rate notes maturing in 2016. These notes are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial requirements.

4 Notes payable – € denominated

Guaranteed Notes of €500.0 million were issued in the European bond market. The issue comprised €500.0 million of fixed rate notes maturing in 2023. These notes are subject to negative pledge arrangements which require the Trust to comply with certain minimum financial requirements.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 15: INTEREST BEARING LIABILITIES (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
(a) Financing facilities		
Committed financing facilities available to Westfield Retail Trust:		
Total financing facilities at the end of the year	3,763.3	3,461.6
Amounts drawn	(3,148.8)	(2,772.4)
Available financing facilities[1]	614.5	689.2
Cash and cash equivalents	21.4	17.1
Financing resources available at the end of the year	635.9	706.3

1 Total available financing facilities at the end of the financial year of $614.5 million (31 December 2012: $689.2 million) are in excess of the Trust's net current liabilities of $316.7 million (31 December 2012: $55.3 million). Net current liabilities comprise current assets less current liabilities.

These facilities comprise fixed and floating rate notes and unsecured interest only floating rate facilities. Certain facilities are also subject to negative pledge arrangements which require the Trust to comply with certain minimum financial requirements.

	Committed financing facilities 31 Dec 13 $million	Total interest bearing liabilities 31 Dec 13 $million	Committed financing facilities 31 Dec 12 $million	Total interest bearing liabilities 31 Dec 12 $million
(b) Summary of maturity and amortisation profile of consolidated financing facilities and interest bearing liabilities				
Year ending 31 December 2013	–	–	0.2	0.2
Year ending 31 December 2014	0.2	246.1	278.5	278.5
Year ending 31 December 2015	0.2	0.2	600.1	508.8
Year ending 31 December 2016	1,382.2	1,354.9	1,450.1	1,398.9
Year ending 31 December 2017	700.3	492.1	375.0	203.5
Year ending 31 December 2018	400.3	0.3	575.0	200.0
Due thereafter	1,280.1	1,055.2	182.7	182.5
	3,763.3	3,148.8	3,461.6	2,772.4

NOTE 16: DERIVATIVE LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Current		
Payables on currency derivatives	1.6	–
Payables on interest rate derivatives	0.1	0.1
	1.7	0.1
Non current		
Payables on interest rate derivatives	32.3	48.0
	32.3	48.0

The Trust presents the fair value of its derivative assets and derivative liabilities on a gross basis. However, certain derivative assets and liabilities are subject to legally enforceable master netting arrangements. As at 31 December 2013, when these netting arrangements are applied to the derivative portfolio, the derivative liabilities of $34.0 million are reduced by $27.4 million to the net amount of $6.6 million (31 December 2012: netting arrangements have no impact on the derivative liabilities disclosed above).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 17: CONTRIBUTED EQUITY

	31 Dec 13 Securities	31 Dec 12 Securities
(a) Number of stapled securities on issue		
Balance at the beginning of the period	3,046,106,477	3,054,166,195
Buy-back and cancellation of stapled securities	(66,892,448)	(8,059,718)
Balance at the end of the period	2,979,214,029	3,046,106,477

Holders of stapled securities in WRT1 and WRT2 have the right to receive declared distributions and, in the event of winding up of WRT1 and WRT2, 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 in accordance with the Corporations Act, either in person or by proxy, at a meeting of either WRT1 and WRT2 (as the case may be). The stapled securities have no par value.

	31 Dec 13 $million	31 Dec 12 $million
(b) Amount of contributed equity		
Westfield Retail Trust 1	9,010.2	9,212.4
Westfield Retail Trust 2	11.2	11.6
Westfield Retail Trust	9,021.4	9,224.0
Movements in contributed equity attributable to Westfield Retail Trust		
Balance at the beginning of the period	9,224.0	9,248.0
Buy-back and cancellation of stapled securities	(202.4)	(24.0)
Costs associated with the buy-back of stapled securities	(0.2)	–
Balance at the end of the period	9,021.4	9,224.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 18: SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES

(a) Executive Deferred Award Plan (Trust Plan)[1,2] – Cash settled

	31 Dec 13 Number of award securities	31 Dec 12 Number of award securities
Movements in award securities		
Balance at the beginning of the period	1,203,411	540,797
Awards issued[3]	591,129	621,574
Distribution reinvested as awards[3]	82,461	41,040
Awards exercised	(320,209)	–
Awards forfeited	–	–
Balance at the end of the period	1,556,792	1,203,411

Vesting profile	31 Dec 13 Fair value granted $	31 Dec 13 Number of award securities	31 Dec 12 Fair value granted $	31 Dec 12 Number of award securities
2013	–	–	739,683	320,209
2014	1,102,639	528,322	1,050,618	503,069
2015	494,125	249,959	476,528	240,794
2016	1,738,554	778,511	248,023	139,339
	3,335,318	1,556,792	2,514,852	1,203,411

1 The Trust Plan is a plan in which senior management participates. The fair value of the Trust Plan is measured at each reporting date using inputs that include the number of employees remaining in service, the volume weighted average of the Trust security prices and the distribution policy during the vesting period. Details regarding the Trust Plan are contained in section 7 of the Directors' Report.

2 As outlined in section 7 of the Directors' Report, certain performance hurdles must be met in order for participants to be entitled to rights under the Trust Plan. The application of graduated scaling for entitlement to rights during the year resulted in participants receiving 100% of the targeted number of rights.

3 Following the Board approval of the 2012 awards plan, the awards granted in 2012 were adjusted to reflect the notional reinvestment of distributions as disclosed in Section 7.6.1 of the Directors' Report.

The senior management team of the Trust participates in the Trust Plan. The fair value of awards issued under the Trust Plan is measured at each grant date using a Black-Scholes option pricing model. The inputs include the Trust's 10 day volume weighted average security price prior to the grant date, the risk free interest rate, expected volatility and expected distribution yield during the vesting period. Expected volatility is based on the historical security price volatility since listing. Other vesting conditions are detailed in section 7 of the Directors' Report. Vesting conditions such as number of employees remaining in service are taken into account in determining the total amortisation for each reporting period. In calculating the Black-Scholes' value of rights granted, it has been assumed that the hurdle conditions are met and consequently, the value of the option is not reduced to reflect the hurdle conditions. The terms of the Trust Plan are described in section 7 of the Directors' Report.

Accounting for cash settled share based payments

The accounts of the Trust and the remuneration disclosures in the financial report disclose the full liability to securityholders of the grant of awards under the Trust Plan, and not simply the amortisation of the nominal amount of the grant when originally made.

At the date of granting an award, the nominal value of the award is adjusted for anticipated increases in the value of that award over its life. Assumptions regarding both future distributions and security price increases are made for the purposes of estimating the Trust's future liability with respect to each award. The estimated future liability is then amortised over the life of the award. At the end of each accounting period, the awards are adjusted to fair market value and any gains and losses are amortised over the remaining life of the awards.

During the year, $1,922,958 (31 December 2012: $1,377,300) was charged to the income statement as gross amortisation in respect of cash settled share based payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 18: SHARE BASED PAYMENTS AND OTHER LONG TERM INCENTIVES (CONTINUED)

(b) Other long term incentives

The Trust was established in late 2010 and at this time key members of the Trust's senior management team joined the Trust from Westfield Group. These employees had, prior to their resignation from Westfield Group, been entitled to long term benefits under the Westfield Group Executive Deferred Award Plan (**Westfield Group Securities**). The Trust agreed to continue with the pre-existing arrangements with respect to those Westfield Group Securities granted as at 31 December 2010. As a result of that commitment, Westfield Group agreed to make a cash payment of $2,366,384 to the Trust, representing the total amount earned and not yet vested in relation to the Westfield Group Securities at that time. The terms of the securities are similar to those of the Trust Plan which are described in section 7 of the Directors' Report.

	31 Dec 13 Number of award securities	31 Dec 12 Number of award securities
Movements in Westfield Group Securities		
Balance at the beginning of the period	104,674	241,797
Rights issued	–	–
Distribution reinvested as awards	–	–
Rights exercised	(68,441)	(137,123)
Rights forfeited	–	–
Balance at the end of the period	36,233	104,674

Vesting profile	31 Dec 13 Cumulative value granted $	31 Dec 13 Number of award securities	31 Dec 12 Cumulative value granted $	31 Dec 12 Number of award securities
2013	–	–	655,665	68,441
2014	347,016	36,223	347,016	36,233
	347,016	36,223	1,002,681	104,674

Accounting for long term incentives

The accounts of the Trust and the remuneration disclosures in the financial report disclose the full liability to members for the long term incentives.

During the year, $250,562 (31 December 2012: $884,970) was recognised as an expense in the income statement as gross amortisation in respect of Westfield Group Securities' benefits.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million
NOTE 19: RESERVES		
Westfield Retail Trust 1	100.0	17.7
Westfield Retail Trust 2	–	–
Westfield Retail Trust	100.0	17.7
Reserves as at 31 December 2013 comprise the foreign currency translation reserve.		
Movements in foreign currency translation reserve		
The foreign currency translation reserve is to record net exchange differences arising from the translation of the net investments, including qualifying hedges, in foreign controlled and equity accounted entities.		
Balance at the beginning of the period	17.7	(4.0)
Foreign exchange movement		
– Net exchange differences on translation of foreign operations	87.8	21.7
– Derecognition of accumulated exchange differences on realisation of net investment in foreign operations	(5.5)	–
Balance at the end of the period	100.0	17.7
NOTE 20: RETAINED PROFITS		
Westfield Retail Trust 1	1,343.0	1,157.6
Westfield Retail Trust 2	10.9	5.9
Westfield Retail Trust	1,353.9	1,163.5
Movements in retained profits		
Balance at the beginning of the period	1,163.5	871.7
Profit after tax for the period	777.1	830.8
Distributions paid	(586.7)	(539.0)
Balance at the end of the period	1,353.9	1,163.5
NOTE 21: CASH AND CASH EQUIVALENTS		
(a) Components of cash and cash equivalents		
Cash	21.4	17.1
Bank overdrafts	–	–
Total cash and cash equivalents	21.4	17.1
(b) Reconciliation of profit after tax to net cash flows from operating activities		
Profit after tax for the period	777.1	830.8
Property revaluations including equity accounted property revaluations	(163.6)	(292.7)
Share of equity accounted entities' profit after tax in excess of distribution	(64.8)	(37.6)
Net fair value currency gain	(1.1)	–
Financing costs	147.1	197.4
Interest income	(1.3)	(1.1)
Interest received from equity accounted entities	19.5	24.3
Amortisation of tenant allowances	9.1	8.2
Change in working capital attributable to operating activities	12.4	6.5
Net cash flows from operating activities	734.4	735.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22: DISTRIBUTIONS

	31 Dec 13 $million	31 Dec 12 $million
(a) Final distributions payable or paid		
Distributions in respect of the period from 1 July 2013 to 31 December 2013 to be paid on 28 February 2014		
Westfield Retail Trust 1: 9.635 cents per unit, 20% estimated tax deferred	287.1	–
Westfield Retail Trust 2: 0.290 cents per unit, 100% franked	8.6	–
Distributions in respect of the period from 1 July 2012 to 31 December 2012 paid on 28 February 2013		
Westfield Retail Trust 1: 9.50 cents per unit, 5% tax deferred and 3.6% capital gains tax concession	–	289.4
Westfield Retail Trust 2: nil cents per unit	–	–
Westfield Retail Trust: 9.925 cents (31 December 2012: 9.50 cents) per stapled security	295.7	289.4

The final distributions of 9.925 cents per stapled security are to be paid on 28 February 2014. The record date for the final distributions was 5pm, 13 February 2014.

	31 Dec 13 $million	31 Dec 12 $million
(b) Distributions paid during the period		
Distributions in respect of the period from 1 January 2013 to 30 June 2013 paid on 30 August 2013		
Westfield Retail Trust 1: 9.925 cents per unit, 20% estimated tax deferred	297.3	–
Westfield Retail Trust 2: nil cents per unit	–	–
Distributions in respect of the period from 1 July 2012 to 31 December 2012 paid on 28 February 2013		
Westfield Retail Trust 1: 9.50 cents per unit, 5% tax deferred and 3.6% capital gains tax concession	289.4	–
Westfield Retail Trust 2: nil cents per unit	–	–
Distributions in respect of the period from 1 January 2012 to 30 June 2012 paid on 31 August 2012		
Westfield Retail Trust 1: 9.25 cents per unit, 5% tax deferred and 3.6% capital gains tax concession	–	282.5
Westfield Retail Trust 2: nil cents per unit	–	–
Distributions in respect of the period from 1 July 2011 to 31 December 2011 paid on 29 February 2012		
Westfield Retail Trust 1: 8.25 cents per unit, 28% tax deferred	–	252.0
Westfield Retail Trust 2: 0.15 cents per unit, 11% franked	–	4.5
	586.7	539.0

NOTE 23: NET TANGIBLE ASSET BACKING

	$	$
Net tangible asset backing per stapled security	3.52	3.42

Net tangible asset backing per stapled security is calculated by dividing total equity attributable to securityholders of the Trust by the number of stapled securities on issue. The number of stapled securities used in the calculation of net tangible asset backing is 2,979,214,029 (31 December 2012: 3,046,106,477).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	31 Dec 13 $million	31 Dec 12 $million

NOTE 24: OPERATING LEASE RECEIVABLES

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

	31 Dec 13 $million	31 Dec 12 $million
Future minimum rental revenues under non cancellable operating retail property leases:		
Due within one year	384.4	380.1
Due between one and five year(s)	1,004.9	1,057.8
Due after five years	588.5	669.0
	1,977.8	2,106.9

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

	31 Dec 13 $million	31 Dec 12 $million

NOTE 25: CAPITAL EXPENDITURE COMMITMENTS

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

	31 Dec 13 $million	31 Dec 12 $million
Due within one year	74.2	34.4
Due between one and five year(s)	19.0	–
	93.2	34.4

NOTE 26: CONTINGENT LIABILITIES

	31 Dec 13 $million	31 Dec 12 $million
Performance guarantees and other[1]	1.6	1.6
	1.6	1.6

1 Contingent liabilities in respect of equity accounted entities are set out in Note 13(i).

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

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

NOTE 27: SEGMENT REPORTING

Geographic segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 27: SEGMENT REPORTING (CONTINUED)

(a) Income and expenses – current period

For the year ended 31 December 2013	Australia $million	New Zealand $million	Total $million
Revenue			
Property revenue	976.8	125.0	1,101.8
	976.8	125.0	1,101.8
Expenses			
Property expenses, outgoings and other costs	(268.3)	(34.5)	(302.8)
Corporate costs	(36.1)	–	(36.1)
	(304.4)	(34.5)	(338.9)
Segment result	672.4	90.5	762.9
Segment revaluations			
Property revaluations – consolidated	103.8	–	103.8
Property revaluations – equity accounted	45.7	14.1	59.8
	149.5	14.1	163.6
	821.9	104.6	926.5
Interest income			2.2
Currency loss			(0.1)
Financing costs			(147.8)
Tax expense – current – underlying tax			(17.0)
Tax expense – deferred tax			(6.3)
Capital transactions and related costs			19.6
Profit after tax attributable to securityholders of Westfield Retail Trust			777.1

(b) Assets and liabilities – current period

31 December 2013	Australia $million	New Zealand $million	Total $million
Cash and cash equivalents	36.0	6.7	42.7
Trade debtors and receivables	46.2	–	46.2
Shopping centre investments	12,385.5	1,246.5	13,632.0
Development projects and construction in progress	193.8	53.2	247.0
Deferred tax assets	0.5	–	0.5
Other assets	78.4	1.1	79.5
Total segment assets	12,740.4	1,307.5	14,047.9
Trade creditors, payables and other creditors	(212.3)	(41.2)	(253.5)
Interest bearing liabilities – excluding finance lease liabilities	(2,624.0)	(519.6)	(3,143.6)
Interest bearing liabilities – finance lease liabilities	(12.0)	(15.4)	(27.4)
Deferred tax liabilities	–	(106.2)	(106.2)
Other liabilities	(35.4)	(6.5)	(41.9)
Total segment liabilities	(2,883.7)	(688.9)	(3,572.6)
Total segment net assets	9,856.7	618.6	10,475.3
Equity accounted entities' assets included in segment assets	5,935.7	1,304.9	7,240.6
Equity accounted entities' liabilities included in segment liabilities	(89.4)	(166.0)	(255.4)
Additions to segment non current assets	198.2	11.1	209.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 27: SEGMENT REPORTING (CONTINUED)

(c) Reconciliation of segment results – current period

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

For the year ended 31 December 2013	Consolidated $million	Equity accounted $million	Total $million
Revenue			
Property revenue	534.3	567.5	1,101.8
	534.3	567.5	1,101.8
Expenses			
Property expenses, outgoings and other costs	(147.6)	(155.2)	(302.8)
Corporate costs	(36.1)	–	(36.1)
	(183.7)	(155.2)	(338.9)
Segment result	350.6	412.3	762.9
Segment revaluations			
Property revaluations	103.8	59.8	163.6
	103.8	59.8	163.6
	454.4	472.1	926.5
Interest income	1.3	0.9	2.2
Currency loss	(0.1)	–	(0.1)
Financing costs	(147.1)	(0.7)	(147.8)
Tax expense – current – underlying tax	(2.4)	(14.6)	(17.0)
Tax expense – deferred tax	–	(6.3)	(6.3)
Capital transactions and related costs	–	19.6	19.6
Profit after tax for the period attributable to securityholders of Westfield Retail Trust	306.1	471.0	777.1

31 December 2013	Consolidated $million	Equity accounted $million	Total $million
Cash and cash equivalents	21.4	21.3	42.7
Trade debtors and receivables	32.2	14.0	46.2
Shopping centre investments	6,571.7	7,060.3	13,632.0
Development projects and construction in progress	104.9	142.1	247.0
Deferred tax assets	0.5	–	0.5
Other assets	76.6	2.9	79.5
Total segment assets	6,807.3	7,240.6	14,047.9
Trade creditors, payables and other creditors	(133.0)	(120.5)	(253.5)
Interest bearing liabilities – excluding finance lease liabilities	(3,143.6)	–	(3,143.6)
Interest bearing liabilities – finance lease liabilities	(5.2)	(22.2)	(27.4)
Deferred tax liabilities	–	(106.2)	(106.2)
Other liabilities	(35.4)	(6.5)	(41.9)
Total segment liabilities	(3,317.2)	(255.4)	(3,572.6)
Total segment net assets	3,490.1	6,985.2	10,475.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 27: SEGMENT REPORTING (CONTINUED)

(d) Income and expenses – prior period

For the year ended 31 December 2012	Australia $million	New Zealand $million	Total $million
Revenue			
Property revenue	954.1	125.5	1,079.6
	954.1	125.5	1,079.6
Expenses			
Property expenses, outgoings and other costs	(254.6)	(35.1)	(289.7)
Corporate costs	(37.1)	–	(37.1)
	(291.7)	(35.1)	(326.8)
Segment result	662.4	90.4	752.8
Segment revaluations			
Property revaluations – consolidated	84.9	–	84.9
Property revaluations – equity accounted	204.2	3.6	207.8
	289.1	3.6	292.7
	951.5	94.0	1,045.5
Interest income			1.9
Financing costs			(199.5)
Tax expense – current – underlying tax			(16.7)
Tax expense – deferred tax			(1.9)
Capital transactions and related costs			1.5
Profit after tax for the period attributable to securityholders of Westfield Retail Trust			830.8

(e) Assets and liabilities – prior period

31 December 2012	Australia $million	New Zealand $million	Total $million
Cash and cash equivalents	38.3	3.2	41.5
Trade debtors and receivables	34.8	–	34.8
Shopping centre investments	12,235.2	1,061.6	13,296.8
Development projects and construction in progress	100.3	44.1	144.4
Deferred tax assets	0.6	–	0.6
Other assets	24.5	3.0	27.5
Total segment assets	12,433.7	1,111.9	13,545.6
Trade creditors, payables and other creditors	(169.4)	(35.8)	(205.2)
Interest bearing liabilities – excluding finance lease liabilities	(2,330.3)	(439.0)	(2,769.3)
Interest bearing liabilities – finance lease liabilities	(9.6)	(13.3)	(22.9)
Deferred tax liabilities	–	(87.2)	(87.2)
Other liabilities	(50.2)	(5.6)	(55.8)
Total segment liabilities	(2,559.5)	(580.9)	(3,140.4)
Total segment net assets	9,874.2	531.0	10,405.2
Equity accounted entities' assets included in segment assets	5,889.1	1,109.1	6,998.2
Equity accounted entities' liabilities included in segment liabilities	(70.3)	(136.2)	(206.5)
Additions to segment non current assets	673.1	8.7	681.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 27: SEGMENT REPORTING (CONTINUED)

(f) Reconciliation of segment results – prior period

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

For the year ended 31 December 2012	Consolidated $million	Equity accounted $million	Total $million
Revenue			
Property revenue	514.6	565.0	1,079.6
	514.6	565.0	1,079.6
Expenses			
Property expenses, outgoings and other costs	(139.6)	(150.1)	(289.7)
Corporate costs	(37.1)	–	(37.1)
	(176.7)	(150.1)	(326.8)
Segment result	337.9	414.9	752.8
Segment revaluations			
Property revaluations	84.9	207.8	292.7
	84.9	207.8	292.7
	422.8	622.7	1,045.5
Interest income	1.1	0.8	1.9
Financing costs	(197.4)	(2.1)	(199.5)
Tax expense – current – underlying tax	(1.8)	(14.9)	(16.7)
Tax expense – deferred tax	–	(1.9)	(1.9)
Capital transactions and related costs	–	1.5	1.5
Profit after tax for the period attributable to securityholders of Westfield Retail Trust	224.7	606.1	830.8

31 December 2012	Consolidated $million	Equity accounted $million	Total $million
Cash and cash equivalents	17.1	24.4	41.5
Trade debtors and receivables	26.7	8.1	34.8
Shopping centre investments	6,405.4	6,891.4	13,296.8
Development projects and construction in progress	76.7	67.7	144.4
Deferred tax assets	0.6	–	0.6
Other assets	20.9	6.6	27.5
Total segment assets	6,547.4	6,998.2	13,545.6
Trade creditors, payables and other creditors	(111.3)	(93.9)	(205.2)
Interest bearing liabilities – excluding finance lease liabilities	(2,769.3)	–	(2,769.3)
Interest bearing liabilities – finance lease liabilities	(3.1)	(19.8)	(22.9)
Deferred tax liabilities	–	(87.2)	(87.2)
Other liabilities	(50.2)	(5.6)	(55.8)
Total segment liabilities	(2,933.9)	(206.5)	(3,140.4)
Total segment net assets	3,613.5	6,791.7	10,405.2

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 28: CAPITAL RISK MANAGEMENT

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

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

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

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

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

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

NOTE 29: FINANCIAL RISK MANAGEMENT

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

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

The Trust's treasury risk management policies are established to identify and analyse the risks faced by the Trust, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Trust's activities.

The Trust has an established Board approved risk management framework including policies, procedures, limits and allowed types of derivative financial instruments. The Board has appointed a Treasury Risk Management Committee (**TRMC**) to assist in the monitoring and implementation of the framework. The TRMC comprises the Managing Director, the Chief Financial Officer and a nominated director of the Board. The Board has also delegated its responsibility for monitoring business enterprise risk to the Audit and Risk Committee which comprises three independent Directors. The charter of the Audit and Risk Committee is available at *www.westfieldretailtrust.com*.

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

NOTE 30: INTEREST RATE RISK MANAGEMENT

The Trust is exposed to interest rate risk on its borrowings and derivative financial instruments. This risk is managed by the Trust by maintaining an appropriate mix between fixed and floating rate interest bearing liabilities. Fixed rate debt is achieved either through fixed rate debt funding or through the use of derivative financial instruments approved by the Board. The Trust uses other derivative instruments with embedded options such as callable swaps to manage the costs of debt funding. These instruments provide the Trust with a fixed interest rate for a period but are callable by the swap counterparty, and lower the Trust's cost of borrowings in exchange for a risk of the derivative ceasing to be a hedge in the event of being called by the counterparty. These activities are evaluated regularly to determine that the Trust is not exposed to interest rate movements that could adversely impact its ability to meet its financial obligations and to comply with its borrowing covenants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date

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

(i) Interest payable and receivable exposures

	Note	31 Dec 13 $million	31 Dec 12 $million
Principal amounts of all interest bearing liabilities:			
Current interest bearing liabilities	15	246.1	0.2
Non current interest bearing liabilities	15	2,902.7	2,772.2
Share of equity accounted entities' interest bearing liabilities	13(d)	22.2	19.8
Cross currency swaps			
– A$	31(i)	719.5	–
Principal amounts subject to interest rate payable exposure		3,890.5	2,792.2
Principal amounts of all interest bearing assets:			
Cross currency swaps			
– €500.0 million (31 December 2012: nil)	31(i)	771.1	–
Cash and cash equivalents	21(a)	21.4	17.1
Share of equity accounted entities' cash and cash equivalents	13(d)	21.3	24.4
Principal amounts subject to interest rate receivable exposure		813.8	41.5
Principal amounts of net interest bearing liabilities subject to interest rate payable exposure		3,076.7	2,750.7
Principal amounts of fixed interest rate liabilities:			
Fixed rate notes			
– A$	30(ii)	980.0	980.0
– €500.0 million (31 December 2012: nil)	30(ii)	771.1	–
Fixed rate derivatives			
– A$	30(ii)	1,428.0	1,178.0
– NZ$425.0 million (31 December 2012: NZ$415.0 million)	30(ii)	391.0	329.0
Interest rate caps			
– NZ$nil (31 December 2012: NZ$65.0 million)	30(iii)	–	51.5
Principal amounts on which interest rate payable exposure has been hedged		3,570.1	2,538.5
Principal amounts of fixed interest rate assets:			
Fixed rate derivatives			
– A$	30(ii)	150.0	150.0
– €500.0 million (31 December 2012: nil)	30(ii)	771.1	–
Principal amounts on which interest rate receivable exposure has been hedged		921.1	150.0
Principal amounts on which net interest rate payable exposure has been hedged		2,649.0	2,388.5

At 31 December 2013, the Trust had hedged 86% of its net interest payable exposure by way of fixed rate borrowings, interest rate swaps and cross currency swaps of varying durations. The remaining 14% was exposed to floating rates on a principal payable of $427.7 million, at an average interest rate of 3.87% per annum, including margin (31 December 2012: 87% hedged, with floating exposure of $362.2 million at an average interest rate of 4.33% per annum). Changes to derivatives due to interest rate movements are set out in Notes 30(ii) and 30(iii).

Interest rate sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of interest expense to changes in floating interest rates is as follows:	**Interest rate movement**	**(Increase)/decrease in interest expense**	
	-2.0%	8.6	7.2
	-1.0%	4.3	3.6
	-0.5%	2.1	1.8
	0.5%	(2.1)	(1.8)
	1.0%	(4.3)	(3.6)
	2.0%	(8.6)	(7.2)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

(ii) Fixed rate debt and interest rate swaps

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

	Interest rate swaps		Fixed rate borrowings		Interest rate swaps		Fixed rate borrowings	
Fixed rate debt and swaps contracted as at the reporting date and outstanding at	31 Dec 13 Notional principal amount million	31 Dec 13 Average rate	31 Dec 13 Principal amount million	31 Dec 13 Average rate including margin	31 Dec 12 Notional principal amount million	31 Dec 12 Average rate	31 Dec 12 Principal amount million	31 Dec 12 Average rate including margin
A$ payable								
31 December 2012	–	–	–	–	A$(1,178.0)	4.09%	A$(980.0)	6.61%
31 December 2013	A$(1,428.0)	3.79%	A$(980.0)	6.61%	A$(828.0)	4.11%	A$(980.0)	6.61%
31 December 2014	A$(1,278.0)	3.86%	A$(980.0)	6.61%	A$(678.0)	4.30%	A$(980.0)	6.61%
31 December 2015	A$(988.0)	3.81%	A$(980.0)	6.61%	A$(388.0)	4.49%	A$(980.0)	6.61%
31 December 2016	A$(938.0)	3.85%	A$(180.0)	5.13%	A$(338.0)	4.72%	A$(180.0)	5.13%
31 December 2017	A$(690.0)	3.96%	A$(180.0)	5.13%	A$(240.0)	4.94%	A$(180.0)	5.13%
31 December 2018	A$(240.0)	4.94%	A$(180.0)	5.13%	A$(240.0)	4.94%	A$(180.0)	5.13%
31 December 2019	A$(240.0)	4.94%	A$(30.0)	5.96%	A$(240.0)	4.94%	A$(30.0)	5.96%
31 December 2020	A$(240.0)	4.94%	A$(30.0)	5.96%	A$(240.0)	4.94%	A$(30.0)	5.96%
31 December 2021	–	–	A$(30.0)	5.96%	–	–	A$(30.0)	5.96%
NZ$ payable								
31 December 2012	–	–	–	–	NZ$(415.0)	3.86%	–	–
31 December 2013	NZ$(425.0)	3.99%	–	–	NZ$(365.0)	3.94%	–	–
31 December 2014	NZ$(310.0)	4.07%	–	–	NZ$(250.0)	4.03%	–	–
31 December 2015	NZ$(210.0)	4.25%	–	–	NZ$(150.0)	4.24%	–	–
31 December 2016	NZ$(115.0)	4.45%	–	–	NZ$(55.0)	4.66%	–	–
31 December 2017	NZ$(60.0)	4.26%	–	–	–	–	–	–
€ receivable/(payable)								
31 December 2013	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2014	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2015	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2016	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2017	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2018	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2019	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2020	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2021	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
31 December 2022	€500.0	3.21%	€(500.0)	3.21%	–	–	–	–
A$ receivable								
31 December 2012	–	–	–	–	A$150.0	3.05%	–	–
31 December 2013	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–
31 December 2014	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–
31 December 2015	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–
31 December 2016	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–
31 December 2017	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–
31 December 2018	A$150.0	3.05%	–	–	A$150.0	3.05%	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)

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

In addition to the above, the Trust has entered into callable swaps with aggregate notional principal of A$50.0 million, whereby floating rate payments are swapped to fixed rate payments at 2.24% per annum for the period until April 2018. The callable swap may be terminated by the counterparty at no cost on the 18th day of each month until April 2018.

The Trust's interest rate swaps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of financing costs. At 31 December 2013, the aggregate fair value is a net payable of $25.7 million (31 December 2012: $48.0 million). The change in fair value for the period ended 31 December 2013 was $22.3 million (31 December 2012: $19.9 million).

Fair value sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of fair value of interest rate swaps to changes in interest rates is as follows:	**Interest rate movement**	**(Increase)/decrease in interest expense**	
	-2.0%	(100.4)	(63.7)
	-1.0%	(48.9)	(30.5)
	-0.5%	(28.8)	(14.9)
	0.5%	30.1	14.1
	1.0%	49.0	27.8
	2.0%	95.2	54.3

All fixed rate borrowings are carried at amortised cost; therefore, increases or decreases arising from changes in fair value have not been recorded in these financial statements.

(iii) Interest rate caps

Notional principal of the Trust's consolidated and share of equity accounted entities' interest rate caps:

	Interest rate caps			
Interest rate caps contracted as at the reporting date and outstanding at	**31 Dec 13 Notional principal amount million**	**31 Dec 13 Average strike rate**	**31 Dec 12 Notional principal amount million**	**31 Dec 12 Average strike rate**
NZ$ payable				
31 December 2012	–	–	NZ$(65.0)	4.10%
31 December 2013	–	–	NZ$(65.0)	4.10%

The Trust's interest rate caps do not meet the accounting requirements to qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement as a component of financing costs. At 31 December 2013, the aggregate fair value is nil (31 December 2012: $0.1 million). The change in fair value for the period ended 31 December 2013 was $0.1 million (31 December 2012: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 30: INTEREST RATE RISK MANAGEMENT (CONTINUED)

Summary of interest rate positions at balance date (continued)
(iii) Interest rate caps (continued)

Fair value sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of fair value of interest rate caps to changes in interest rates is as follows:	**Interest rate movement**	**(Increase)/decrease in interest expense**	
	-2.0%	–	–
	-1.0%	–	–
	-0.5%	–	–
	0.5%	–	–
	1.0%	–	0.1
	2.0%	–	0.3

NOTE 31: EXCHANGE RATE RISK MANAGEMENT

The Trust is exposed to exchange rate risk on its foreign currency earnings, its distributions, its foreign currency denominated shopping centre assets and its other assets. The Trust manages these exposures by borrowing in foreign currencies.

Summary of foreign exchange balance sheet positions at balance date
The Trust's foreign exchange exposures at reporting date together with the foreign exchange risk management transactions which have been entered into to manage these exposures are as follows:

Foreign currency net investments	31 Dec 13 million	31 Dec 12 million
The Trust had floating currency exposure at reporting date of:		
New Zealand dollar		
NZ$ net assets	NZ$1,252.4	NZ$1,225.6
NZ$ bank loans	NZ$(581.4)	NZ$(555.8)
NZ$ denominated net assets	NZ$671.0	NZ$669.8
Euro		
€ fixed rate loans	€(500.0)	–
€ cross currency swaps	€500.0	–
€ denominated net assets	–	–

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

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

Foreign currency sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of NZ$ denominated net assets to changes in the year end A$/NZ$1.0869 exchange rate is as follows:	**A$/NZ$ currency movement**	**Gain/(loss) to foreign currency translation reserve**	
	-20 cents	139.2	100.1
	-10 cents	62.6	45.7
	-5 cents	29.8	21.9
	+5 cents	(27.2)	(20.2)
	+10 cents	(52.0)	(39.0)
	+20 cents	(95.9)	(72.7)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 31: EXCHANGE RATE RISK MANAGEMENT (CONTINUED)

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

(i) Foreign currency derivatives in respect of the Trust's foreign currency assets and liabilities

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

Cross currency swaps contracted as at the reporting date and outstanding at	Weighted average exchange rate 31 Dec 13	31 Dec 12	Amount receivable/(payable) 31 Dec 13 million	31 Dec 13 million	31 Dec 12 million	31 Dec 12 million
€						
Contracts to receive €[1] and pay A$						
31 December 2013	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2014	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2015	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2016	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2017	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2018	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2019	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2020	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2021	0.6949	–	€500.0	A$(719.5)	–	–
31 December 2022	0.6949	–	€500.0	A$(719.5)	–	–

1 The receivable € exposure is matched with a payable € exposure; therefore, the income statement is not affected by any movements in exchange rates in relation to these contracts.

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

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

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

Forward exchange contracts contracted as at the reporting date and maturing during the year ended	Weighted average exchange rate 31 Dec 13	31 Dec 12	Amount receivable/(payable) 31 Dec 13 million	31 Dec 13 million	31 Dec 12 million	31 Dec 12 million
NZ$						
Contracts to buy A$ and sell NZ$						
31 December 2014	1.1996	–	A$16.7	NZ$(20.0)	–	–

At 31 December 2013, none of the above forward exchange contracts qualify for hedge accounting treatment. Changes in fair value have been reflected in the income statement. At 31 December 2013, the aggregate fair value is a payable of $1.6 million (31 December 2012: nil). The change in fair value for the year ended 31 December 2013 was $1.6 million (31 December 2012: nil).

Foreign currency sensitivity		31 Dec 13 $million	31 Dec 12 $million
The sensitivity of forward exchange contracts to changes in the year end A$/NZ$1.0869 exchange rate is as follows:	**A$/NZ$ currency movement**	**Gain/(loss) to income statement**	
	- 20 cents	(4.0)	–
	- 10 cents	(1.8)	–
	- 5 cents	(0.8)	–
	+ 5 cents	0.8	–
	+ 10 cents	1.5	–
	+ 20 cents	2.8	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 32: CREDIT AND LIQUIDITY RISK MANAGEMENT

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Trust. The contractual obligations will generally be related to a counterparty who has:

- issued, accepted or endorsed a security in which the Trust has invested;
- accepted a deposit from the Trust; or
- entered into a hedging transaction with the Trust related to the management of interest rate and/or foreign exchange exposures.

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

At 31 December 2013, the aggregate credit risk in respect of cash and cash equivalents is $21.4 million (31 December 2012: $17.1 million).

At 31 December 2013, the aggregate credit risk in respect of derivative financial instruments is $55.6 million (31 December 2012: nil). In accordance with Trust policy, credit risk is spread among a number of creditworthy counterparties within specified limits. At 31 December 2013, the Trust had 96.7% of its aggregate credit risk spread over four counterparties each with a Standard & Poor's (**S&P**) long term rating of A+ or higher. The remainder was spread over counterparties each with less than 10% of the aggregate credit risk and with an S&P long term rating of A or higher.

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

Interest bearing liabilities, funding facilities and their maturity profiles, are set out in Note 15.

NOTE 33: FINANCIAL COVENANTS

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

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

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

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

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

At and during the years ended 31 December 2013 and 2012, the Trust was in compliance with all the above financial covenants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 34: INTEREST BEARING LIABILITIES, INTEREST AND DERIVATIVE CASH FLOW MATURITY PROFILE

	31 Dec 13 $million	31 Dec 12 $million
Interest bearing liabilities and interest		
Maturity profile of the principal amounts of current and non current interest bearing liabilities (refer to Note 15) together with the aggregate future estimated nominal interest thereon is set out below:		
Due within one year	(375.8)	(133.0)
Due between one and five year(s)	(2,161.6)	(2,729.5)
Due after five years	(1,183.2)	(403.6)
	(3,720.6)	(3,266.1)
Comprising:		
Principal amounts of current and non current interest bearing liabilities	(3,148.8)	(2,772.4)
Aggregate future estimated nominal interest	(571.8)	(493.7)
	(3,720.6)	(3,266.1)
Derivatives		
Maturity profile of the estimated impact of contracted derivative cash flows in respect of interest and currency is set out below:		
Due within one year	(27.4)	(8.6)
Due between one and five year(s)	(73.5)	(19.5)
Due after five years	3.1	(11.6)
	(97.8)	(39.7)

Contingent liabilities are set out in Note 26 and are not included in the amounts shown above.

NOTE 35: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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

	Fair value		Carrying amount	
	31 Dec 13 $million	31 Dec 12 $million	31 Dec 13 $million	31 Dec 12 $million
Consolidated assets				
Cash and cash equivalents	21.4	17.1	21.4	17.1
Trade debtors[1]	8.8	5.6	8.8	5.6
Receivables[1]	23.4	21.1	23.4	21.1
Derivative assets[2]	55.6	–	55.6	–
Consolidated liabilities				
Trade creditors[1]	43.6	45.6	43.6	45.6
Payables and other creditors[1]	89.4	65.7	89.4	65.7
Interest bearing liabilities[2]				
– Fixed rate debt	1,820.1	1,054.2	1,751.1	980.0
– Floating rate debt	1,397.7	1,792.4	1,397.7	1,792.4
Derivative liabilities[2]	34.0	48.1	34.0	48.1

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 35: FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

Determination of fair value

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

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

	31 Dec 13 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Currency derivatives	48.9	–	48.9	–
– Interest rate derivatives	6.7	–	6.7	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	1,820.1	–	1,820.1	–
– Floating rate debt	1,397.7	–	1,397.7	–
Derivative liabilities				
– Currency derivatives	1.6	–	1.6	–
– Interest rate derivatives	32.4	–	32.4	–

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

Investment properties are considered Level 3; refer to Note 12 Details of shopping centre investments, for relevant fair value disclosures.

	31 Dec 12 $million	Level 1 $million	Level 2 $million	Level 3 $million
Consolidated assets measured at fair value				
Derivative assets				
– Interest rate derivatives	–	–	–	–
Consolidated liabilities measured at fair value				
Interest bearing liabilities				
– Fixed rate debt	1,054.2	–	1,054.2	–
– Floating rate debt	1,792.4	–	1,792.4	–
Derivative liabilities				
– Interest rate derivatives	48.1	–	48.1	–

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 36: PARENT ENTITY

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

	31 Dec 13 $million	31 Dec 12 $million
(a) Assets		
Current assets	134.0	105.5
Non current assets	13,114.9	12,772.2
Total assets	13,248.9	12,877.7
(b) Liabilities		
Current liabilities	384.3	110.9
Non current liabilities	2,411.4	2,379.1
Total liabilities	2,795.7	2,490.0
(c) Total equity		
Contributed equity	9,010.2	9,212.4
Reserves	798.6	651.9
Retained profits	644.4	523.4
Total equity	10,453.2	10,387.7
(d) Comprehensive income		
Profit after tax for the period	707.7	601.4
Other comprehensive income	146.7	246.5
Total comprehensive income for the period	854.4	847.9
(e) Contingent liabilities		
Performance guarantees and other	1.6	1.6
	1.6	1.6

NOTE 37: AUDITOR'S REMUNERATION

	31 Dec 13 $000	31 Dec 12 $000
Amounts received or due and receivable by the auditors of the Parent entity and any other entity in the Trust for:		
– Audit or review of the financial reports	436.0	427.5
– Audit or review with respect to joint venture shopping centres (consolidated and equity accounted) – Westfield Retail Trust share[1]	283.1	266.4
– Assurance and compliance services	20.0	15.0
– Assurance and compliance services with respect to joint venture shopping centres (consolidated and equity accounted) – Westfield Retail Trust share[1]	204.1	193.7
– Other non-audit related services	97.7	44.6
	1,040.9	947.2
Amounts received or due and receivable by affiliates of the auditors of the Parent entity for:		
– Audit or review with respect to joint venture shopping centres (equity accounted) – Westfield Retail Trust share	107.4	105.5
– Assurance and compliance services with respect to joint venture shopping centres (equity accounted) – Westfield Retail Trust share	3.5	2.6
	110.9	108.1
	1,151.8	1,055.3

1 Excludes amounts paid to the auditor relating to centres which were not managed by Westfield Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 38: SUPERANNUATION COMMITMENTS

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

NOTE 39: RELATED PARTY DISCLOSURES

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

(a) Nature of relationship with related parties

Key management personnel of the entity

Refer to Note 40 for details of key management personnel.

Other related parties

Westfield Group is considered to be a related party of the Trust as subsidiaries of Westfield Holdings Limited act as the responsible entities of WRT1 and WRT2, manage and develop the shopping centres held by the Trust and provide the corporate services required to enable RE1 Limited as responsible entity of WRT1 and RE2 Limited as responsible entity of WRT2 to properly perform their duties under the constitutions of the Trust's entities. Various agreements entered into between the Trust and Westfield Group in respect of these relationships are summarised in Note 41. All related party transactions are referred to the Trust's Conflicts Committee subject to documented delegated authorities to management for certain transactions. The Conflicts Committee comprises only independent Directors. A copy of the charter of the Conflicts Committee is available at *www.westfieldretailtrust.com*.

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 Trust. This is due to LFG being under the control or significant influence of Mr Steven Lowy, a Director of the responsible entities of the Trust.

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

Transactions with key management personnel of the entity

Refer to Note 40 for remuneration of key management personnel.

Transactions with Westfield Group

Details of transactions with Westfield Group are summarised in Note 41(b).

Transactions with LFG

Rental income and outgoings recoveries received on lease of office space to LFG for the period ended 31 December 2013 amounted to $0.8 million (31 December 2012: $0.7 million). Amounts receivable as at 31 December 2013 amounted to nil (31 December 2012: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 40: REMUNERATION, AND OPTION AND SECURITY HOLDINGS OF KEY MANAGEMENT PERSONNEL

(a) Key management personnel

The amounts below represent the total remuneration amounts for key management personnel of the Trust. Refer to the Remuneration Report in section 7 of the Directors' Report for further details concerning key management personnel remuneration disclosures.

The aggregate remuneration to key management personnel for the period ended 31 December 2013 was:

Key management personnel	Short term benefits				Post employment benefits		Other long-term employee benefits	Share based payments	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[1] $	Pension and superannuation benefits $	Other post employment benefits $	Long-term incentive plans[2] $	Amortisation of cash and equity settled share based payments[3] $	$
Key Management Personnel – Directors									
31 December 2013	**2,228,500**	**1,020,000**	**–**	**(21,539)**	**–**	**–**	**236,379**	**1,288,600**	**4,751,940**
31 December 2012	2,228,500	1,020,000	–	52,820	–	–	630,684	870,678	4,802,682
Key Management Personnel – Non Directors									
31 December 2013	**620,000**	**310,000**	**–**	**(1,590)**	**–**	**–**	**–**	**321,938**	**1,250,348**
31 December 2012	620,000	300,000	–	17,906	–	–	95,967	234,823	1,268,696
Total Key Management Personnel									
31 December 2013	**2,848,500**	**1,330,000**	**–**	**(23,129)**	**–**	**–**	**236,379**	**1,610,538**	**6,002,288**
31 December 2012	2,848,500	1,320,000	–	70,726	–	–	726,651	1,105,501	6,071,378

1 Other short term employee benefits represent amounts accrued with respect to annual leave and long service leave, entitlements unless stated otherwise.

2 Long term incentive plans represent amounts expensed to the income statement relating to Westfield Group Securities.

3 Cash settled share based payments represent amounts amortised relating to the Trust Plan.

(i) Directors

The Directors of the responsible entities of the Trust are considered to be key management personnel:

Richard F E Warburton AO, LVO	Chairman
Peter K Allen	Non executive Director
Laurence R Brindle	Non executive Director
Andrew W Harmos	Non executive Director
Michael F Ihlein	Non executive Director
Steven M Lowy AM	Non executive Director
Sandra V McPhee AM	Non executive Director
Domenic E Panaccio	Managing Director.

Mr S M Lowy AM and Mr P K Allen are non executive Directors of the responsible entities of the Trust, but are not considered independent (refer to page 94 of the Annual Report for a discussion of independent Directors). Mr S M Lowy AM and Mr P K Allen are not remunerated by the Trust.

(ii) Other key management personnel

In addition to the Directors noted above, the following key management personnel are responsible for the strategic direction and management of the Trust:

Brian J Mackrill	Chief Financial Officer.

(iii) Board changes

There have been no changes to the Board during the period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 40: REMUNERATION, AND OPTION AND SECURITY HOLDINGS OF KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Securityholdings of key management personnel, including Directors

Stapled securities held in Westfield Retail Trust (number)	Balance at 31 Dec 12	Granted as remuneration	On exercise of options	Net change other	Balance at 31 Dec 13
R F E Warburton AO, LVO	72,748	–	–	–	72,748
P K Allen	115,000	–	–	–	115,000
L R Brindle	–	–	–	–	–
A W Harmos	34,944	–	–	–	34,944
M F Ihlein	36,000	–	–	–	36,000
S M Lowy AM[1]	214,799,637	–	–	(214,799,637)	–
S V McPhee AM	36,364	–	–	–	36,364
D E Panaccio	40,000	–	–	–	40,000
B J Mackrill	18,726	–	–	–	18,726
Total	215,153,419	–	–	(214,799,637)	353,782

1 The aggregate interest of Mr S M Lowy includes Lowy family holdings.

(c) Other transactions and balances with key management personnel

During the year, transactions occurred between the Trust 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 distributions by the Trust in respect of stapled securities held in the Trust.

NOTE 41: ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD GROUP

(a) Arrangements with Westfield Group

The Trust and Westfield Group are joint venture partners in the ownership of 46 Australian and New Zealand shopping centres and maintain an ongoing relationship, with Westfield Group providing property management and development services to the Trust on various portfolio assets as well as corporate services. The Trust has access to the Westfield brand name and operating platform of Westfield Group through the Trust's responsible entities which are wholly owned by Westfield Group.

The primary arrangements between the Trust and Westfield Group are summarised as follows:

- the Trust and Westfield Group directly and indirectly co-own the properties including properties where there are existing third party joint venture partners;
- Westfield Group acts in most cases as the property manager for the Trust's portfolio assets;
- Westfield Group acts in most cases as the property developer for the Trust's portfolio assets;
- the Trust and Westfield Group co-operate to source new investment opportunities in Australia and New Zealand; and
- Westfield Group provides certain corporate services to the Trust.

The following is a summary of the various agreements entered into in respect of these relationships.

(i) Co-operation Deed

The Co-operation Deed governs the relationship between the Trust and Westfield Group in connection with any new investment opportunities to acquire an interest in a retail property or a retail development site in Australia or New Zealand. The deed also provides Westfield Group with certain rights to join the Trust to the sale of their respective interests in certain properties where Westfield Group is not the manager. In addition, the deed governs the use of the Westfield trade mark and includes an undertaking from Westfield Group not to dispose of its 100% shareholdings in RE1 Limited and RE2 Limited for as long as they are the Trust's responsible entities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 41: ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD GROUP (CONTINUED)

(a) Arrangements with Westfield Group (continued)

(ii) Co-ownership arrangements

The co-ownership arrangements are regulated by co-ownership agreements, unitholder agreements and shareholder agreements. In general terms, these agreements have the following features:

- proportionate sharing of income and expenses;
- the establishment of committees having proportionate representation and voting rights to deal with major decisions and the resolution of disputes;
- pre-emptive rights in relation to dealings with specified exceptions; and
- remedies where a party defaults in relation to its obligations.

(iii) Property Management Agreement

Westfield Group is entitled to a management fee equal to 5% of the annual gross income of each property it manages and is entitled to be reimbursed for its out of pocket expenses and other costs agreed upfront. Westfield Group is also entitled to recover the Trust's share of the tenancy, design and co-ordination fees of up to $7,000 per specialty store (increasing by the Consumer Price Index (**CPI**)).

(iv) Development Framework Agreements

Where Westfield Group is appointed to undertake a development project, the following fees will be charged:

- a development fee of 3% of the project price payable in stages;
- a design fee of 10% of the project price payable in stages;
- a project leasing fee of up to 15% of the tenant's first year net rent payable for leases of new specialty shops created by the development;
- a tenancy, design and co-ordination fee of $7,000 per specialty store lease entered into in respect of a project (increasing by CPI); and
- major tenant new and renewal lease fee and market rent review fee.

(v) Corporate Services Agreement

Under the Corporate Services Agreement, Westfield Group agrees to provide certain corporate services to the Trust including investment management, administration, accounting, reporting, investor relations, tax, treasury, corporate, human resources, information technology and compliance. The continued provision of these services is at the discretion of the Trust and the agreement may be terminated by either party with 12 months' notice following the initial 12 month term. The scope and cost of the services are reviewed annually by the Trust and Westfield Group.

(vi) Westfield Sydney redevelopment arrangements

The Trust is a 50% joint venture owner with Westfield Group in Westfield Sydney, the redevelopment of which was completed in 2012. Total investment by the Trust on completion was $1.340 billion. Stage one of the redevelopment was completed in October 2010 and the overall redevelopment was completed in April 2012.

The Trust entered into a Project Design and Construction Agreement with Westfield Group for the completion of the Westfield Sydney redevelopment.

Westfield Group has provided the Trust with an income guarantee for each of the three years commencing after completion of the redevelopment which will ensure that the Trust receives a minimum annual yield of 5.6% on its total investment in Westfield Sydney.

(b) Transactions with Westfield Group[1]

The transactions with Westfield Group summarised in this note includes those with equity accounted entities.

(i) Property management fee

The property management fee included in property expenses, outgoings and other costs in the income statement for the period ended 31 December 2013 amounted to $52.3 million (31 December 2012: $48.8 million).

(ii) Tenancy co-ordination fee

The tenancy co-ordination fee included in property expenses, outgoings and other costs in the income statement for the period ended 31 December 2013 amounted to $5.6 million (31 December 2012: $5.4 million).

(iii) Reimbursement of shopping centre indirect expenses

Reimbursement of shopping centre indirect expenses included in property expenses, outgoings and other costs in the income statement for the period ended 31 December 2013 amounted to $18.8 million (31 December 2012: $19.0 million).

Amounts payable as at 31 December 2013 relating to property management fees, tenancy co-ordination fees and reimbursement of shopping centre indirect expenses were $5.0 million (31 December 2012: $5.2 million)

(iv) Corporate Services Agreement

The corporate services costs included in corporate costs in the income statement for the period ended 31 December 2013 were $20.0 million (31 December 2012: $23.0 million). Amounts payable as at 31 December 2013 relating to corporate services costs were nil (31 December 2012: nil).

(v) Development Framework Agreements

During the year, amounts paid and payable (excluding GST) for property development progress billings and fees were $155.0 million (31 December 2012: $132.7 million).

Amounts payable as at 31 December 2013 relating to property development progress billings and fees were $2.3 million (31 December 2012: $24.3 million).

1 Reimbursement of shopping centre direct overheads – in addition to the transactions with Westfield Group disclosed above, for shopping centres where Westfield Group is the centre manager, the direct expenses of shopping centre employees (salaries, wages and all on-costs) are paid by Westfield Group on behalf of all co-owners. The Trust's share of these expenses is included in property expenses, outgoings and other costs in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 41: ARRANGEMENTS AND TRANSACTIONS WITH WESTFIELD GROUP (CONTINUED)

(b) Transactions with Westfield Group[1] (continued)

(vi) Westfield Sydney redevelopment arrangements

The Westfield Sydney income guarantee fee paid during the year for the period from April 2012 to March 2013 by Westfield Group to the Trust under the income guarantee arrangements amounted to $10.0 million (31 December 2012: nil).

For the period ended 31 December 2013, amounts charged by Westfield Group for progress billings under the Project Design and Construction Agreement (as described in Note 41(a)) were nil (31 December 2012: $118.0 million) (excluding GST).

In April 2012, the Trust repaid $1,397.4 million to Westfield Group, representing all amounts outstanding on the Westfield Sydney Facility loan, progress billings and accumulated interest (excluding GST).

Interest on loans under the Westfield Sydney Facility Agreement and on progress billings (included in financing costs in the income statement) for the period ended 31 December 2012 amounted to $13.9 million.

(vii) Other

Rental income and outgoings recoveries received on lease of office space to Westfield Group for the period ended 31 December 2013 amounted to $5.5 million (31 December 2012: $5.3 million).

Rental income and outgoings recoveries paid to Westfield Group on lease of office space for the period ended 31 December 2013 amounted to $0.2 million (31 December 2011: $0.2 million). Amounts payable as at 31 December 2013 were nil (31 December 2012: nil).

Net property related advertising and promotional income collected by Westfield Group on behalf of the Trust for the period ended 31 December 2013 amounted to $9.4 million (31 December 2012: $8.6 million). Amounts receivable for net property related advertising and promotional income as at 31 December 2013 were $6.4 million (31 December 2012: $3.8 million).

NOTE 42: SIGNIFICANT TRANSACTIONS

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

NOTE 43: PROPOSED MERGER

On 4 December 2013, Westfield Retail Trust announced a proposed merger under which the Trust would merge with Westfield Group's Australian and New Zealand business including its vertically integrated and internalised retail operating platform. Westfield Group's Australian and New Zealand business is held through Westfield Holdings Limited and Westfield Trust and would be separated from Westfield Group's international business as part of a restructure of the Westfield Group.

Upon implementation of the proposed merger two new entities would be listed on the ASX:

- Scentre Group – comprising the Trust and the Australian and New Zealand business of Westfield Group; and
- Westfield Corporation – comprising Westfield Group's international business.

The announcement of this proposal can be accessed on the Trust's website at *www.westfieldretailtrust.com*.

The merger will be implemented primarily by way of court approved schemes of arrangement for Westfield Holdings Limited and Westfield Trust, securityholder approval of the proposed merger by the Trust and Westfield Group securityholders and amendments to the constitutions of the stapled entities comprising the Trust and Westfield Group. There are also a number of conditions precedent to the implementation of the proposed merger as outlined in the announcement of the proposed merger on 4 December 2013.

In this financial report, the proposal is referred to as the **Proposed Merger**.

Further details about the Proposed Merger, including an independent expert's report and voting instructions, will be contained in the WRT securityholder booklet, which will be provided to the Trust's securityholders in April 2014.

NOTE 44: SUBSEQUENT EVENTS

There are no subsequent events to report.

1 Reimbursement of shopping centre direct overheads – in addition to the transactions with Westfield Group disclosed above, for shopping centres where Westfield Group is the centre manager, the direct expenses of shopping centre employees (salaries, wages and all on-costs) are paid by Westfield Group on behalf of all co-owners. The Trust's share of these expenses is included in property expenses, outgoings and other costs in the income statement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 45: DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES

	31 Dec 13 – Interest			31 Dec 12 – Interest		
Name of entity	Parent entity %	Westfield Retail Trust %	Consolidated or equity accounted %	Parent entity %	Westfield Retail Trust %	Consolidated or equity accounted %
Entities Established/Incorporated In Australia						
Parent entity						
Westfield Retail Trust 1	100.0	100.0	100.0	100.0	100.0	100.0
Consolidated controlled entities						
Casey Unit Trust	100.0	100.0	100.0	100.0	100.0	100.0
New Zealand Investment Trust	100.0	100.0	100.0	100.0	100.0	100.0
RE Holding Company Pty Limited	–	100.0	100.0	–	100.0	100.0
RE Nominee Company Pty Limited	–	100.0	100.0	–	100.0	100.0
Westfield Retail Trust 2	–	100.0	100.0	–	100.0	100.0
Westfield Sydney Investment Trust	100.0	100.0	100.0	100.0	100.0	100.0
Equity accounted entities						
Bondi Junction Trust	50.0	50.0	50.0	50.0	50.0	50.0
Booragoon Trust	–	50.0	50.0	–	50.0	50.0
Fountain Gate Trust	50.0	50.0	50.0	50.0	50.0	50.0
Karrinyup Trust	–	50.0	50.0	–	50.0	50.0
Kotara Trust	50.0	50.0	50.0	50.0	50.0	50.0
KSC Trust	–	–	–	–	16.7	16.7
Market Street Property Trust	50.0	50.0	50.0	50.0	50.0	50.0
Mount Druitt Shopping Centre Trust	25.0	25.0	25.0	25.0	25.0	25.0
SA Shopping Centre Trust	–	18.8	18.8	–	18.8	18.8
Southland Trust	–	25.0	25.0	–	25.0	25.0
Tea Tree Plaza Trust	–	18.8	18.8	–	18.8	18.8
VIC Shopping Centre Trust	–	50.0	50.0	–	50.0	50.0
W.D. Trust	50.0	50.0	50.0	50.0	50.0	50.0
WestArt Trust	–	50.0	50.0	–	50.0	50.0
Westfield Chatswood Trust	50.0	50.0	50.0	50.0	50.0	50.0
Westfield North Rocks Trust	50.0	50.0	50.0	50.0	50.0	50.0
Westfield Northgate Trust	50.0	50.0	50.0	50.0	50.0	50.0
Westfield Services Trust	50.0	50.0	50.0	50.0	50.0	50.0
Westfield Shoppingtown Property Trust	37.5	37.5	37.5	37.5	37.5	37.5
Westfield Sub Trust H	50.0	50.0	50.0	50.0	50.0	50.0
Westfield Sub Trust K	–	50.0	50.0	–	50.0	50.0
Westfield Tuggerah Trust	50.0	50.0	50.0	50.0	50.0	50.0

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 45: DETAILS OF CONTROLLED ENTITIES AND EQUITY ACCOUNTED ENTITIES (CONTINUED)

	31 Dec 13 – Interest			31 Dec 12 – Interest		
Name of entity	Parent entity %	Westfield Retail Trust %	Consolidated or equity accounted %	Parent entity %	Westfield Retail Trust %	Consolidated or equity accounted %
Entities Established/Incorporated In New Zealand						
Consolidated controlled entities						
RE (NZ) Finance Limited	–	100.0	100.0	–	100.0	100.0
RE (NZ) Finance No 2 Limited	–	100.0	100.0	–	100.0	100.0
Equity accounted entities						
Abyssinian Holding Limited	–	49.5	50.0	–	49.5	50.0
Albany Shopping Centre (No 2) Limited	–	50.0	50.0	–	50.0	50.0
Albany Shopping Centre Limited	–	50.0	50.0	–	50.0	50.0
Cedarville Properties Limited	–	50.0	50.0	–	50.0	50.0
Chartwell Shopping Centre Limited	–	50.0	50.0	–	50.0	50.0
Copthorne Investments Limited	–	50.0	50.0	–	50.0	50.0
Downtown Shopping Centre (No 2) Limited	–	50.0	50.0	–	50.0	50.0
Downtown Shopping Centre Limited	–	50.0	50.0	–	50.0	50.0
Glenfield Mall Limited	–	50.0	50.0	–	50.0	50.0
Johnsonville Shopping Centre Limited	–	50.0	50.0	–	50.0	50.0
Kroftfield Properties Limited	–	50.0	50.0	–	50.0	50.0
Manukau City Centre Limited	–	50.0	50.0	–	50.0	50.0
Petavid Investments Limited	–	50.0	50.0	–	50.0	50.0
Queensgate Centre Limited	–	50.0	50.0	–	50.0	50.0
Redisville Enterprises Limited	–	50.0	50.0	–	50.0	50.0
Riccarton Shopping Centre (1997) Limited	–	50.0	50.0	–	50.0	50.0
Shore City Centre (1993) Limited	–	50.0	50.0	–	50.0	50.0
St Lukes Group (No. 2) Limited	–	50.0	50.0	–	50.0	50.0
St Lukes Group (No. 3) Limited	–	50.0	50.0	–	50.0	50.0
St Lukes Group Holdings Limited	–	50.0	50.0	–	50.0	50.0
St Lukes Group Limited	–	50.0	50.0	–	50.0	50.0
St Lukes Square (1993) Limited	–	50.0	50.0	–	50.0	50.0
The Plaza Pakuranga Limited	–	50.0	50.0	–	50.0	50.0
WestCity Shopping Centre Limited	–	50.0	50.0	–	50.0	50.0
Westfield NZ Holdings Limited	–	50.0	50.0	–	50.0	50.0

DIRECTORS' DECLARATION

The Directors of RE1 Limited, the Responsible Entity of Westfield Retail Trust 1, 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* (Cth), including sections 296 and 297; and with the International Financial Reporting Standards issued by the International Accounting Standards Board; and

(c) they have been provided with the declarations required by section 295A of the *Corporations Act 2001* (Cth).

Made on 26 February 2014 in accordance with a resolution of the Board of Directors.

Richard F E Warburton AO, LVO
Chairman

Domenic E Panaccio
Managing Director

INDEPENDENT AUDITOR'S REPORT

Building a better working world

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WESTFIELD RETAIL TRUST

Report on the financial report
We have audited the accompanying financial report of Westfield Retail Trust, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report
The directors of RE1 Limited, the Responsible Entity of the Westfield Retail Trust 1, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

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

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

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

Independence
In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of RE1 Limited a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion
In our opinion:

a. the financial report of Westfield Retail Trust is in accordance with the *Corporations Act 2001*, including:
   i giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Ernst & Young

Sydney, 26 February 2014

Chris Lawton, Partner

CORPORATE GOVERNANCE STATEMENT

The Trust is an ASX-listed and ASIC-registered A-REIT comprising two stapled unit trusts, being WRT1 and WRT2, operating as a single economic entity. The principal investment mandate of the Trust is investment in property and rights in connection with real property used primarily for retail and associated purposes located within Australia and New Zealand, and in cash and other investments which are incidental to that purpose.

The responsible entities of the Trust are RE1 Limited, as responsible entity of WRT1, and RE2 Limited, as responsible entity of WRT2 (**Responsible Entities**). Westfield Holdings Limited, a member of Westfield Group, a separately listed ASX entity, owns the Responsible Entities.

The Responsible Entities, through their identical boards (**Board**) and senior management, recognise the need to establish and maintain corporate governance policies and practices which reflect the requirements of the market regulators and participants and the expectations of members and others who deal with the Trust. These policies and practices remain under constant review as the corporate governance environment and good practice evolve.

This statement outlines the Responsible Entities' system of governance during the Financial Year and the extent of the Trust's compliance with this system as at the end of the Financial Year by reference to the second edition of the Corporate Governance Principles and Recommendations published in August 2007 (as amended in 2010) by the ASX Corporate Governance Council (**Recommendations**) and to the Corporations Act.

As at 31 December 2013, the Responsible Entities achieved substantial compliance with the Recommendations. Corporate governance documentation including charters and relevant corporate policies and codes referred to in this statement can be found at *www.westfieldretailtrust.com*.

The Responsible Entities have no fixed term of appointment and therefore the appointment continues until the Responsible Entities are removed or retire, or unitholders vote to wind up WRT1 or WRT2 as provided for in their constitutions or by law.

The Trust may terminate the appointment of a Responsible Entity without cause, by unitholder vote. The resolution must be passed by at least 50% of the votes cast at a meeting by unitholders entitled to vote. The relevant Responsible Entity and associates may vote their securities on the resolution.

If the Responsible Entities do cease to act for WRT1 and WRT2, then:

- the Trust would cease to be entitled to use the brand name Westfield;
- Westfield Group would be entitled to terminate the Co-operation Deed it has with the Trust;
- Westfield Group would cease to be required to provide corporate services to the Trust. No termination payment obligations arise on termination;
- the interest of the Trust in two shopping centres, being Helensvale and Liverpool, could be acquired by its co-owners for market value. Pre-emptive rights would not be triggered for the other portfolio assets; and
- Westfield Group would continue to provide property management and property development services for the relevant portfolio assets.

The Responsible Entities are entitled to be reimbursed for expenses incurred in relation to the proper performance of their duties. The Responsible Entities do not charge a management fee.

The Trust is committed to high standards of ethical conduct, ensuring that conflicts of interest do not adversely affect the Trust securityholders and avoiding a perception that actual and potential conflicts of interest are not properly addressed by the Board. The Board acknowledges that the Trust's relationship with Westfield Group and other parties may result in actual or potential conflicts, perceived conflicts and related party matters. The Trust has adopted a detailed related party protocol covering potential conflicts of interest and has a Conflicts Committee comprised solely of the Trust's independent Directors.

The objectives of the Conflicts Committee are to assist the Board to comply with legal obligations that arise in the circumstances of a conflict of interest by:

- monitoring and reviewing management's procedures and policies for identifying and (where appropriate) managing all potential or actual conflicts of interest that arise in relation to the business of the Trust and overseeing the implementation of such policies and procedures;
- evaluating all actual or potential conflicts of interests of which the Conflicts Committee becomes aware or which management reports to the Conflicts Committee including assessing whether a particular conflict of interest situation is manageable or whether it must be avoided; and
- making recommendations to the Board in connection with managing conflicts of interest and the resolution of such conflicts.

The Conflicts Committee Charter is available at *www.westfieldretailtrust.com*.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

1.1 Companies should establish and disclose the respective roles and responsibilities of the board and management

The boards of the Responsible Entities have common membership, hold combined meetings and have adopted a common Board Charter which sets out the objectives, responsibilities and framework for the operation of the Board. A copy of the Board Charter is available at *www.westfieldretailtrust.com*.

As set out in the Board Charter, the Board has reserved its authority over the following matters (with a power of delegation to a committee of the Board or Managing Director or other nominated member of the senior management team):

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

(a) strategy and direction

- setting policies regarding the Trust's overall strategic direction and strategic plans for the Trust and key business and financial objectives;
- approving the distribution policy, amounts and timing of any distribution payments; and
- approving any acquisitions or disposals of assets and significant expenditure which exceed authority limits delegated to the Managing Director and the Chief Financial Officer;

(b) financial controls, compliance and risk management

- approving annual operating and capital expenditure budgets for the Trust;
- approving treasury policies, including foreign currency exposure and policies on the use of financial derivatives;
- approving Trust financial statements and published reports, including the Directors' report and the Trust's corporate governance statement;
- establishing and reviewing the effectiveness of the Trust's internal control systems and risk management processes and compliance with statutory and regulatory obligations which, if not complied with, would have a material effect on the Trust's business; and
- approving any significant changes in accounting policies or procedures;

(c) capital structure

- approving any changes to the Trust's capital structure including any reduction in capital, buy-backs or issue of new securities other than in accordance with the Trust's equity linked incentive plans;

(d) appointments

- appointing the Managing Director, Chief Financial Officer and Company Secretary and reviewing the performance of the Managing Director and Chief Financial Officer; and
- appointing the external auditors, on the recommendation of the Audit and Risk Committee;

(e) delegation of authority

- approving any changes to the membership or charter of any committee of the Board; and
- approving any changes to the authority delegated to the Managing Director and Chief Financial Officer and any matters which exceed the authority delegated to them;

(f) policies

- approving significant policies for the Trust including the Code of Conduct, security trading policies for Directors and employees, work health and safety policies, risk management policies and continuous disclosure and communications policies; and

(g) corporate governance matters

- determining the independence of non executive Directors;
- determining the remuneration of independent non executive Directors including committee and chair fees;
- determining the process of evaluation of the performance of the Board, its committees and Directors;
- monitoring and evaluating the necessary and desirable competencies of the Directors, including the range of skills and experience of the Directors and considering the Board's succession planning issues;
- determining the resolutions and documentation to be put to securityholders in general meeting; and
- approving announcements and press releases concerning matters decided by the Board, including announcements relating to the operating performance of the Trust.

Each independent Director on the Board has received a letter of appointment which details the key terms of their appointment.

The Board has delegated a number of responsibilities to its committees. The role and responsibilities of the committees are explained in further detail below. Directors may attend any committee meeting and the Board receives copies of the minutes of all the committee meetings.

Day to day management of the business and operations of the Trust, including the appointment of advisers, and approval of asset business plans, budgets, and capital expenditure, is delegated by the Board to management through the Managing Director and Chief Financial Officer subject to the agreed authority limits applicable to these roles. The Trust also has a Treasury Risk Management Committee (**TRMC**) which comprises the Managing Director, the Chief Financial Officer and a nominated director of the Board, currently Mr P K Allen. The TRMC has responsibility for reviewing and monitoring the Treasury Risk Management Framework and Policy and management practices and procedures relating to treasury, and has delegated authorities to undertake and approve treasury activities subject to limits approved by the Board.

The senior management team, including the Managing Director and the Chief Financial Officer, has formalised job descriptions and letters of appointment.

1.2 Companies should disclose the process for evaluating the performance of senior executives

The Trust has established a process of objective setting and performance review of all staff which is conducted on an annual basis. Senior managers, who have a discretionary element to the total remuneration package, have defined objectives which are agreed for each financial year.

Their performance against these objectives is assessed annually by the Remuneration Committee and the Board. Details of the Trust's remuneration policies and practices are set out in the Remuneration Report which forms part of the Directors' Report.

Senior managers participate in continuous improvement programs to update their skills and knowledge on a regular basis. These include development sessions on key topics of relevance such as changes in corporate governance standards and compliance and visits to the shopping centres in the Trust portfolio.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT (CONTINUED)

1.3 Performance evaluation

During the Financial Year, each member of the executive team, including the Managing Director, was subject to a performance review as described in section 1.2 previously.

1.4 Application of Principle 1 in relation to trusts and externally managed entities

The Responsible Entities have no fixed term of appointment and therefore the appointment continues until the Responsible Entities are removed or retire, or unitholders vote to wind up WRT1 and WRT2 as provided for in their constitutions or by law.

The Trust may terminate the appointment of a Responsible Entity without cause, by unitholder vote. The resolution must be passed by at least 50% of the votes cast at a meeting by unitholders entitled to vote. The relevant Responsible Entity and associates may vote their securities on the resolution.

If the Responsible Entities do cease to act for WRT1 and WRT2, then:

- the Trust would cease to be entitled to use the brand name Westfield;
- Westfield Group would be entitled to terminate the Co-operation Deed it has with the Trust;
- Westfield Group would cease to be required to provide corporate services to the Trust. No termination payment obligations arise on termination;
- the interest of the Trust in two shopping centres, being Helensvale and Liverpool, could be acquired by its co-owners for market value. Pre-emptive rights would not be triggered for the other portfolio assets; and
- Westfield Group would continue to provide property management and property development services for the relevant portfolio assets.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

2.1 A majority of the board should be independent directors

The constitution for each of the Responsible Entities provides for a minimum of three Directors. The Board currently comprises eight Directors, seven of whom are non executive Directors. Five of the seven non executive Directors are considered independent Directors. The Managing Director is Mr D E Panaccio.

Each of the Directors has been a member of the Board since 2010.

Details of the Directors of the Responsible Entities including a brief description of their qualifications are available at *www.westfieldretailtrust.com*.

It is the view of the Board that its membership should reflect an appropriate balance between executives possessing extensive direct experience and expertise in the core business activities of the Trust, and non executive members who have outstanding track records and reputations attained at the highest levels of business and commerce generally, and who are able to bring to the Board a broad range of general commercial expertise and experience. In the event that a vacancy arises, or an additional appointment to the Board is considered desirable, the Directors, through the Chair, will seek to consult with Westfield Holdings Limited on a suitable replacement or appointment of an additional Director.

The Board met 12 times during the Financial Year. Directors' attendances are set out in the Directors' Report.

The Board considers an independent Director to be a non executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with, or could reasonably be inferred to materially interfere with, the independent exercise of their judgement.

The Board considers that where a Director satisfies the following criteria, that Director is considered to be independent:

- the Director is a non executive Director;
- the Director is not a substantial securityholder of the Trust or Westfield Group, nor an officer of, or otherwise associated directly with, a substantial Trust or Westfield Group securityholder;
- the Director has not been employed in an executive capacity by the Trust or Westfield Group during the last three years;
- the Director has not within the last three years been a principal of a material professional adviser or material consultant to the Trust or Westfield Group, nor has the Director been materially associated with a service provided by such an adviser or consultant to the Trust or Westfield Group during that time;
- the Director does not have a material contractual relationship with the Trust or Westfield Group in any capacity other than as a Director of RE1 and RE2; and
- the Director is free of any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the independent exercise of the Director's judgement.

The Board regularly assesses the independence of non executive Directors and during the Financial Year has considered the independence of the non executive Directors against the above criteria. Of the seven non executive Directors, the Trust considers that each of the following Directors (comprising a majority of the Board) satisfied the criteria of an independent Director during the entirety of the Financial Year:

- Mr R F E Warburton AO, LVO
- Mr L R Brindle
- Mr A W Harmos
- Mr M F Ihlein
- Ms S V McPhee AM.

Mr S M Lowy AM and Mr P K Allen are non executive Directors of the Responsible Entities but are also currently both executive Directors of Westfield Group and are therefore not considered to be independent.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

Directors on the Board are appointed by Westfield Holdings Limited, as the sole shareholder of the Responsible Entities, and serve on the Board for a three year term. The continuing appointment of each independent Director of the Responsible Entities is subject to a ratification process at least once every three years. If securityholders do not ratify the relevant appointment at the annual meeting at which the ratification is sought, then Westfield Holdings Limited will immediately remove that Director from the Board. The appointment of any new independent Director will be subject to ratification by the Trust's securityholders at the next annual meeting of the Trust. If the appointment of a Director is ratified, then Westfield Holdings Limited may not remove that Director prior to the expiry of the three year term except in very limited circumstances (such as incapacity or commission of a serious offence). The full terms of this arrangement are set out in a deed poll executed by Westfield Holdings Limited in favour of securityholders in the Trust. A copy of the deed poll is available at *www.westfieldretailtrust.com*.

The Board Charter sets out the procedure by which any Director who so wishes, may seek professional independent advice at the expense of the Trust in relation to any aspect of performance of their duties. Directors have unfettered access to the Trust's books and records and information necessary to fulfil their duties together. As confirmed in the Board Charter, they also have access to the Company Secretary in relation to any matter relevant to their role as a Director and access to other senior management to seek additional information in relation to the Trust's business.

The Trust also has a Conflicts Committee comprised solely of the independent Directors to assist the Board to comply with legal obligations that arise in the circumstances of a conflict of interest. The Conflicts Committee Charter is available at *www.westfieldretailtrust.com.*

2.2 The chair should be an independent director

The Board has elected Mr R F E Warburton AO, LVO as the Chair of the Board. The Board is satisfied that Mr R F E Warburton AO, LVO is, and was for the entirety of the Financial Year, an independent Director.

2.3 The roles of the chair and chief executive officer should not be exercised by the same individual

The role of chair and chief executive officer are held by separate Directors. During the Financial Year, Mr R F E Warburton AO, LVO was the Chair of the Board and Mr D E Panaccio performed the role of Managing Director.

2.4 The board should establish a nomination committee

Pursuant to the Board Charter, the Board has direct responsibility for and has implemented processes to evaluate the performance of the Board, its committees and Directors, monitor and evaluate the necessary and desirable competencies of the Directors, including the skill and experience of the Directors, and consider the Board's succession planning issues. The Trust does not currently have a separate nomination committee, as this function is performed by the Board.

2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors

The Board and each committee regularly reviews its own performance. During the Financial Year the Board undertook a questionnaire by senior executives and Directors on issues including:

- the role of the Board;
- the composition of the Board;
- the operation of the Board; and
- Board performance.

The results of the review were discussed at a subsequent Board meeting. The Chair also met separately with each other Director to discuss individual responses to the questionnaire.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

3.1 Companies should establish a code of conduct

The Trust has a Directors' Code of Conduct, which summarises the responsibilities of the Directors in maintaining the Trust's commitment to high standards of ethical conduct. A copy of the Directors' Code of Conduct is available at *www.westfieldretailtrust.com*.

All the Trust employees are expected to adhere to an employee Code of Conduct which is provided to, and acknowledged by, employees at the time of joining the Trust and which deals, in broad terms, with the following matters:

- the high standards of personal conduct and ethical behaviour expected of all employees;
- the duty of employees to avoid conflicts of interest which may arise if the employee or any person or entity associated with that employee has a business arrangement or relationship with a Trust entity outside of their normal employment relationship;
- the duty of employees to maintain confidentiality with respect to the Trust's information and information provided by external parties;
- the duty of employees to avoid discrimination against any person; and
- the Trust policy prohibiting harassment in any form.

The employee Code of Conduct is reviewed on a regular basis to ensure it remains relevant, and compliance seminars are held with employees as required to update them on changes to legal requirements and procedures. The Trust also works closely with the managers of its shopping centres to ensure that they adopt an appropriate approach to compliance, including in relation to work, health and safety and the environment. The Trust reports on compliance matters on a quarterly basis to the Audit and Risk Committee and on work, health and safety matters at each Board meeting.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

It is the responsibility of each Director and employee to understand and adhere to the relevant Code of Conduct, and to bring to the attention of senior management any conduct or activities which may be in breach of those policies so that a proper investigation can be conducted. Complaints are treated in a confidential manner and no action of any kind will be taken against a Trust employee, adviser or contractor who, in good faith, makes an allegation against the Trust, any employee, adviser or contractor, whether or not that complaint is confirmed by subsequent investigation.

The Trust has a Whistleblower Policy, a summary of which is available at *www.westfieldretailtrust.com*. The Whistleblower Policy applies to all employees and Directors. Employees are encouraged to report any genuine matter or behaviour that they believe contravenes the Trust's relevant Code of Conduct or policies or the law. Matters may include any actual or suspected:

- conduct or practices which are illegal or breach any law;
- corrupt activities;
- theft or fraud;
- misleading or deceptive conduct of any kind; and
- harm to public health or safety or the health or safety of any Trust employee.

The Trust will investigate all reported concerns appropriately and will, where applicable, provide feedback regarding the investigation's outcome. The Trust will take any necessary action in response to a report and where no action is taken an explanation will be given. Where appropriate, a third party may be engaged to assist with the investigation. Every six months a report is made to the Audit and Risk Committee summarising the whistleblower activity for the period.

As part of its corporate governance framework, the Trust is committed to promoting knowledge and awareness by its Directors and employees of the legal, regulatory and governance requirements in which it operates. All Directors and employees of the Trust are subject to Corporations Act restrictions on buying, selling or subscribing for securities in the Trust if they are in possession of price sensitive information (i.e. information which a reasonable person would expect to have a material impact on the price or value of the relevant security) which has not been published. In addition, members of the Board and employees of the Trust are prohibited from trading in Trust securities during certain defined black-out periods, which include periods leading up to an announcement of results. At all other times, Directors wishing to trade in Trust securities must obtain clearance in accordance with the Trust Security Trading Policy. A copy of the Security Trading Policy is available at *www.westfieldretailtrust.com*.

3.2 Companies should establish a policy concerning diversity and disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them

The Trust is committed to fostering a diverse workforce and culture that are respectful of individuals. The Trust has adopted a Diversity Policy which describes the Trust's approach to diversity. A copy of the Diversity Policy is available at *www.westfieldretailtrust.com*.

During the Financial Year, the Board adopted measurable objectives for achieving gender diversity. Taking into consideration the recent establishment of the Trust and the ongoing task of building the employee base at the Trust, the objectives, and the progress made towards achieving them, are set out below:

(a) the Diversity Policy should be considered when assessing, selecting and making recommendations:

- to the Board in relation to Board positions;
- to the Board in relation to senior management positions; and
- in relation to recruitment of employees generally.

Progress to date
The principles underpinning the Diversity Policy have been incorporated into the recruitment processes undertaken for new members of the Board and employees;

(b) implementation of policies and workplace practices that will help maintain diversity of employees.

Progress to date
The Trust's employee handbook and employee Code of Conduct incorporate the principles underpinning the Diversity Policy including arrangements for part-time work and parental leave. During the Financial Year, arrangements regarding part-time work and parental leave applied to multiple employees;

(c) identification of diversity as a cultural priority for the Trust

Progress to date
The Board and senior management are committed to the principles of diversity as outlined in the Diversity Policy and this is reinforced in communications and practices adopted for all employees; and

(d) implementation of initiatives appropriate to the size and nature of the Trust team and employees that identify and support talented individuals with leadership potential for the purposes of retaining them within the organisation and preparing them for senior management and Board positions. In the case of gender diversity, this may include initiatives such as mentoring and networking programs, and professional development programs.

Progress to date
Annual performance reviews for all employees were undertaken during the Financial Year and initiatives relevant to particular individuals were identified for implementation in the following Financial Year.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

3.3 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board

Female Directors on the Board	12.5%
Female executives in senior management of the Responsible Entities	25%
Female employees of the Responsible Entities	50%

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

4.1 The board should establish an appropriately structured audit committee

The Trust has established an Audit and Risk Committee, the primary function of which is to ensure that an effective internal control framework exists within the Trust, through the establishment and maintenance of adequate internal controls to safeguard the assets of the business and to ensure the integrity and reliability of financial and management reporting systems.

The composition of the Audit and Risk Committee is as set out in the table below:

Name	Position held	Status
Michael F Ihlein	Chair	Independent Director
Laurence R Brindle	Member	Independent Director
Sandra V McPhee AM	Member	Independent Director

The Audit and Risk Committee met seven times during the Financial Year. All members of the Audit and Risk Committee attended all of the meetings. A description of the qualifications and experience of the members of the Audit and Risk Committee is available at *www.westfieldretailtrust.com*.

The Chair of the Board, the Managing Director, the Chief Financial Officer, the Company Secretary (who also has responsibility for the Trust's risk and compliance function) and the external auditor attend Audit and Risk Committee meetings at the discretion of the Committee. Other Directors may also attend meetings.

The Trust has appointed a compliance officer who is responsible for reviewing and monitoring the efficacy of compliance systems within the Trust on an ongoing basis, to ensure appropriate measures are in place to educate staff as to their compliance responsibilities and to report to the Audit and Risk Committee on those matters.

The Trust also established the TRMC which comprises the Managing Director, the Chief Financial Officer and a nominated director of the Board, currently Mr P K Allen.

4.2 The audit committee should have a formal charter

The Audit and Risk Committee operates under a formal charter, a copy of which is available at *www.westfieldretailtrust.com*.

The objective of the Audit and Compliance Committee is to assist the Board in fulfilling its corporate governance responsibilities by:

(a) monitoring and reviewing:
  - (i) the accuracy and reliability of management and financial reporting;
  - (ii) the integrity and reliability of financial statements;
  - (iii) the effectiveness of the internal control environment, including the effectiveness of internal control procedures;
  - (iv) the independence, objectivity and effectiveness of the external audit function;
  - (v) the adequacy of practices and procedures with respect to compliance with applicable laws and actual compliance with these laws; and
  - (vi) the corporate policies for identifying and managing relevant risks associated with the business,

(b) overseeing any internal audit function;

(c) making recommendations to the Board in relation to the appointment of the external auditors, and approving the remuneration and terms of their engagement; and

(d) monitoring and reviewing the corporate policies for identifying and managing relevant risks associated with the business of the Trust and the adequacy of management's practices and procedures in implementing those policies.

The Audit and Risk Committee meets with external auditors at least twice each year (and more frequently if required) to review the adequacy of existing external audit arrangements and the scope of the audit. The internal and external auditors have a direct line of communication at any time to either the Chair of the Audit and Risk Committee or the Chair of the Board. The Audit and Risk Committee reports to the Board after each Committee meeting and the minutes of each Audit and Risk Committee meeting are included in the Board papers. At least annually, the Audit and Risk Committee meets with the external auditors without management being present.

The Board has also adopted a Non Audit Services Policy. The purpose of this policy is to ensure that the Trust's external auditor carries out the statutory audit function in a manner which is, at all times, demonstrably independent of the Trust. The Non Audit Services Policy sets out guidelines under which the Trust may engage the auditor to provide certain non audit services without impairing the auditor's objectivity or independence.

The Trust recognises that a high quality, independent statutory audit is fundamental to the maintenance of sound corporate governance and to the proper functioning of the capital markets. It is an integral part of the process of providing members with clear, comprehensive and reliable financial information. The Non Audit Services Policy reflects the Trust's desire to preserve the independence of the statutory audit process.

Under the terms of the Non Audit Services Policy, the lead audit partner (having primary responsibility for the audit) and the audit partner responsible for reviewing the audit must rotate every five years. The Audit and Risk Committee requires that a succession plan be presented to it for approval by the external auditor at least one year before the rotation is due to occur.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

The Non Audit Services Policy also sets out some key requirements in the relationship between the external auditor and the Trust and defines the scope and value of the non audit services which may be provided by the external auditor to the Trust without impacting the actual or perceived independence of the external auditor. The policy requires an annual confirmation by the external auditor regarding compliance with the terms of the policy and a variety of other issues which impact the actual and perceived independence of the external auditor.

The Non Audit Services Policy is set out in Appendix 1 of the Audit and Risk Committee Charter which is available at *www.westfieldretailtrust.com*.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

5.1 Companies should establish continuous disclosure policies and ensure compliance with these policies

The Trust's Continuous Disclosure and Communications Policy underlines the Trust's commitment to ensuring that the Trust's members and the market are provided with high quality, relevant and accurate information regarding its activities in a timely manner and that investors are able to trade in Trust securities in a market which is efficient, competitive and informed as well as ensuring that market participants have an equal opportunity to review and assess information disclosed by the Trust. The Trust is also committed to complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act.

The Trust's Continuous Disclosure and Communications Policy includes a vetting and authorisation process so that all disclosures are factual, do not omit material matters and are expressed in a clear and objective manner. The policy also outlines how the Trust identifies and distributes information to members and the market generally.

The Continuous Disclosure and Communications Policy is available at *www.westfieldretailtrust.com*.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

6.1 Companies should establish a shareholder communication policy

The Trust is committed to providing all members with comprehensive, timely and equal access to information about its activities, to enable them to make informed investment decisions.

The Trust employs a wide range of communication approaches including direct communications with members, publication of all relevant information in the Investor Services section of the Trust's website and access to market briefings via webcasting and teleconferencing facilities.

The Trust utilises its corporate website as a means of providing information to members and the broader investment community. A section of this website is dedicated to the Trust's investors. Media releases, investor presentations and interim and full-year financial reports are available for review at *www.westfieldretailtrust.com*. These announcements, presentations and reports are placed on the website immediately after they have been released to the ASX. An archive of announcements, presentations and reports is retained on the website. Members with access to email can, through the Trust's website, elect to be placed on an email mailing list in order to be sent certain corporate information as it is released.

The Trust respects the rights of its members and to facilitate effective exercise of those rights, the Responsible Entities entered into a Corporate Governance Deed Poll that provides a number of undertakings to members around the governance arrangements for the Trust. Specifically, the undertakings in the Corporate Governance Deed Poll ensure that:

- the Trust will hold an annual meeting for the Trust each calendar year;
- the annual report of the Trust must be considered at the annual meeting;
- members may submit written questions to the auditor for response at the annual meeting;
- the Trust's auditor will be required to attend the annual meeting; and
- the chair of the annual meeting must allow a reasonable opportunity to ask questions or comment on the management of the Trust, and ask questions of the auditor.

The Corporate Governance Deed Poll may only be amended if the amendment is proposed by the Board (and approved by an ordinary resolution of members) or if the Board reasonably believes that the amendments are in the best interests of members as a whole.

The Trust will also make available for review at *www.westfieldretailtrust.com* notices of members' meetings and explanatory documents issued by the Trust in respect of those meetings. These will be retained on the website for at least three years. A copy of the Chair's address to the annual meeting, the annual meeting presentation and the outcome of voting on the items of business will be posted to the website following the annual meeting.

Members are encouraged to attend the annual meeting held each year and to use these opportunities to ask questions on important matters affecting the Trust. The external auditor attends the annual meeting and is available to answer questions. Members may appoint proxies electronically through the *www.westfieldretailtrust.com* website.

The Trust encourages members to access the Annual Report online to assist with the Trust's commitment to the environment, as well as being more cost efficient. A printed copy of the Annual Report will only be sent to those members who have made an election to receive it. Otherwise, members will be notified when the Annual Report is available to be accessed online at *www.westfieldretailtrust.com*.

Members are also encouraged to provide the Trust with their email addresses so that they can be notified when the Annual Report is available online and also to be kept updated on other member communications.

The Trust works closely with its securities registrar to monitor and review the potential to increase the use of electronic means of communicating with its investors.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

7.1 Companies should establish risk management policies for the oversight of material business risks and require management to report to the board on the effectiveness of these systems and the effectiveness of the material business risks

The Audit and Risk Committee has direct responsibility for oversight of risk management. Under the Audit and Risk Committee Charter, the Committee must monitor and review:

(a) in conjunction with management, the Trust's policies established by management regarding risk oversight and risk management which should be incorporated in a Risk Management Policy and Risk Management Framework;

(b) the appropriateness of the Risk Management Policy and Risk Management Framework and internal control systems adopted by the Trust; and

(c) the Trust's continuing processes for:

  (i) the identification of material financial, legal and operational risks associated with the conduct of the business of the Trust;

  (ii) the maintenance of appropriate internal control systems designed to manage key risk areas;

  (iii) assessment of the above matters in conjunction with management and the internal and external auditors; and

  (iv) monitoring and reporting against compliance with the Risk Management Policy and Risk Management Framework.

Information regarding the composition of the Audit and Risk Committee and the frequency of meetings of the Committee are set out in the Directors' Report.

The Trust's risk management policies are aimed at managing the level of risk within parameters which are acceptable to the Trust, rather than seeking to eliminate all risks. The Trust's risk management systems promote the need for informed and measured decision-making on risk issues based on a systematic approach to risk identification, assessment, control, review and reporting.

The Trust engages external parties to operate, manage, lease, market, construct and develop its shopping centres. The Trust's objective is to ensure that when engaging external parties to perform these duties, relevant business risks to the Trust are identified and assessed and that, where it is practical and economic, steps are taken to mitigate the impact of any risk which may eventuate.

The Board has adopted an Enterprise Risk Management Policy which is a general statement of the Trust's philosophy with respect to risk management practices. The Enterprise Risk Management Policy states the responsibilities of various stakeholders including the Board, various committees and executives generally. The Enterprise Risk Management Policy operates in conjunction with the Enterprise Risk Management Framework (also adopted by the Board) which outlines the framework adopted by the Trust to identify, assess, manage and monitor the various risks inherent in the Trust's business.

In addition to the Audit and Risk Committee, the Board has delegated specific risk related responsibilities to the Enterprise Risk Management Committee (**ERMC**) which comprises the Managing Director, the Chief Financial Officer and the General Counsel.

The ERMC is responsible for:

– assisting in the formulation of all aspects of the risk management process to be adopted by the Trust;
– overseeing the implementation of the Trust's policies and procedures by management, by ensuring that all phases of the process of identification, assessment, control, review and reporting are reflected appropriately in the business processes of the Trust;
– reporting, and making presentations, to the Board and the Audit and Risk Committee on risk management aspects of any issue under consideration and otherwise on risk management issues affecting the Trust generally; and
– implementing appropriate systems for confirming compliance with all relevant laws and other regulatory obligations are complied with and for ensuring that the risk management processes of the Trust are such that the Managing Director and the Chief Financial Officer are able to give those certifications which are required to be given in order to comply with the Corporations Act, applicable accounting standards and the Recommendations.

The ERMC reports to the Board, through the Audit and Risk Committee, on the effectiveness of the Trust's management of its material risks.

7.2 Managing director and chief financial officer assurance on financial reporting risks

The Managing Director and the Chief Financial Officer are required to confirm in writing to the Board, at the time the financial statements are being considered for approval by the Board:

– the financial statements present a true and fair view;
– that this assertion is founded on a sound system of risk management and internal compliance and control which in all material respects implements the policies adopted by the Board; and
– that the Trust's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects in relation to financial reporting risks.

The Board receives regular reports from management and the Audit and Risk Committee on areas where there are considered to be significant business risks and on the management of those risks. The Board retains ultimate responsibility for oversight of risk management.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

8.1 The board should establish an appropriately structured remuneration committee

The Board has established a Remuneration Committee, the primary function of which is to assist the Board in establishing remuneration policies and practices which enable the Trust to attract and retain executives who will create sustainable value for members, fairly and responsibly remunerate executives and comply with all relevant legislation and regulations including the ASX Listing Rules and the Corporations Act. The Remuneration Committee operates under a formal charter, a copy of which is available at *www.westfieldretailtrust.com*.

The composition of the Remuneration Committee is as set out in the table below:

Name	Position held	Status
S V McPhee AM	Chair	Independent Director
R F E Warburton AO, LVO	Member	Independent Director
A W Harmos	Member	Independent Director

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

8.2 The company should distinguish between non executive directors' remuneration and that of executive directors and senior management

Fees paid to non executive Directors are determined by the Board. Current fees and emoluments are fully disclosed in the Remuneration Report section of the Directors' Report. Directors' fees are reviewed annually by the Remuneration Committee and by the Board, taking into consideration various factors including the level of fees paid to non executive directors by companies of a similar size and stature.

Non executive Directors receive their fees in cash. The non executive Directors do not participate in schemes designed for the remuneration of senior management, nor do they receive options or bonus payments. The gross fee received by non executive Directors is inclusive of any contribution that the Trust is obliged to pay pursuant to the superannuation guarantee legislation. Non executive Directors are not entitled to any payment on retirement or resignation from the Board.

The remuneration of executive Directors and senior management is made through a combination of fixed (cash and superannuation) and at risk (short and long term incentives) elements. The at risk element of remuneration includes the participation in the Trust Plan, which is a synthetic equity linked incentive plan under which senior management receives cash payments rather than physical securities.

In addition to the restrictions placed on entering into hedging arrangements by operation of the Trust's Security Trading Policy, executives participating in the Trust Plan are prohibited from entering into or renewing hedging arrangements in respect of their unvested entitlements under any of the incentive plans operated by the Trust. This includes instruments such as equity swaps, caps and collars and other types of hedges, which are entered into for the purposes of mitigating the financial impact of movements in the price of Trust securities to the extent such movements impact the value of awards made under the incentive plans. An unvested entitlement refers to any entitlement which is made under the Trust Plan and which has not been paid or issued to the executive.

Information regarding the arrangements for remuneration of executive Directors and senior management is disclosed in the Remuneration Report section of the Directors' Report.

Corporate Governance Principles and Recommendations

	ASX Principle	Reference*	Comply (Y/N)
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Corporate Governance Statement – section 1.1	Y
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Corporate Governance Statement – section 1.2	Y
1.3	Companies should provide the following information:		
	– an explanation of any departure from Recommendations 1.1, 1.2 or 1.3;	N/A	Y
	– whether a performance evaluation for senior executives has taken place and in the reporting period and whether it was in accordance with the process disclosed.	Corporate Governance Statement – section 1.2	Y
	A statement of matters reserved for the board, or the board charter or the statement of areas of delegated authority to senior executives should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section.	The Board Charter can be found at *www.westfieldretailtrust.com*.	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Corporate Governance Principles and Recommendations (continued)

	ASX Principle	Reference*	Comply (Y/N)
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors.	Corporate Governance Statement – section 2.1	Y
2.2	The chair should be an independent director.	Corporate Governance Statement – section 2.2	Y
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Corporate Governance Statement – section 2.3	Y
2.4	The board should establish a nomination committee.	Corporate Governance Statement – section 2.4 (note that this function is performed by the Board)	N
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Corporate Governance Statement – section 2.5	Y
2.6	Companies should provide the following information in the corporate governance statement of the annual report:	Corporate Governance Statement	
	– the skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report;	Section 2.1, cross reference to Directors' Report	Y
	– the names of the directors considered by the board to constitute independent directors and the company's materiality thresholds;	Section 2.1	Y
	– the existence of any of the relationships identified in the Recommendations and an explanation of why the board considers a director to be independent, notwithstanding the existence of these relationships;	Section 2	Y
	– a statement as to whether there is a procedure agreed by the board for directors to take independent professional advice at the expense of the company;	Section 2.1	Y
	– a statement as to the mix of skills and diversity for which the board of directors is looking to achieve in membership of the board;	Section 2.1	Y
	– the period of office held by each director in office at the date of the annual report;	Section 2.1, cross reference to Directors' Report	Y
	– the names of members of the nomination committee and their attendance at meetings of the committee, or where a company does not have a nomination committee, how the functions of a nomination committee are carried out;	Section 2.4	Y
	– whether a performance evaluation for the board, its committee and directors has taken place in the reporting period and whether it was in accordance with the process disclosed; and	Section 2.5	Y
	– an explanation of any departures from recommendations 2.1, 2.2, 2.3, 2.4, 2.5 or 2.6.	Section 2	Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– a description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors;	Section 2.1	Y
	– the charter of the nomination committee or a summary of the role, rights, responsibilities and membership requirements for that committee; and	Section 2.4 (note that this function is performed by the Board. The Board Charter can be found at *www.westfieldretailtrust.com*).	Y
	– the board's policy for the nomination and appointment of directors.	The Board Charter can be found at *www.westfieldretailtrust.com.*	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Corporate Governance Principles and Recommendations (continued)

	ASX Principle	Reference*	Comply (Y/N)
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to:	Corporate Governance Statement – section 3.1	Y
	– the practices necessary to maintain confidence in the company's integrity;	The Directors' Code of Conduct can be found at *www.westfieldretailtrust.com.*	Y
	– the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and		Y
	– the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		Y
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measureable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	Corporate Governance Statement – section 3.2	Y
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Corporate Governance Statement – section 3.2	Y
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Corporate Governance Statement – section 3.3	Y
3.5	Companies should provide an explanation of any departures from Recommendations 3.1, 3.2, 3.3, 3.4 or 3.5.	Corporate Governance Statement – section 3	Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– any applicable code of conduct or summary; and	The Directors' Code of Conduct and the Diversity Policy can be found at *www.westfieldretailtrust.com.*	Y
	– the diversity policy or a summary of its main provisions.		Y
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee.	Corporate Governance Statement – section 4.1	Y
4.2	The audit committee should be structured so that it:	Corporate Governance Statement – section 4.1	
	– consists only of non executive directors;		Y
	– consists of a majority of independent directors;		Y
	– is chaired by an independent chair, who is not chair of the board; and		Y
	– has at least three members.		Y
4.3	The audit committee should have a formal charter.	Corporate Governance Statement – section 4.2	Y
4.4	Companies should provide the following information in the corporate governance section of the annual report:		
	– the names and qualifications of those appointed to the audit committee and their attendance at meetings of the committee, or where a company does not have an audit committee, how the functions of an audit committee are carried out;	Corporate Governance Statement – section 4.1, cross reference to the Directors' Report	Y
	– the number of meetings of the audit committee; and	Corporate Governance Statement – section 4.1, cross reference to the Directors' Report	Y
	– explanation of any departures from Recommendations 4.1, 4.2, 4.3 or 4.4.	Corporate Governance Statement – section 4	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Corporate Governance Principles and Recommendations (continued)

	ASX Principle	Reference*	Comply (Y/N)
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– the audit committee charter; and	The Audit and Risk Committee Charter including the Non Audit Services Policy can be found at *www.westfieldretailtrust.com*.	Y
	– information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.		Y
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Corporate Governance Statement – section 5.1	Y
5.2	An explanation of any departures from Recommendations 5.1 or 5.2 should be included in the corporate governance statement in the annual report.	N/A	Y
	The policies or a summary of those policies designed to guide compliance with Listing Rule disclosure requirements should be made publicly available, ideally by posting them to the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at *www.westfieldretailtrust.com*.	Y
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Corporate Governance Statement – section 6.1	Y
6.2	An explanation of any departure from Recommendations 6.1 or 6.2 should be included in the corporate governance statement in the annual report.	Corporate Governance Statement – section 6	Y
	The company should describe how it will communicate with its shareholders publicly, ideally by posting this information on the company's website in a clearly marked corporate governance section.	The Continuous Disclosure and Communications Policy can be found at *www.westfieldretailtrust.com*.	Y
Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Corporate Governance Statement – section 7.1	Y
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Corporate Governance Statement – section 7.1	Y
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Corporate Governance Statement – section 7.2	Y
7.4	The following material should be included in the corporate governance statement in the annual report:		
	– an explanation of any departures from Recommendations 7.1, 7.2, 7.3 or 7.4;	Corporate Governance Statement – section 7	Y
	– whether the board has received the report from management under Recommendation 7.2; and	Corporate Governance Statement – sections 7.1 and 7.2	Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Corporate Governance Principles and Recommendations (continued)

	ASX Principle	Reference*	Comply (Y/N)
	– whether the board has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) under Recommendation 7.3.		Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– a summary of the company's policies on risk oversight and management of material business risks.	The Audit and Risk Committee Charter can be found at *www.westfieldretailtrust.com*.	Y
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee.	Corporate Governance Statement – section 8.1	Y
8.2	The remuneration committee should be structured so that it:	Corporate Governance Statement – section 8.1, cross reference to Remuneration Report	
	– consists of a majority of independent directors;		Y
	– is chaired by an independent chair; and		Y
	– has at least three members.		Y
8.3	Companies should clearly distinguish the structure of non executive directors' remuneration from that of executive directors and senior executives.	Corporate Governance Statement – section 8.2, cross reference to Remuneration Report	Y
8.4	The following material or a clear cross reference to the location of the material should be included in the corporate governance statement in the annual report:		
	– the names of the members of the remuneration committee and their attendance at meetings of the committee, or where a company does not have a remuneration committee, how the functions of a remuneration committee are carried out;	Corporate Governance Statement – section 8.1, cross reference to Remuneration Report	Y
	– the existence and terms of any schemes for retirement benefits, other than superannuation, for non executive directors; and		Y
	– an explanation of any departures from Recommendations 8.1, 8.2, 8.3 or 8.4.	Corporate Governance Statement – section 8	Y
	The following material should be made publicly available, ideally by posting it to the company's website in a clearly marked corporate governance section:		
	– the charter of the remuneration committee or a summary of the role, rights, responsibilities and membership requirements for that at committee; and	The Charter of the Remuneration Committee and the Hedging of Executive Awards Policy can be found at *www.westfieldretailtrust.com*.	Y
	– a summary of the company's policy on prohibiting entering into transactions in associated products which limit the economic risk of participating in unvested entitlements under any equity based remuneration schemes.		Y

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

INVESTOR RELATIONS

The Trust is listed on the Australian Securities Exchange under the code WRT.

Please visit our corporate website at *www.westfieldretailtrust.com* for a variety of information on the Trust.

ELECTRONIC INFORMATION
By becoming an electronic investor and registering your email address, you can receive via email notifications and announcements, distribution statements, taxation statements and annual reports.

SECURE ACCESS TO YOUR SECURITYHOLDING
Securityholding details are available 24 hours a day. You will need to have your securityholder reference number or holder identification number (**SRN/HIN**) available to quote.

Online
You can access your securityholding information in the Investor Centre section of the corporate website as well as extensive information on the Trust including latest media releases, result announcements and presentations which are included within the Corporate News section.

To view your securityholding, you will need your SRN/HIN and will be asked to verify your registered postcode (inside Australia) or your country of residence (outside Australia).

Phone
You can confirm your holding balance, request forms and access distribution and trading information by phoning: 1300 730 458 (Australia only) or calling +61 3 9946 4471 (outside Australia) then, pressing 1. You will be asked to enter your SRN/HIN.

WESTFIELD RETAIL TRUST SECURITIES
A stapled security comprises:

- one Westfield Retail Trust 1 unit; and
- one Westfield Retail Trust 2 unit,

and trade together as one security.

TRUST DISTRIBUTION DETAILS
The interim distribution will be paid at the end of August and the final distribution paid at the end of February. Details of the distributions for the Financial Year are provided in the table below.

To ensure timely receipt of your distributions, please consider the following:

Direct credit
You can receive your distribution payment efficiently and safely by having it direct credited to your bank account.

If you wish to register for direct credit, please complete the form and return it to the registry. This form can be downloaded from *www.westfieldretailtrust.com/investor-centre/securityholding-information* or by phoning our Registry.

Alternatively, you can update your details directly online at *www.westfieldretailtrust.com/investor-centre/securityholding-information* and by clicking on "Your Online Securityholding Details".

	Ordinary Securities (cents per stapled security)
Distributions for the year ended 31 December 2013	19.85
Interim distribution for the six months ended 30 June 2013 paid on 30 August 2013	9.925
Distribution in respect of a Westfield Retail Trust 1 unit	9.925
Distribution in respect of a Westfield Retail Trust 2 unit	nil
Final distribution for the six months ended 31 December 2013 to be paid on 28 February 2014	9.925
Distribution in respect of a Westfield Retail Trust 1 unit	9.635
Distribution in respect of a Westfield Retail Trust 2 unit	0.290

Tax File Number (TFN)
You are not required by law to provide your TFN, Australian Business Number (**ABN**) or exemption.

However, if you do not provide your TFN, ABN or exemption, withholding tax at the highest marginal rate, currently 46.5% for Australian resident members may be deducted from distributions paid to you. If you have not supplied this information and wish to do so, please advise our Registry or your sponsoring broker.

Alternatively, you can update your details directly online at *www.westfieldretailtrust.com/investor-centre/securityholding-infomation* and clicking on "Your Online Securityholding Details".

ANNUAL TAX STATEMENT AND TAX GUIDE
The Annual Tax Statement and Tax Guide are dispatched to securityholders in July each year.

Copies of historic statements are also available at: *www.westfieldretailtrust.com/investor-centre/taxation-information.*

* The reference refers to the corresponding paragraph in the Corporate Governance Statement or to the Directors' Report.

INVESTOR RELATIONS (CONTINUED)

UNPRESENTED CHEQUES AND UNCLAIMED FUNDS

If you believe you have unpresented cheques, please contact the Registry who will be able to do a search for you and assist you in recovering your funds. If you believe you have unclaimed money, please refer to the NSW Office of State Revenue website at *www.osr.nsw.gov.au*, where you can search for your funds and make a claim to recover your funds online.

AUSTRALIAN CAPITAL GAINS TAX CONSIDERATIONS

A stapled security comprises two separate assets for capital gains tax purposes. For capital gains tax purposes, you need to apportion the cost of each stapled security and the proceeds on sale of each stapled security. The apportionment should be done on a reasonable basis. One possible method of apportionment is on the basis of the relative net tangible assets of the individual entities.

These are set out by entity in the table below:

Relative net tangible assets (NTA) of entities in Westfield Retail Trust	31 Dec 13	30 Jun 13
Westfield Retail Trust 1	99.79%	99.83%
Westfield Retail Trust 2	0.21%	0.17%

CONTACT DETAILS

All changes of name, address, TFN, payment instructions and document requests should be passed to the Registry or alternatively, you can update your details directly online at *www.westfieldretailtrust.com/investor-centre/securityholding-information* and by clicking on "Your Online Securityholding Details".

PRINCIPAL SECURITIES REGISTRY

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001 Australia
Telephone: 1300 730 458 (Australia only)
International: +61 3 9946 4471
Facsimile: +61 3 9473 2500
Email: web.queries@computershare.com.au

All other queries are best directed to Westfield Retail Trust:

Level 8, 77 Castlereagh Street
Sydney NSW 2000, Australia
GPO Box 4004
Sydney NSW 2001 Australia
Telephone: +61 2 9333 4800
Facsimile: +61 2 9333 4848
Email: investor@westfieldrt.com
Website: *www.westfieldretailtrust.com*

INVESTOR FEEDBACK

If you have any complaints or feedback, please direct these in writing to Westfield Retail Trust Investor Relations at GPO Box 4004, Sydney NSW 2001, Australia.

WESTFIELD RETAIL TRUST CALENDAR

February
- Full Year Results released
- Distribution for six months ended 31 December
- WRT Annual Report and WRT2 Financial Report released

May
- 1st Quarter Update
- General Meeting

July
- Annual Tax Statements released

August
- Half Year Results released
- Distribution for the six months ended 30 June

November
- 3rd Quarter Update

SCENTRE GROUP PROPOSAL

In December 2013, the Trust announced a proposal to merge with Westfield Group's Australian and New Zealand business to form a new entity called Scentre Group.

Scentre Group will manage, develop and have an ownership interest in Westfield branded shopping centres in Australia and New Zealand, including the 46 centres in the Trust's current portfolio.

The establishment of Scentre Group is part of a proposal that will be considered by the Trust's securityholders at a meeting in May 2014. The proposal has the unanimous support of the independent directors of the Trust.

Further details about the proposed merger, including an independent expert's report and voting instructions will be contained in the WRT Securityholder Booklet, which will be provided to securityholders in April 2014.

For further information on the proposal, visit *www.westfieldretailtrust.com/scentre-group*.

Should you have any queries, please call the investor call centre on 1800 674 015 (Australia only) or +61 3 9415 4121 (outside Australia).

MEMBERS' INFORMATION

TWENTY LARGEST HOLDERS OF STAPLED SECURITIES IN THE TRUST[1] AS AT 10 FEBRUARY 2014

	Number of stapled securities	% of issued securities
1. HSBC Custody Nominees (Australia) Limited	840,452,368	28.21
2. National Nominees Limited	621,900,627	20.87
3. J P Morgan Nominees Australia Limited	546,296,093	18.34
4. Citicorp Nominees Pty Limited	250,485,738	8.41
5. BNP Paribas Noms Pty Ltd <DRP>	106,870,017	3.59
6. Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	45,537,773	1.53
7. RBC Investor Services Australia Nominees Pty Limited <APN A/C>	42,737,944	1.43
8. AMP Life Limited	39,815,188	1.34
9. JP Morgan Nominees Australia Limited <Cash Income A/C>	38,648,072	1.30
10. Share Direct Nominees Pty Ltd <10026 A/C>	12,657,750	0.42
11. Bainpro Nominees Pty Limited	9,124,478	0.31
12. Bond Street Custodians Limited <ENH Property Securities A/C>	8,289,767	0.28
13. RBC Investor Services Australia Nominees Pty Limited <BKCUST A/C>	6,910,239	0.23
14. Australian Foundation Investment Company Limited	6,700,004	0.22
15. RBC Investor Services Australia Nominees Pty Limited <MBA A/C>	6,041,161	0.20
16. Amondi Pty Ltd <W E O P T A/C>	5,869,425	0.20
17. BNP Paribas Nominees Pty Ltd <Agency Lending Collateral>	5,000,000	0.17
18. HSBC Custody Nominees (Australia) Limited <NT-Comnwlth Super Corp A/C>	4,922,856	0.17
19. Questor Financial Services Limited <TPS RF A/C>	4,882,589	0.16
20. Suncorp Custodian Services Pty Limited <SGALPT>	4,774,911	0.16
	2,607,917,000	87.54

1. Stapled securities in the Trust comprise one unit in WRT1 stapled to one unit in WRT2.

The stapled securities trade on the ASX under the code WRT.

VOTING RIGHTS

Westfield Retail Trust 1 and Westfield Retail Trust 2 – 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 AS AT 10 FEBRUARY 2014

Range	Number of stapled securities	Number of securityholders	% of securities in each catergory
1-1,000	17,983,367	39,290	0.60
1,001-5,000	82,239,603	35,091	2.76
5,001-10,000	53,140,633	7,382	1.78
10,001-100,000	102,131,907	4,724	3.43
100,001 and over	2,723,718,519	218	91.43
Total	2,979,214,029	86,705	100.00

As at 10 February 2014, 8,915 securityholders held less than a marketable parcel of quoted securities in the Trust.

MEMBERS' INFORMATION (CONTINUED)

SUBSTANTIAL SECURITYHOLDERS AS AT 10 FEBRUARY 2014

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

Substantial securityholder	Number of stapled securities
UniSuper Limited	216,681,161
Vanguard Investments Australia Ltd and the Vanguard Group, Inc	205,718,730
Black Rock Investment Management (Australia) Limited and associated entities	159,493,747

CORPORATE DIRECTORY

Westfield Retail Trust
Westfield Retail Trust 1
ABN 66 744 282 872
ARSN 146 934 536
(responsible entity RE1 Limited ABN 80 145 743 862, AFS Licence 380202)

Westfield Retail Trust 2
ABN 11 517 229 138
ARSN 146 934 652
(responsible entity RE2 Limited ABN 41 145 744 065, AFS Licence 380203)

Registered office
Level 8
77 Castlereagh Street
Sydney NSW 2000, Australia
Telephone: +61 2 9333 4800
Facsimile: +61 2 9333 4848

New Zealand office
Level 2, Office Tower
277 Broadway
Newmarket, Auckland 1023, New Zealand
Telephone: +64 9 978 5050
Facsimile: +64 9 978 5070

Secretary
Katherine Grace

Auditors
Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000, Australia

Investor information
Westfield Retail Trust
Level 8
77 Castlereagh Street
Sydney NSW 2000, Australia
Telephone: +61 2 9333 4800
Facsimile: +61 2 9333 4848
E-mail: investor@westfieldrt.com

Principal securities registry
Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000, Australia
GPO Box 2975
Melbourne VIC 3001, Australia
Telephone: 1300 730 458 (Australia only)
International: +61 3 9946 4471
Facsimile: +61 3 9473 2500
E-mail: web.queries@computershare.com.au
Website: *www.computershare.com*

Listing
Australian Securities Exchange code – WRT

Website
www.westfieldretailtrust.com

WWW.WESTFIELDRETAILTRUST.COM